

**GOVERNMENT OF INDIA  
CHEMICALS AND FERTILIZERS  
LOK SABHA**

UNSTARRED QUESTION NO:3353

ANSWERED ON:17.03.2015

PERFORMANCE OF FERTILIZER UNITS

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**Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:**

- (a) whether the condition and performance of some of the fertilizers units/plants in the country is not satisfactory ;
- (b) if so, the details thereof and the reasons therefor along with the total estimated annual fertilizer production of these units/plants and the steps taken to improve the performance of the said units/plants:
- (c) whether the production and availability of fertilizes has declined for want of investment by the industrialists in this Sector;
- (d) if so, the details thereof and the steps taken/being taken to increase the investment in this Sector; and
- (e) the name of the companies under Ministry of Chemicals and Fertilizers functioning in Gujarat and the nature of products being produced by these companies location-wise?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI HANSRAJ GANGARAM AHIR)

(a)& (b) : The condition and performance of fertilizers units, as seen from the data of target and actual production of fertilizers during each of the last three years and the current year, product/plant-wise is at Annexure.

It is observed that while urea fertilizer units are producing nearly as per their production capacity, some of the Fertilizers plants, largely the DAP and Complex Fertilizers plants, are under-utilized mainly due to i) inadequate availability of Natural Gas ii) shutdown of plants for maintenance and iii) shortage of raw materials etc.

Department of Fertilizers notified New Investment Policy (NIP) - 2008 on 4<sup>th</sup> September 2008 which aimed at revamp, expansion, revival of existing urea units and setting up of Greenfield/ Brownfield projects.

Government has notified the NIP- 2012 and amendment to NIP - 2012 on 02nd January, 2013 and 07th October, 2014 respectively to facilitate fresh investment in urea sector and to reduce import dependency .

The Department is encouraging Indian companies to engage in the long term agreements and setup JVs in the fertilizers resources rich countries to make import of finished fertilizers/ raw material steady and smooth.

Government has planned financial restructuring of three sick companies namely, MFL, BVFCL and FACT to sustain their operations. The financial restructuring, inter-alia, involves waiver of Government of India loans and interest thereon and grant of interest free loans.

(c)and (d) : The details of production and availability of fertilizers during last three years and the current year are as under.

( Figure in Lakh Metric Tonne)

Name of the 2011-12 2012-13 2013-14 2014-15 (Apr.14 to Feb.15)

Product Prod. Avail. Prod. Avail. Prod. Avail. Prod. Avail.

Urea 219.84 298.65 225.75 307.11 227.15 306.75 209.21 286.79

DAP 39.63 115.96 36.47 96.81 36.11 72.90 30.83 72.16

Complex 77.70 124.30 61.80 79.70 69.13 79.63 73.33 84.54

MOP \_ 31.64 - 22.07 - 23.32 - 28.78

It is stated that the month-wise demand is assessed and projected by the Department of Agriculture & Cooperation ( DAC) in consultation with the State Governments before commencement of each cropping season. On the basis of month-wise & state-wise projection given by DAC, Department of Fertilizers allocates sufficient/adequate quantities of fertilizers to States by issuing monthly supply plan and continuously monitors the availability. The gap in the demand and domestic production of fertilizers is met through imports.

The Government has notified the New Investment Policy (NIP) 2008 and 2012 on 4<sup>th</sup> September, 2008 and 2nd January 2013 respectively and Modified New Pricing Scheme (NPS)-III on 2nd April, 2014 to facilitate extra domestic production of urea and for fresh investment in urea sector to reduce India's import dependency. The NIP 2012 was further amended on 7th October, 2014.

Government has also taken initiatives to encourage indigenous production in P&K Sector by reducing the custom duty on phosphoric acid to enable indigenous manufacturers of P&K fertilizers to procure this important input at reasonable price. The Nutrient Based Subsidy (NBS) scheme has been announced for P&K fertilizers w.e.f.01.04.2010 to ensure subsidy on indigenous P&K fertilizers at par with imported P&K fertilizers. Government is also encouraging private sector and public sector companies to explore the possibilities for joint ventures abroad to ensure uninterrupted supply of fertilizer inputs to P&K sector.

(e) : There is no company under the administrative control of the Ministry of Chemicals and Fertilizers functioning in Gujarat.