

Title: Situation arising out of closure of some units of Hindustan Fertilizers Corporation and Fertilizer Corporation of India and non-recovery of the subsidy overdrawn by certain fertilizer companies.

SHRI BASU DEB ACHARIA (BANKURA): Sir, I call the attention of the Minister of Chemicals and Fertilizers to the following matter of urgent public importance and request that he may make a statement thereon:

"The situation arising out of closure of some units of Hindustan Fertilizers Corporation and Fertilizer Corporation of India and non-recovery of the subsidy overdrawn by certain fertilizer companies and steps taken by the Government in regard thereto."

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SURESH PRABHU): Sir, the notice has been given by two hon. Members. The hon. Members have raised two matters of public importance, one concerning the situation arising out of closure of some of the units of Hindustan Fertilizer Corporation Ltd. And Fertilizer Corporation of India Ltd. And the other regarding the non-recovery of the subsidy overdrawn by certain fertilizer companies. I wish to clarify the position with regard to both these matters.

Insofar as the Hindustan Fertilizer Corporation Ltd. And Fertilizer Corporation of India Ltd. Are concerned, both these companies have been declared sick industrial companies by the Board for Industrial and Financial Reconstruction (BIFR). HFC has units at Durgapur, Barauni and Namrup. In addition, it has a unique Haldia Fertilizer Project which was mechanically completed in November, 1979 but due to a variety of equipment related problems, obsolete technology and other reasons could never be commissioned. Government had to order suspension of commissioning activities of this plant in October, 1986. Almost similar is the status of the Food Corporation of India which has units at Sindri in Bihar, Gorakhpur in Uttar Pradesh, Ramagundam in Andhra Pradesh and Talcher Orissa...*(Interruptions)*

MR. SPEAKER: Shri Akhilesh, this is not good. What is this? What are you thinking about this House?

...*(Interruptions)*

SHRI SURESH PRABHU: Sir, Hindustan Fertilizers Corporation has only one functional unit at Namrup while Sindri is the only functional unit of FCI. Government have taken a decision to revamp the Namrup Project of Hindustan Fertilizers Corporation at an estimated investment of Rs. 350 crore and have also sanctioned necessary Budgetary provisions accordingly. Government has been regularly providing adequate budget for regular renewal and replacement of Sindri unit of Food Corporation of India which has achieved a record production of over three lakh tonnes this year as a result of this fresh investment made by Government. The Government of India have already decided to hive off the Haldia unit of Hindustan Fertilizers Corporation. A decision in respect of the other units of the two companies was, however, deferred. The matter will be placed before the Government at the earliest date for a decision. It may also be appropriate to note that KRIBHCO's proposal for availing itself of the infrastructure available at Gorakhpur for installing a new plant is also under Government's consideration. Government's policies with regard to sick public sector undertakings have been clearly enunciated as that of revival of techno-economically viable units, closure of unviable units, while taking full care of the interest of the workers.

Now I come to the second issue. Understatement of capacity by some of the urea-producing units was first referred to in the report of the joint Parliamentary Committee on Fertilizer Pricing in August 1992. Thereafter, this matter has been deliberated at various levels in the Government. The High Powered Fertilizer Pricing Policy Review Committee which was headed by Prof. C.H. Hanumantha Rao had also referred to it in some detail. The Fertilizer Industries Coordination Committee had very recently considered the report of the Expert Committee constituted by it to examine various aspects of the matter. The Standing Committee of Petroleum and Chemicals had expressed its serious views on the matter and recommended that penal action against the defaulting companies be considered.

The question of understatement of capacity has two aspects, one relating to initiating penal action and the other relating to recovery of the excess amount drawn as subsidy. Insofar as the penal action is concerned, it has been decided to refer the matter to the CBI for necessary investigation. Insofar as recovery of the excess amount drawn as subsidy is concerned, it has been decided to constitute a Committee headed by Dr.Y.K. Alagh with a view to determining the amounts recoverable from the defaulting companies. Its quantification was necessary. Its advice will be obtained on the various aspects of the report submitted by the Expert Committee which was discussed by the FICC recently. While the action referred to above in both these respects pertain to the past, the Government also propose to take remedial action through a new Fertilizer Pricing Policy which is at an advanced stage of preparation. Pending finalisation of the new fertilizer pricing policy and the receipt of the report of the said Dr. Alagh Committee, FICC has been directed to take such corrective measures as would result in minimising the overdrawal. Due care will be taken in the new fertilizer policy to ensure that such unintended benefits do not accrue to the industry without in any way affecting indigenous production of urea on a sustained basis with proper returns. Such an approach is necessary to ensure availability of adequate quantity of fertilizers to the Indian farmers at affordable prices and also ensuring continued flow of investment in the sector.

SHRI BASU DEB ACHARIA (BANKURA): Mr. Speaker, Sir, while inaugurating the first public sector fertiliser unit at Sindri in 1952, the first Prime Minister of India Pandit Jawaharlal Nehru said that he was inaugurating not a mere fertiliser unit but a temple of India. Such temples of India are now being demolished and dismantled by the present Government. They started with Gorakhpur which was closed for more than ten years; they closed Barauni unit in Bihar on 1st Jan, 1999; they suspended production in Durgapur unit; they closed the Talcher unit in Orissa; and they even closed the coal-based fertiliser unit in Ramagundam. In the Namrup unit in Assam, out of the three units, only one unit is functioning and the other two are closed.

This issue has been discussed a number of times on the floor of the House. Various Committees have gone into the issue of revival of the units of the Hindustan Fertiliser Corporation and the Fertiliser Corporation of India and have recommended their revival. But the Government has taken no action so far in this regard. In 1997, the United Front Government approved a package for the revival of Barauni, Durgapur and Namrup units.

That proposal was approved by the Government of India by spending Rs. 2,300 crore.

श्री चन्द्रशेखर (बलिया, उ.प्र.) : गोरखपुर का नाम भी लीजिए।

SHRI BASU DEB ACHARIA : Gorakhpur is under the FCI.

MR. SPEAKER: Shri Basu Deb Acharia, please come to the clarification.

SHRI BASU DEB ACHARIA : Till date, the Government has not taken any action. The units at Barauni and Durgapur were functioning and producing urea but the Government has suspended the production in these two units also. Sir, what has happened in the entire Eastern India starting from Gorakhpur?

MR. SPEAKER: At the same time, you have to see the entire mood of the junior Members in the House also. This is not good.

SHRI BASU DEB ACHARIA : There are units at Barauni, Durgapur, Haldia, Talchar and Namrup. But the Government has decided to revive only one unit of Namrup, and suspend the Sindri unit by replacement by putting some investment.

Sir, there is not a single urea production unit in the State of West Bengal. West Bengal is now the sixth in the consumption of fertilisers. The Durgapur unit there is the only producing unit and there too, the production work has been suspended.

Sir, when Shri Barnala was the Fertiliser Minister, a proposal was made to start the production with a little investment to the tune of Rs. 17 crore.

MR. SPEAKER: Shri Basu Deb Achairia, please conclude now.

SHRI BASU DEB ACHARIA By investing Rs. 17 crore, the production can be started at Durgapur unit. But that has not been done so far.

MR. SPEAKER: Now, Shri Lakshman Seth.

...(Interruptions)

SHRI BASU DEB ACHARIA : Sir, what I demand is that the Government should take concrete steps in regard to revive all these sick units of the Fertiliser Corporation of India, Hindustan Fertiliser Corporation, yes, also the Ramagundam, Talchar and Durgapur units. Durgapur unit is the only unit which was functioning in the West Bengal.

Sir, Shri Chandra Shekhar has mentioned about the Gorakhpur. He has said that the Government is considering a proposal to have a new plan at Gorakhpur.

श्री मुलायम सिंह यादव (सम्भल) : अध्यक्ष महोदय, सिर्फ एक सवाल पूछने दीजिए।

MR. SPEAKER: No. The rule does not permit, please.

Now, Shri Lakshman Seth.

SHRI BASU DEB ACHARIA : Sir, I have not yet come to the second subject. There are two subjects in this Calling Attention. I had submitted two different Calling Attention notices but you had clubbed them into one. Now, I will come to the second subject.

MR. SPEAKER: You tell me, how much time you want to take for a Calling Attention.

SHRI BASU DEB ACHARIA : Sir, I want to know whether the Government would take steps to restart the production at the Durgapur unit by spending Rs. 17 crore about which the proposal had already been submitted to the Government of India.

My next point is about the gold plating, name plate capacities of the fertiliser companies.

MR. SPEAKER: Shri Basu Deb Acharia, please conclude.

SHRI BASU DEB ACHARIA : Sir, a number of fertiliser companies have overdrawn the subsidy. Now, the Government has increased the prices of fertilisers. Instead of reducing, the Government has increased the retention price of fertilisers. The Government has put burden on the farmers of our country.

Sir, now I come to the changing of the name plate, gold plating of the name plate of the company, capacity of the

companyâ€¦

MR. SPEAKER: Now, whatever he is going to say will not go on record.

SHRI BASU DEB ACHARIA : What is this, Sir? ...(*Interruptions*)

MR. SPEAKER: What is this? You are not listening to anything from the Chair.

...(*Interruptions*)

SHRI BASU DEB ACHARIA: Sir, this is a very important issue.

MR. SPEAKER: How much time do you want to take? You have to listen to the Chair also.

SHRI BASU DEB ACHARIA : I have to talk about the subsidy also.

MR. SPEAKER: This is not a debate.

SHRI BASU DEB ACHARIA: Sir, I will take only one minute and conclude.

In the statement which the hon. Minister made yesterday, he did not mention about the CBI inquiry.

The Standing Committee on Petroleum, Chemicals and Fertilisers, 1998 recommended quantifying and recovery of the amount overdrawn by the Fertiliser Company. I want to know from the hon. Minister why no action was taken in 1998 itself when two Expert Committees, one the Joint Parliamentary Committee and the other, the Committee headed by Shri Hanumanthappa, had gone into it and unanimously recommended recovery of the amount overdue.

I also want to know when the Government came to know about the overdrawal of the subsidy. ...(*Interruptions*)

MR. SPEAKER: This will not go on record.

(*Interruptions*) *

SHRI LAKSHMAN SETH (TAMLUK): Mr. Speaker, Sir, Shri Suresh Prabhu, the Minister of Chemicals and Fertilisers has already made a statement regarding various units of HFC and other units of the Fertiliser Corporation of India. . The hon. Minister has already stated that there is no fault on the part of the engineers, staff and workers. It is only because of the failure of equipment and also defects in technology.

I want to request the hon. Minister to clarify whether this can be modified and rectified, and introduction of high technology can be made to operate this Haldia unit.

In West Bengal, there is no urea producing unit at the present moment. The demand for urea is increasing in West Bengal, but there is no supply. At present,

about 10 lakh tonnes of urea is being demanded, but there is no urea plant.

That is why, I want to have a clarification from the hon. Minister whether the Government is considering revival of the unit of HFC by any joint sector.

* Not Recorded

I would like to know what is the value of the assets of Haldia unit at HFC. It is very much high. The Government can have equity share in it and any private investor can be asked to run this factory.

Another clarification which I would like to seek from the hon. Minister is whether the hon. Minister is considering to give any subsidy for the Brown Field Factory. At present, Government is not considering to give subsidy to the Green Field Factory because Haldia unit is based on naphtha as a feedstock. There is an existing infrastructure plant and machinery.

If the Government gives subsidy for the time being to brown field unit, I hope many private investors will come forward and the Government also will be able to run this unit which is naphtha-based urea factory. This is my submission.

I suggest that IFFCO and KRIBCO can be asked to run Haldia units as in the case of Gorakhpur and in this way we

will be able to cater to the demands of urea in West Bengal.

The hon. Minister has said that the interest of the sick and closed units will be taken care of. I do not understand how the interest of the sick and closed units will be taken care of by the Government. I want to have a clarification from the hon. Minister on this point.

I also want to have a clarification from the hon. Minister whether the Government is considering supply of LNG gas in Eastern region, particularly in Haldia for making Haldia unit of HFC viable.

This is my humble submission to the hon. Minister.

SHRI SURESH PRABHU: Mr. Speaker, Sir, I have already replied all the issues which have been raised in the first part of the question itself hoping that I will be able to save the precious time of the House. However, since two hon. Members have raised clarifications, I will attempt to answer them. The Hindustan Fertiliser Company, as on March, 1999, has accumulated loss to the tune of Rs.3,628 crore.

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1300 hrs.

The Fertilizer Corporation of India, as on the same date, has an accumulated loss of Rs.5,049 crore. Therefore, any revival package that we are now going to consider must take these realities into consideration. When we are going to make fresh investments into any of these projects, we must make sure that the cost-benefit analysis is properly done and if we feel that the benefits would be more than the costs that are going to be incurred, obviously, we should revive the units. There is no doubt about it. We will be guided by this policy.

We have constituted several expert committees which include a very renowned institution like the ICICI. It has submitted its report. If any of the units meets with the criterion of commercial viability, those units will definitely be revived. I would like to assure this to you.

Secondly, I come to the point about Eastern India, which consists of the States of Bihar, West Bengal and Orissa. Even Eastern UP could be considered a part of that. Our hon. former Prime Minister hails from that area. We are really concerned about this area. Shri Mulayam Singh Yadav was trying to probably mention this issue. ...*(Interruptions)*

SHRI VARKALA RADHAKRISHNAN (CHIRAYINKIL): What about Kerala?

SHRI SURESH PRABHU: When I am talking about Eastern India, I cannot take Kerala or South India into Eastern India. I will take it up later on. I cannot change and I do not have the authority or the competence to change geography!

This sector of this part of India, unfortunately, has no working fertiliser plant. It is a fact. There are very few plants and they are also not functioning properly. Therefore, this part of India must receive the topmost attention of the Government. The new fertiliser plants that are going to come up in this area must certainly take this reality into consideration. This is of prime importance. This is the real policy initiative that we want to take. But how are we going to do it?

Here, I am not assuring the House but I will just give an indication of what we are really considering very actively. We are thinking of converting the naphtha-based plants into gas-based plants, if they are going to be revived. This is the recommendation of even Dr. Hanumantha Rao Committee. It was a high-powered committee. We will consider a one-time possibility of some financial support which will enable these companies to convert themselves and become viable. This is something that we are considering.

Now, I come to coal-based plants. In India, the feed stock that we normally use is naphtha, natural gas, fuel oil or LSCH but unfortunately we are not using coal as a feed stock. This is because coal technology has failed. It was there but it has failed. Unfortunately, these plants which used coal as feed stock did not become commercially viable. ...*(Interruptions)*

श्री मुलायम सिंह यादव (सम्भल) : अध्यक्ष महोदय, हम दोनों का भाग नहीं सुनना चाहते। आपका भाग काफी हो गया, आप सीधे-सीधे उत्तर दीजिए। गोरखपुर में सारा काम पूरी तरह से तैयार है, उसमें केवल एन.ओ.सी. देना है और आप कह रहे हैं कि विचाराधीन है। वह विचाराधीन नहीं है, उसको आप देना नहीं चाहते। आप क्यों नहीं देना चाहते? **श्री (व्यवधान)** भाग यहां भी हो रहा है, यहां भी हो रहा है। इनके भाग को आपने कार्यवाही से निकाला है तो इनका भाग भी कार्यवाही से निकालिये। **श्री (व्यवधान)**

श्री सुरेश प्रभु : जिस दिन से मैं मंत्री बना हूँ, एक महीने में हमने एक टस्क फोर्स का गठन किया, जिसमें कोल बेस्ड टेक्नोलॉजी के आधार पर फर्टिलाइजर देश में

किस तरह से बनाया जा सकता है, उसका हमने गठन किया और बहुत जल्द इसके ऊपर हम सैण्ट्रल इंडिया में एक इंटरनेशनल सेमीनार कर रहे हैं। अर्थात् (व्यवधान) में गोरखपुर पर आ रहा हूँ, मुझे अपनी बात कहने तो दीजिए। उन्होंने जो सवाल उठाया है, उसके ऊपर मुझे जवाब देना है। दूसरी तरफ से हल्दिया फर्टिलाइजर प्लांट के रिवाइवल के बारे में सवाल पूछा गया।

This fertiliser plant was closed in 1986. It was not closed in the last one year. He has said that this is the modern temple of development and we are trying to demolish it. In fact, we would like to worship in any temple – modern or otherwise, even ancient – provided the temple is serving its purpose. Unfortunately, when we came into Government, the temple was already demolished. The decision was taken in 1986. It was decided at that time that this plant should be closed. This is not a decision that we have taken. ...(*Interruptions*)

MR. SPEAKER: Mr. Minister, it is better to address the Chair.

SHRI SURESH PRABHU: As far as Haldia is concerned, we will also consider joint ventures. If somebody wants to come forward, we will definitely consider the formation of a joint venture, as has been demanded. But I am going beyond this. Very soon, I will come out with a comprehensive white paper – not only about the units that you have mentioned like Gorakhpur – on all sick fertiliser plants in India and what could be done for them. I will be coming out with a comprehensive white paper. ...(*Interruptions*) The United Front Government was there for such a long time. Unfortunately, it could not be done. Please give us some time. We will definitely try to do it as quickly as possible.

As far as the Brown Field Projects are concerned, as has been mentioned, it is a fact. Ghorakpur has got a very good infrastructure. But unfortunately it did not become viable, for a variety of reasons. So, we are now finding out whether any other company would be interested to set up a new factory there. We will certainly give permission to it, provided viability is established. ...(*Interruptions*)

कुंवर अखिलेश सिंह (महाराजगंज, उ.प्र.) : कृषको लेने को तैयार है, उसको क्यों नहीं एन.ओ.सी. दे रहे? ...(*Interruptions*)

SHRI M.V.V.S. MURTHI (VISAKHAPATNAM): Plenty of natural gas is available in the Cauvery basin. So, Ramagundam Plant should be connected with natural gas. ...(*Interruptions*)

MR. SPEAKER: Mr. Minister, you can address the Chair.

...(*Interruptions*)

SHRI SURESH PRABHU: The Government has already come out with a Vision Statement on Hydrocarbon, 2025. After considering the Vision Statement of 2025, it appears that beyond the year 2010, the availability of natural gas to be used as a feedstock to manufacture fertiliser may not be to the extent to which it is desired. Therefore, we have to take some alternative measures. Hanumantha Rao Committee itself had recommended formation of joint venture at shores where natural gas is available. We are definitely considering all the aspects.

I thank the two hon. Members – Shri Basu Deb Acharia and Shri Lakshman Seth – for bringing it to our attention. We will take that into account. ...(*Interruptions*)

SHRI CHANDRA SHEKHAR (BALLIA, U.P.): Mr. Speaker, Sir, may I request the hon. Minister to come to the specific point? KRIBHCO has given a proposal. They had said that they would manage the finances also. It has been taken into consideration by all the agencies of the Government. Everybody has recommended that this Plant can be re-started and KRIBHCO is ready to take up this matter.

Months back I wrote to the hon. Minister. He was kind enough to give me a reply that it is under the active consideration of the Government of India. If money is there, if the feasibility report is there and if everybody has recommended like that, why this delay in giving order or permission to this particular industry, KRIBHCO, to set up the Plant and restart it?

SHRI SURESH PRABHU: It is not the simple NOC. We are really examining this matter. As soon as we come to the conclusion that it is a viable unit and that KRIBHCO is really ready to set up, we will consider this.

SHRI CHANDRA SHEKHAR (BALLIA, U.P.): Mr. Speaker, Sir, the viability aspect has been taken into consideration. There is a report that it is a viable proposal. The finances are there; everything else is there. There are some people who are interested to see that this Plant is not working. ...(*Interruptions*)

MR. SPEAKER: No. Now, the Minister.

...(*Interruptions*)

MR. SPEAKER: No. Shri Radhakrishnan, please take your seat. I am not allowing you. Please take your seat. Mr.

Minister, you may address the Chair.

...(Interruptions)

SHRI SURESH PRABHU: LNG or natural gas is to be made available. High Powered Committee, about which a reference has been made by Shri Basu Deb Acharia, said that natural gas has to be made available. That is the recommendation of the Expert Committee. In that light, we are considering the proposal of KRIBHCO. We will take a final decision soon. ...(Interruptions)

MR. SPEAKER: The House will now take up 'Zero Hour'. Shri Priya Ranjan Dasmunsi.

SHRI BASU DEB ACHARIA: Sir, he has not replied properly. He has not given any assurance to restart it. So, we are walking out.

1309 hours

(At this stage, Shri Basu Deb Acharia and some other
hon. Members left the House.)

MR. SPEAKER: Shri Priya Ranjan Dasmunsi.

...(Interruptions)

SHRI PRIYA RANJAN DASMUNSI (RAIGANJ): Sir, I am thankful to you for allowing me to speak. ...(Interruptions)

MR. SPEAKER: I will call all the hon. Members. Please take your seats.

...(Interruptions)

MR. SPEAKER: Today and tomorrow are the last days of this Session. So, I will call all the hon. Members. Please take your seats. Now, Shri Priya Ranjan Dasmunsi.

...(Interruptions)

MR. SPEAKER: I have called Shri Priya Ranjan Dasmunsi.

श्री मुलायम सिंह यादव (सम्भल) : गोखपुर का का मामला बड़ा महत्वपूर्ण है। पूरा का पूरा प्रस्ताव इनके पास है, कृषको लेने को तैयार है। (व्यवधान) ये नहीं दे रहे हैं। इसमें भ्रष्टाचार है, कई करोड़ रुपए का मामला है। (व्यवधान) इसलिए हम सदन का त्याग करते हैं।

1310 बजे

(तत्पश्चात् श्री मुलायम सिंह यादव तथा कुछ अन्य माननीय सदस्यों ने सदन से बहिर्गमन किया।)

। (व्यवधान)