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Title: Need to permit Madras Fertilizers Limited, Southern Petrochemicals Industries Corporation Limited and Mangalore Chemicals & Fertilizers Limited to continue production of urea by using naphtha as feedstock till the availability of natural gas.

SHRI T.G. VENKATESH BABU (CHENNAI NORTH): Hon. Deputy-Speaker, Sir, Madras Fertilizers Limited (MFL-Chennai), Southern Petrochemicals Industries Corporation Limited (SPIC-Tuticorin) of Tamil Nadu and Mangalore Chemicals & Fertilizers Limited (MCFL-Mangalore) of Karnataka are manufacturing the urea fertilizer by using 1000 kilo litres of naphtha per day as feedstock. However, the Government of India, by notification, permitted them to produce urea with subsidy using naphtha as feedstock until 30 September 2014. Beyond that, they were advised to switch over to feedstock of natural gas for availing urea subsidy, or else subsidy would not be paid to them under New Pricing Policy III.

As per Government of India notification, they have invested around Rs. 300 crore for conversion into feedstock of natural gas. However, due to inability in laying the pipelines by GAIL and IOCL, the supply of natural gas could not be established at the above plant locations and they were forced to shut the urea plants. The shutdown will result in loss of production of around 1.5 million tonne of urea per annum. Both shut down and restart would also deteriorate plant and machinery and will cost additional burden of Rs. 15 crore. This will create loss of livelihood to about 15,000 employees directly and indirectly and also create large scale unemployment. More importantly it will also affect our agricultural production.

This is purely because of absence of pipeline connectivity and gas allocation. There is no alternative option left with them other than using naphtha for production of urea. There is also not much marginal price difference between LNG and naphtha on production of urea.

HON. DEPUTY-SPEAKER: Hon. Members, kindly read the approved text only.

SHRI T.G. VENKATESH BABU : Yes, Sir. I am reading the approved text only.

Keeping in mind, the gravity of the situation, the People's Chief Minister of Tamil Nadu, Dr. Amma Paratchi Thalaivi Amma wrote a letter to the hon. Prime Minister on 9-6-2014 and emphasized the need to arrive at an immediate solution in order to protect the interests of lakhs of farmers and workers.

I shall, therefore, urge upon the Union Government to allow Madras Fertilizers Limited, Southern Petrochemicals Industries Corporation Limited and Mangalore Chemicals & Fertilizers Limited to continue to produce urea by using Naphtha as feedstock till such time the natural gas connectivity is established. Thank you.