

Gas supplies for fertilizer plants

†3098. MISS ANUSUIYA UIKEY: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Government is aware of the fact that investment in fertilizer plants in the country is on hold owing to these plants not getting the assurance of gas supply;

(b) if so, the details thereof along with the reasons therefor; and

(c) by when Government will ensure gas supply to such plants?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): (a) and (b) The Government has notified New Investment Policy on 4th September, 2008. The fertilizer industry has responded positively to the new investment policy notified on 4th September, 2008 by initiating investment decision for revamp of existing capacities. Most of the existing units have either completed their revamp or are currently implementing revamp projects in their units contributing around 1.5 million tones increase in existing urea capacity. Further six fertilizer companies viz. IFFCO-Kalol, KRIBHCO-Hazira, RCF-Thal, IGFL-Jagdishpur, CFCL-Gadepan and TCL-Babrula have also indicated their intention for expansion of their existing units by setting up a 1.15 Million Tonne per annum Ammonia/Urea plants in their existing premises. The creation of additional capacities by revival of closed plants of HFCL and FCIL is also under consideration of Government. The companies have been regularly requesting the Government for either firm allocation of gas at predetermined fixed prices from domestic gas sources or insulate industry from any additional liability arising due to increase in delivered price of gas by correspondingly increasing the floor prices in the absence of any commitment on allocation of natural gas at fixed prices. The constraints indicated are under examination and a proposal for amendments in the New Investment Policy notified on 4th September, 2008 is under consideration of Department of Fertilizers to facilitate the investments in urea sector.

(c) The allocation of natural gas from KG D-6 field has been made by the Empowered Group of Ministers (EGoM) on commercial utilization of gas under NELP in its meeting held from time to time. Fertilizer sector has been accorded the highest priority while making the said allocations. All the existing gas-based fertilizer plants have been allotted gas to ensure their full capacity utilization. Regarding demand emanating beyond 2008-09 from de-bottlenecking of and expansion of fertilizer plants, conversion of Naphtha based and fuel oil based fertilizer plants and revival of closed fertilizers plants, it was decided in the EGoM meeting held on May 28, 2008 that it would be given the highest priority at that stage and will be met from production of subsequent years. Further, in the EGoM held on October 27, 2009, it was also decided that such plants would be supplied natural gas as and when they are ready to utilize the gas.

†Original notice of the question was received in Hindi.