

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

UNSTARRED QUESTION NO:661
ANSWERED ON:15.07.2014
SALE OF FACT S SHARE
Mohammed Shri Faizal P.P.

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

- (a) whether the Government is aware that Fertilizers and Chemicals Travancore Limited (FACT) is facing closure due to financial crisis;
- (b) if so, the reaction of the Government thereto and the steps being taken by the Government for revival of FACT;
- (c) whether the Government proposes to sell the shares of FACT, Kerala;
- (d) if so, the details thereof and the reasons therefor; and
- (e) the estimated revenue likely to be earned as a result thereof along with the manner in which the said revenue is likely to be utilized?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI NIHAL CHAND)

(a) & (b): Due to continuous loss and erosion of net worth, FACT is facing severe financial crunch. For sustainable operation of the company a financial restructuring package was recommended by Board for Reconstruction of Public Enterprises (BRPSE) in December 2013. Based on the recommendations of BRPSE, a proposal seeking approval of Cabinet Committee on Economic Affairs for sanction of financial reliefs to FACT has been circulated for inter-ministerial consultations. The proposal involves infusion of fresh fund as well as waiver of Government of India loans and interests.

(c): Yes, Madam.

(d): As per Securities Contract Regulations Rules (SCRR) all listed CPSEs are required to maintain at least 10% paid up capital of the company as public shareholding. The companies which are not compliant with the requirement of minimum public shareholding are to be made compliant. For this purpose Government with the approval of SEBI created a Special National Investment Fund, for transferring shares of loss making CPSEs. Accordingly, the number of shares that were required to make FACT compliant with the minimum 10% public shareholding norms were transferred in August 2013 on irrevocable basis to this newly created Fund called Special National Investment Fund(NIF) without any consideration. The Shares so transferred will be sold over a period of 5 years at appropriate time.

(e): There are no estimates presently of the likely revenue on sale of shares of such loss making CPSEs. The proceeds received by the Special NIF from the sale of the transferred shares will be used for Social Sector Schemes of the Government.