

Losses of fertilizer factories

†628. **PROF. R.B.S. VARMA:** Will the Minister of **CHEMICALS AND FERTILIZERS** be pleased to state:

(a) whether it is a fact that a number of fertilizer factories in the country are incurring losses;

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

(c) whether any attempts are being made by Government to make up the losses of such fertilizer factories; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI RAMESH BAIS): (a) and (b) The details of the losses made by the public sector undertakings under the administrative control of this department during the last three years and the reasons therefor are given below:

(Rs./Crore)

Name of the PSU	1997-1998	1998-1999	1999-2000	Main reasons for Losses
Fertilizer Corporation of India Ltd.	-735.69	-838.29	-813.84	Technological, design and equipment deficiencies, frequent equipment breakdowns, increase in the cost of petroleum products, power shortages, industrial relations problems, and surplus manpower and resource constraints.
Hindustan Fertilizer Corporation Ltd.	-647.83	-514.49	-580.71	As above.
Paradeep Phosphates Ltd.	-105.53	-57.95	-89.14	Depreciation of rupee leading to higher cost of inputs, heavy interest burden, inadequate working capital due to continuous cash losses, delay in disbursement of concession, low capacity utilisation of acid plants leading to higher imports of phosphoric acid, and inventory carrying cost on heavy build up of stocks.

†Original notice of the question was received in Hindi.

(Rs./Crore)

Name of the PSU	1997-1998	1998-1999	1999-2000	Main reasons for Losses
Madras Fertilizers Ltd.	-55.35	-25.74	-24.98	Lower production due to extended shutdown of plants for revamp hook-up & longer period of stabilisation, under recovery in respect of complex fertilizer due to increase in prices of inputs and depreciation of the Rupee, reduction in adhoc concession on DAP and Complex fertilizers, delay in disbursement of ad-hoc concession.
Pyrites, Phosphates and Chemicals Ltd.	-53.40	-87.49	-70.18	Decontrol of SSP and delays in disbursement of concession, withdrawal of the imports substitution incentives, intrinsic cost disadvantage of pyrites based sulphuric acid production, increase in operating costs of pyrites mining at Amjhore, rising costs of deep underground mining at Mussoorie and increased transportation costs.
Fertilizers and Chemicals Travancore Ltd.	53.94	-48.26	-39.80	Interest burden on loans used for capital investment in the Ammonia Replacement Project, unremunerative prices of complex/mix fertilizers, increase in cost of petroleum products.
Projects & Development India Ltd.	6.09	-15.85	-17.71	Low level of orders for catalysts and lack of job orders as the new projects envisaged at the time of formulation of the revival package got delayed.

(c) and (d) Within the constraints of budgetary resources, Government has been providing support to the loss making fertilizer

PSUs to meet their operational needs and critical capital expenditure. During the last three years, the budgetary support extended to these undertakings has been as follows:—

(Rs./Crore)

	1997-98	1998-99	1999-2000
HFC	184.34	178.00	187.19
FCI	318.15	305.00	153.00
PPL	15.00	10.00	10.00
PPCL	06.00	01.50	25.00
MFL	—	61.00	20.00
FACT	37.88	19.22	35.00
PDIL	02.00	—	—

Lifting of restriction on import of urea

629. SHRI DIPANKAR MUKHERJEE: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether quantitative restriction on import of urea is being lifted as per obligations to WTO;

(b) if so, the time limit by which the restriction is being lifted;

(c) the impact of the same on domestic urea producing units; and

(d) the action contemplated by Government to protect domestic industry?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI RAMESH BAIS): (a) and (b) Yes, Sir. According to the agreement reached with United States of America (USA) in December, 1999 following the ruling of the Dispute Settlement Body of the World Trade Organisation (WTO), quantitative restrictions will have to be lifted on urea with effect from 1.4.2001.

(c) and (d) The Government has set up a "Task Force" under the Chairmanship of Secretary, Department of Fertilizers to study the