

ment will now consider extending the period of lease ?

**SHRI ARIF MOHAMMAD KHAN :** If the Maharashtra Government intimates that they no longer need this land, then any suggestion which is made by the Hon. Member we shall certainly take note of.

#### Ramagundam Fertilizer Plant

**\*840. SHRI MOOL CHAND DAGA :** Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state :

(a) whether the Ramagundam fertilizer plant ended up with an investment of Rs. 220 crores against the initial estimate of Rs. 2 crores only;

(b) if so, the reasons thereof;

(c) whether the capacity utilisation is far from optimal;

(d) if so, the reasons thereof and since when;

(e) the steps taken to improve the production and the results thereof;

(f) whether guarantee tests were done on any of the individual plants or the plant as a whole as there had arisen a dispute between the foreign contractors; and

(g) for frequent technical trouble in the plant, what action has been taken by Government and whether responsibility has been fixed on the delinquent officers ?

**THE MINISTER OF CHEMICALS AND FERTILIZERS AND INDUSTRY AND COMPANY AFFAIRS (SHRI VEERENDRA PATIL) :** (a) to (g). A statement is laid on the Table of the House.

#### Statement

(a) An investment of Rs. 217.90 crores has been made in the Ramagundam fertilizer plant against the initial estimate of Rs. 93.85 crores.

(b) The major reasons for cost escalation are—appreciation in the values of foreign

currencies; inflation; increase in interest rate; addition of Argon Gas recovery and pollution control systems and increase in financing charges due to extension in completion schedule.

(c) The Urea production and capacity utilisation figures based on 'achievable' capacity for the last three years are as under :

Year	Urea Production	Capacity utilisation
1982-83	1,62,664	49.29%
1983-84	1,75,068	53.05%
1984-85	2,03,090	61.54%

(d) The capacity utilisation was affected due to power cuts/voltage dips, equipment problems, extremely tight steam balance and non-availability of stand-by equipment in gasification and steam generation plant.

(e) Some short-term remedial measures like replacements of Raw Gas Pre-coolers with SS Coolers, NS Removal System, Epoxy lining of the Raw Gas line, etc., have been taken. For long-term remedial measures, an end-to-end survey is being undertaken by foreign consultants. Based on the recommendations of the foreign consultants, remedial measures shall be initiated.

(f) The guarantee tests were carried out on some the plants/equipments individually and not on the plant as a whole. There was no dispute with the foreign contractors.

(g) Frequent mechanical problems were due to design imbalances. The question of fixing responsibility on officers does not therefore, arise.

[Translation]

**SHRI MOOL CHAND DAGA :** Mr. Speaker, Sir, through you, I want to know from the Hon. Minister when work on Ramagundam Fertilizer Plant was started, what its estimated cost was, what the actual cost on its completion was, when it was commissioned, what its production capacity was and what the quantum of production at present is.

[English]

**SHRI VEERENDRA PATIL :** The project estimate was prepared in April 1971 and at that time the cost of the project was expected to be Rs. 93.85 crores with a time limit of 42 months. According to the project report the capacity is 900 tonnes of Ammonia and 1500 tonnes of Urea per day. The production as I have already given in the statement is : in the year 1982-83 it is 1,62,664 tonnes, capacity utilisation—49.29%. 1983-84—it is 1,75,068 tonnes and capacity utilisation is 53.05 per cent and 1984-85—it is 2,03,090 tonnes and capacity utilisation is 61.54 per cent.

[Translation]

**SHRI MOOL CHAND DAGA :** It has been stated that its estimated cost was Rs. 93.85 crores initially which rose to Rs. 270 crores at the time of completion. Will the Hon. Minister state the period over which this cost increased approximately triple? Besides, what was its capacity in 1982-83, 1983-84 and 1984-85 and the total quantum and percentage of production as against it as also the loss thus suffered each year and its percentage?

**SHRI VEERENDRA PATIL :** I have already said about the capacity utilisation. Regarding capacity utilisation, the latest figure we have is for 1984-85 and it is 61.54 per cent. The Hon. Member wanted to know about the losses. I am sorry I do not have the information. I will collect and furnish it to the Hon. Member.

[Translation]

**SHRI MOOL CHAND DAGA :** On the one hand you say that the production was about 50 per cent of the total capacity and on the other hand you are not telling us the losses...*(Interruptions)* What have we to construe therefrom?

[English]

**SHRI C. MADHAV REDDI :** The figures supplied by the Minister about capacity utilisation of the Ramagundam plant are very misleading. Now he has given only the figures of urea production and he has indica-

ted that in 1984-85 the production was to the extent of 61 per cent. Our reports show that the entire production was only 40 per cent so far. But if we include ammonia also, certainly this figure will go down. May I know from the Minister as to what is the reason for this type of presentation of figures?

Secondly, the main defect we were told with this plant is the design imbalance and foreign consultants have been appointed to go into it. We would like to know what is the progress in this direction.

**SHRI VEERENDRA PATIL :** So far as the technology is concerned, I have already replied this question on several occasions.

For the first time a coal-based fertiliser plant was experimented in our country and even in foreign countries also I think there are only 2 or 3 fertiliser plants based on coal in South Africa and there is one or two in East Germany and in no other part of the world there are any fertiliser plants based on coal. This was first started in 1971 because at that time our oil position was very bad. We did not have sufficient oil. We did not have sufficient naphtha. We did not have sufficient gas. Therefore, at that time the decision was taken .....

**MR. SPEAKER :** We discussed this very question earlier also.

**SHRI VEERENDRA PATIL :** Earlier also we discussed it. This is the technology we have taken from one Krupps Co. It is a German technology.

Hon. Member, Mr. Daga wanted to know about profit and loss. I can only say that the net profit for the year 1984-85 is Rs. 88 lakhs. It is only this year that Ramagundam plant has made a net profit of Rs. 88 lakhs. But the accumulated losses upto 31.3.85 is about Rs. 55 crores because the plant could not function to its full capacity because of power constraints and other equipment and imbalance of design, etc.

#### Production of Portland Cement

\*841. **SHRI BHOLA NATH SEN :** Will the Minister of INDUSTRY AND COMPANY AFFAIRS be pleased to state :