

12.07 hrs.

Title: Discussion regarding Government's Inaction for Revival of Hindustan Fertilisers Corporation of India and Fertilisers Corporation of India. (Concluded).

SHRI SUNIL KHAN (DURGAPUR): Sir, I call the attention of the Minister of Chemicals and Fertilisers to the following matter of urgent public importance and request that he may make a statement thereon:

"Situation arising out of government's inaction for revival of Hindustan Fertilisers Corporation of India and Fertilisers Corporation of India."

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SUKH DEV SINGH DHINDSA): Sir, the sick fertilizer undertakings, under the administrative control of the Ministry of Chemicals & Fertilisers, have time and again engaged the attention of this august House. While I fully share the concern of the hon. Members, the techno-economic unviability resulting in over Rs.14,500 crore of accumulated losses have also put a serious strain on the exchequer.

Due to sustained techno-economically unviable operations, the Durgapur and Barauni units of HFC stopped production since June 1997 and January 1998 respectively. The Gorakhpur and the two coal based units at Ramagundam and Talcher units of FCI are shut down since June 1990, and April 1999, respectively. The Haldia unit of HFC never started commercial production.

The revival packages formulated in April 1995 for the rehabilitation of HFC and FCI envisaged the limited revamp of some of their units. The revamp of Haldia Project of HFC and Gorakhpur unit of FCI was not found to be techno-economically viable. The requirement of fresh investment for revamp of the functional units of HFC and FCI was estimated at Rs.465 crore and Rs.1,736 crore, respectively. These proposals were later reformulated by an Expert Group under the leadership of Industrial Credit & Investment Corporation of India Ltd. (ICICI). The Expert Group had put the requirement of fresh investment for the revamp of Sindri, Ramagundam and Talcher units of FCI at Rs.2,638 crore and that for the revamp of Namrup, Durgapur and Barauni units of HFC, at Rs.869 crore. In addition, various other financial reliefs and concessions in terms of write off GOI loans and accumulated interest aggregating of Rs.5,006 crore were envisaged to make these packages viable.

On the basis of the Expert Group which submitted its report in February, 1997, the Government considered the revival proposals and fresh proposals were submitted in July/August, 1997 for consideration of the Government. The Government decided in October, 1997 on the revival package in respect of Namrup units of HFC.

The revamp of the Namrup units of HFC involves an estimated fresh investment of Rs. 509.40 crore (revised cost). The revamp project is under implementation with effect from 2.11.1998 and the Government has so far provided a budgetary support of Rs. 280 crore. For the year 2002-03, a budgetary provision of Rs. 200 crore has been made.

Revised comprehensive rehabilitation proposals in respect of the remaining units of HFC and FCI have been reformulated and are presently under examination by a Group of Ministers (GoM). The GoM was specifically constituted to revisit the issues relating to rehabilitation of the sick fertilizer PSUs including HFC and FCI.

The technology as well as feedstock related issues act as a serious constraint on any rehabilitation package. Today the gas-based units are financially and functionally efficient and internationally competitive. The use of alternative feedstock will have to be evaluated in the context of production cost and likely impact on the budget.

It may also be stated that the BIFR has ordered for winding up of FCI on 2.11.2001 and that of HFC on 12.12.2001. Both the companies have filed appeals against these orders of BIFR before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR). While the appeal of FCI has been dismissed by the AAIFR, that of HFC will come up for hearing by the end of May, 2002.

It may, however, be mentioned that the Government has been providing budgetary support for meeting essential capital expenditure and operational requirements, including salary and wages of employees of HFC and FCI. The total budgetary support to FCI since 1991 has been Rs. 1,899.69 crore out of which Rs. 1,601 crore has been Non-Plan support. For HFC, the total budgetary support in the same period has been Rs. 1,588 crore out of which Rs. 1,147 crore has been Non-Plan support.

Further, the shutting down of the various units of these companies has not affected the supply of urea in the country as a whole and in the eastern region in particular. The supply of urea to the eastern region has also been sufficient to meet the demand.

Having regard to the magnitude of the fresh investment and other reliefs required, the Government is committed to

evolve a techno-economically viable decision of this complex issue in the overall national interest

(Placed in Library, see No. LT. 5748/2002)

अध्यक्ष महोदय : श्री सुनील खां जी, आप स्पेसिफिक प्रश्न पूछेंगे तो अच्छा होगा।

SHRI SUNIL KHAN : Mr. Speaker, Sir, as you are aware, there are eight units under the Hindustan Fertilisers Corporation of India and Fertilisers Corporation of India. The revival proposal of Hindustan Fertilisers Corporation of India is pending since 1995. The Government has not given money for revival to any unit of the Hindustan Fertilisers Corporation of India and Fertilisers Corporation of India, except for Namrup unit, but the Government has not considered giving money to other units in Talcher, Gorakhpur, Ramagundam, Durgapur, Haldia and Barauni. The Minister has suggested that in the revamping of Durgapur and Barauni units of Hindustan Fertilisers Corporation of India, the cost of production of naphtha is a cause of concern to the Government.

It is all right. The investment decision of fertiliser sector may have to wait till Liquefied Natural Gas (LNG) is made available. When would the LNG be available? I do not understand how and why LNG is being thought of as an alternative when the availability of naphtha within the country is quite comfortable to enhance the refining capacity of the domestic oil refineries.

The Working Group for Petroleum and Natural Gas for the Tenth Five-Year Plan period has projected during 2002 a surplus availability of naphtha in the country. The projected naphtha is 10.01 lakh MT in 2002-2003 and 40.59 lakh MT in 2006-2007. The energy cost with the use of naphtha as feedstock for urea manufacture is around US\$ 6.5 per million BTU at present. On the other hand, the creation of infrastructural facilities for LNG import, that is, regasification plant at port site and piping network/grid, etc., would be exorbitant and the energy cost of imported LNG would be around US\$ 6 – 7 per million BTU which is sure to increase since the exporters will decide its cost. It is, therefore, not advisable to go on deferring the revival proposal of Durgapur and Barauni plants on this plea.

The State of West Bengal is presently having consumption figure of 12 lakh MT of urea per annum which is increasing at the rate of around eight per cent. The State had only Durgapur Plant and, with its stoppage of production, the State is totally dependent on external supply of urea.

It is understood that yet another Group of Ministers, headed by Deputy Chairman, Planning Commission has been formed to formulate a long-term fertiliser policy which is considering withdrawal of essential commodity allocation plan and freight subsidy for urea. In that eventuality, West Bengal would be the worst sufferer and the farmers would be required to pay more to purchase urea.

I, therefore, strongly demand revival of HFCl, Durgapur unit as well as Barauni and other units of the FCI.

I would like to know from the hon. Minister whether the Government is taking any steps either for making a brown field unit or a green field unit. What steps has the Government taken? There is no decision for any fresh investment. There is no proposal, at present, for removal of control on distribution of urea. The IFFCO and the KRIBHCO want to make a joint bid for the Hindustan Petroleum and the Bharat Petroleum. The KRIBHCO has a surplus of Rs. 1,500 crore. They paid Rs. 100 crore towards income-tax. These are the cooperative units. They have no units in the eastern zone. They say that they have surplus funds to bid for the Hindustan Petroleum and the Bharat Petroleum.

So, if they want to set up any unit in the eastern zone, I do not want to say that it should be in West Bengal. It could be in any part of the eastern zone. That will be better for the cultivators of the eastern zone. If you revive all the fertiliser units in the whole of India, 80 per cent of agricultural farmers will be satisfied. They would produce more and more of paddy and wheat for the Indian people.

MR. SPEAKER: Shri Acharia, may I request you to be brief.

SHRI BASU DEB ACHARIA (BANKURA): Sir, this is unfortunate that six units of Hindustan Fertilizer Corporation and Fertilizer Corporation of India are closed. The Government is suffering from indecision. The Government has not yet taken a firm decision in regard to revival of these six units. These units are closed since long.

The Gorakhpur unit is closed for more than one decade, as there was some accident. Barauni unit is also closed. There was no production of urea in Barauni Fertilizer Unit. Durgapur is closed and only salaries are paid to the employees and workers. Haldia Unit is closed since 1986. Since its inception it produced fertilizer but there was some problem and it was stopped since 1986. Talcher in Orissa is closed and Ramagundam in Andhra Pradesh is also closed.

The hon. Minister, in his statement, has not stated whether the Government will take any firm decision in regard to revival of these units. What is his reply? Whenever I write to the hon. Minister, his reply is, "there is no shortage of

fertilizer in Eastern Zone, particularly, in West Bengal." We know, there is no shortage, but the units, which were there since years together, have been closed.

There was a demand for their revamping, I know, since 1990-91. There was a demand for revamping of Durgapur Unit and the Committee on Public Undertakings also recommended for revamping of Durgapur Unit of HFC, but the Government has not taken any action on this.

Now, there is a growth of eight per cent in the consumption of fertilizer or urea in the State of West Bengal. The annual consumption is 12 lakh tonnes now. The fertilizer is brought from other States. The farmers of West Bengal are to pay more for purchasing the fertilizer. There is no crisis of fertilizer. But why the farmers of West Bengal, farmers of Eastern Zone, and farmers of Bihar and Uttar Pradesh are penalised?

SHRI SUKH DEV SINGH DHINDSA: They are not penalised.

SHRI BASU DEB ACHARIA : The transportation charge is being imposed on the farmers there.

The hon. Minister has stated that both BIFR and AAIFR have rejected the revival of Sindri, Talcher and Ramagundam Units. Why the AAIFR has rejected it, the Government was asked to submit a proposal? Is it not a fact that the Government was given two months time when the matter was brought before the AAIFR by both the Government and the unions? The AAIFR gave them two months time, but the Government failed to submit any revival proposal within two months time and then when the hearing was held on 9-4-02, AAIFR upheld the decision of BIFR.

So, the responsibility was lying with the Government. I would like to know from the hon. Minister, when the AAIFR gave them two months time, why the Government failed to submit a revival package within the stipulated time.

In case of Hindustan Fertilizer Corporation, the BIFR has ordered for winding up of all the units, except Namrup. The order was to have a separate unit to hive off Namrup and a separate company should be formed or set up. This has been implemented by the Government. The name has also been changed from a unit of Hindustan Fertilizers to Brahmaputra Valley Fertilizers Limited. What is the name now? It is Brahmaputra Valley Fertilizers Limited. This unit is a gas-based unit. But Durgapur is a naphtha-based unit. Barauni is a naphtha-based unit. Naphtha is available. We have surplus stock of naphtha. Then, why is the Government not taking a firm decision in regard to revival of Barauni and Durgapur?

A Group of Ministers was formed. The Finance Minister happens to be the Chairman of that Group of Ministers. The Group of Ministers met for four times. The Minister replied to my letter that this Group of Ministers met for four times and shortly they will be meeting again to take a final decision. This letter was sent to me on 24th April. Here the Minister has not mentioned about the revival proposal which the AAIFR has asked the Government to submit. I would like to know the reason for this.

अध्यक्ष महोदय : आप जरा ब्रीफ में कहें, नहीं तो अननैसेसरी मुझे रूल में जाना होगा। I have to go to the rules unnecessarily. You can only ask for clarifications and questions.

SHRI BASU DEB ACHARIA : I am asking only clarifications. I am not asking anything more.

MR. SPEAKER: I have to go to the 'Zero Hour'. Otherwise, I will not be able to take up the 'Zero Hour'. I was on a Group of Ministers. I know what it is.

SHRI BASU DEB ACHARIA : I am only asking questions. This is a very important matter. This has been pending for the last 10 years with the Government.

In reply to my letter, the Minister had stated on 24th April that very shortly they are going to meet. I would like to know from the Minister whether the Group of Ministers had met and taken a decision. Final decision does not mean closure or winding up. I would like to know whether they have taken a positive decision in regard to revival of Barauni and Durgapur.

When Shri Suresh Prabhu was the Minister of Chemicals and Fertilizers, he organised a seminar because for the last several years, I was also insisting that we have abandoned the reserve coal. Sindri was the first Public Sector unit of our country. In 1952, when the first Prime Minister of India, Pandit Jawaharlal Nehru, inaugurated that unit of Fertilizers Corporation of India, what did he say? He said: "I am not inaugurating a fertilizer unit; I am inaugurating a temple of modern India." That was the coal-based unit. That coal-based unit was dismantled. In place of coal-based unit, one gas-based unit was set up at Sindri.

At Nagpur, there was a seminar and he was very much interested to have a fertilizer urea unit with coal as feedstock. As we have abandoned the reserve coal, I would like to know whether the Government is considering to

convert some of these units from naphtha-based to coal-based so that the production cost can be reduced, and the units can also become viable.

SHRI LAKSHMAN SETH (TAMLUK): Sir, I have given a notice. Please allow me to speak. ...(*Interruptions*)

अध्यक्ष महोदय : आपका नोटिस टाइम बार्ड है।

â€¦ (ब्यवधान)

DR. SANJAY PASWAN (NAWADA): Mr. Speaker, Sir, I may also be allowed. I have also given a notice. ...(*Interruptions*)

अध्यक्ष महोदय : नियम के अनुसार परमीशन नहीं मिल सकती, क्योंकि आपके नाम का नोटिस नहीं है। इसलिए मैं मौका नहीं दे सकता हूँ।

SHRI BASU DEB ACHARIA : Sir, as a special case, you may please permit Shri Lakshman Seth. ...(*Interruptions*)

अध्यक्ष महोदय : यदि आपने समय कम लिया होता, तो मैं उनको इजाजत दे देता। आपने भी समय ले लिया और अब उनको कैसे समय दूँ।

SHRI LAKSHMAN SETH : Sir, I rise to contradict the hon. Minister's statement. ...(*Interruptions*)

He has said that the Haldia unit of HFC did not produce any fertiliser. It is totally wrong. ...(*Interruptions*) The Haldia unit produced fertiliser for two years but it did not produce after that because of technological defects and equipment failures. ...(*Interruptions*)

श्री सुखदेव सिंह ढिंडसा : महोदय, स्टेटमेंट में तकरीबन सारी सिचुएशन को बता दिया गया है। दोनों कम्पनियों के बारे में बँत चल रही थी। ICICI ने स्पट किया और किसी ने नहीं किया, सिवाय नामरूप के, कि रिवाइवल हो सकती है। â€¦ (ब्यवधान)

श्री बसुदेव आचार्य : ग्रुप-आफ-मिनिस्टर्स की रिपोर्ट है। â€¦ (ब्यवधान)

अध्यक्ष महोदय : आप इधर देखिए और उत्तर दीजिए। वहां देखने की जरूरत नहीं है।

श्री सुखदेव सिंह ढिंडसा : अध्यक्ष महोदय, आप जानते हैं कि साढ़े चौदह हजार करोड़ रुपए का लॉस हो रहा था, इसके बावजूद भी नामरूप के रिवाइवल की बँत चली कि कंपैसिटी के अनुसार काम करना शुरू कर देंगे। दूसरी किसी यूनिट के चलने की कोई उम्मीद नहीं है।

श्री बसुदेव आचार्य : क्यों उम्मीद नहीं है ?

अध्यक्ष महोदय : आप उत्तर पूरा करिए।

श्री सुखदेव सिंह ढिंडसा : इसके बावजूद भी सरकार ने ग्रुप-आफ-मिनिस्टर्स गठित कि अगर कोई चांस बनता है, तो कोशिश करनी चाहिए कि हो सकता या नहीं। उनकी तीन मीटिंग्स हुईं और चौथी मीटिंग इस महीने के अंत में हो सकती है, जो फाइनल मीटिंग होगी और उसमें पड्डेसला कर देंगे।

श्री बसुदेव आचार्य : पड्डेसला रिवाइवल के लए होना चाहिए। â€¦ (ब्यवधान)

श्री सुखदेव सिंह ढिंडसा : दूसरी बँत, मैं यह कहना चाहता हूँ कि हिन्दुस्तान के किसान, चाहे किसी भी राज्य के हों, उनको उसी रेट पर यूरिया मिलेगा। यूरिया में कोई कमी नहीं आएगी। हिन्दुस्तान में यूरिया की कमी नहीं है। वेस्ट बंगाल और ईस्टर्न स्टेट के किसानों को ज्यादा कीमत देनी होगी या अन्य को कम कीमत देनी होगी यानि जहां पर यूनिट है, उसको सस्ता मिलेगा, ऐसा नहीं है। एक ही रेट पर यूरिया सबको मलता है और मलता रहेगा। कोई शार्टेज नहीं होने देंगे।

SHRI BASU DEB ACHARIA : He has not replied fully. ...(*Interruptions*)

MR. SPEAKER: The Minister's reply is over. The House will now take up 'Zero Hour'.

SHRI BASU DEB ACHARIA : This is unfortunate. He has not replied to our questions. We wanted to know whether the Government would take a positive decision.

अध्यक्ष महोदय : इसके लए ग्रुप-आफ-मिनिस्टर्स की मीटिंग में निर्णय होना है।

श्री सुखदेव सिंह ढिंडसा : मैं ग्रुप-आफ-मिनिस्टर्स के डिजीजन को अभी कैसा बता सकता हूँ।