

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF CHEMICALS AND PETROCHEMICALS

LOK SABHA
UNSTARRED QUESTION NO. 2428
TO BE ANSWERED ON 3.12.2019

FUNCTIONING OF CHEMICAL AND FERTILIZER FACTORIES

2428. SHRI MITESH RAMESHBHAI PATEL (BAKABHAI):

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

- (a) the details of the chemical and fertilizer factories functioning in the country; and
- (b) the number of sick factories out of them along with the measures taken by the Government to revive them?

ANSWER

MINISTER FOR CHEMICALS AND FERTILIZERS (SHRI D. V. SADANANDA GOWDA)

Sir, Ministry of Chemicals & Fertilizers comprises three Departments namely; Department of Chemicals & Petrochemicals, Department of Pharmaceuticals and Department of Fertilizers. The reply to parts of the question is as below:

(a): There are three Chemical PSUs under the administrative control of Department of Chemicals and Petrochemicals (DCPC) viz. Hindustan Organic Chemicals Ltd. (HOCL), HIL (India) Ltd. (HIL) and Hindustan Fluorocarbons Ltd. (HFL; subsidiary company of HOCL).

HOCL has a unit located at Kochi, Kerala, for manufacturing Phenol, Acetone and Hydrogen Peroxide. HIL has three units located at Kochi (Kerala), Rasayani (Maharashtra) and Bathinda (Punjab) and seven Regional Sales Office across India. HIL manufactures public health insecticides and agrochemicals and has also diversified into seeds and fertilizers business. HFL has a unit located at Rudraram, Telangana, for manufacturing Poly Tetra Fluoro Ethylene (PTFE) and Chloro Di Fluoro Methane (CFM-22).

Under the administrative control of the Department of Pharmaceuticals, Bengal Chemicals & Pharmaceuticals Ltd. (BCPL) is the only PSU engaged in chemical industries.

The details of the major fertilizers factories functioning in the country are at Annexure-A.

(b) Out of the 3 Chemical 3 PSUs under Department of Chemicals and Petrochemicals, HOCL and HFL were registered with the erstwhile Board for Industrial and Financial Reconstruction (BIFR) as sick companies. However, BIFR has been dissolved with effect from 01.12.2016 following which all proceedings before the Board have abated. Measures taken to revive HOCL and HFL are as follows:

(i) HOCL: The Government of India on 17.05.2017 approved a restructuring plan for HOCL under which all the non-viable plants at Rasayani unit of HOCL have been closed down, except N₂O₄ plant that has been transferred to ISRO on 'as is where is' basis with about 20 acres of land and employees associated with the plant. After implementation of the restructuring plan, the Phenol/Acetone plant (main revenue earning product) at Kochi unit resumed regular operations from July, 2017. This enabled HOCL to achieve turnover of Rs.471.99 crore and net profit of about Rs.22.47 crore from Kochi unit operations during preceding FY 2018-19.

(ii) HFL: For revival and growth of HFL, the company had taken steps to diversify into business of fluoro specialty chemicals and adopted the strategy of switching over from single product to multi-product facility. Plan loan of Rs.16.80 crore was also provided by the Government to HFL in 2014-15 for plant refurbishment schemes & new initiatives and for development of modified PTFE. However, due to commercial unviability of the products, mainly on account of small plant size/capacity, old technology and high overhead costs, HFL has not been able to turnaround the company's poor financial position. Further, the Government on 27.10.2016 accorded 'in principle' approval for strategic disinvestment of HFL with the parent company HOCL to exit the firm completely. However, in view of only one bid/offer received in response to the EoI, it was decided to terminate the strategic disinvestment process.

Under the Department of Pharmaceuticals, BCPL was declared sick in 1992 and is presently reporting net profit. Based on recommendation of Group of Ministers, the Union Cabinet in its meeting held on 28.12.2016, has decided for strategic sale of Bengal Chemicals and Pharmaceuticals Ltd. (BCPL) after meeting its liabilities from the sale of surplus land to Government agencies. As land sale could not materialize, the Department approached Cabinet again, which has decided, amongst others on 17.07.2019 that sale of surplus land be as per revised Department of Public Enterprises (DPE) guidelines dated 14.06.2018. Separately, the High Court of Calcutta vide its order dated 13.02.2018, passed in CWP No. 15560/2017 has set aside the decision to strategic sale of the company, indicating that the order would, however, not prevent the authorities from deciding on fate in BCPL, in accordance with the law. The order has been challenged before the Division Bench of High Court and its presently pending before the Court.

Under the Department of Fertilizers, at present, there are two sick companies viz., Madras Fertilizers Limited (MFL) & Fertilizers and Chemicals Travancore Limited (FACT). The following steps are being taken by the Government for revival of MFL and FACT:-

(i) Madras Fertilizers Limited (MFL): MFL suggested for proposal for waiver of Government of India Loan & interest thereon. Based on submission of MFL, it was decided to explore the possibility of monetization of surplus land of MFL. Government of Tamil Nadu on 09.08.2018 has accorded No Objection Certificate (NOC) for transfer of 70 acres of land to Chennai Petroleum Corporation Limited (CPCL). However, the proposal for sale of 4.98 acres of land of MFL to CPCL is in advance stage. For, transfer of rest of the 65 acres of land, MFL is exploring other options.

(ii) Fertilizers and Chemicals Travancore Limited (FACT): Government of India sanctioned a Plan loan of Rs. 1000 crore to sustain operations of the company. Vide DoF letter dated 23.03.2018, approval for sale of 169.689 acres of land @ Rs 2.4758 crore per acres of FACT to Bharat Petroleum Corporation Limited (BPCL) has been accorded. Cabinet has also

approved the proposal for sale of 481.79 acres of land held by FACT to the Govt. of Kerala on 24.07.2019.

Besides of above two mentioned PSUs, Government of India is reviving 5 closed fertilizer plants of The Fertilizer Corporation of India Limited (FCIL)/ Hindustan Fertilizer Corporation Limited (HFCL) namely Talcher, Ramagundam, Gorakhpur and Sindri plants of FCIL and Barauni plant of HFCL by setting up new Ammonia Urea plants of 12.7 lakh metric tone per annum capacity for each plant. These projects upon implementation/operationalization will help rejuvenate the fertilizer sector.
