

Revival of closed fertilizer factories

2494. SHRI TARUN VIJAY: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that Government had decided to restart the four closed fertilizer factories including Barauni and Sindri; and

(b) if so, the progress made in this regard, factory-wise?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI NIHAL CHAND): (a) and (b) No, Madam. Government (GoI) has not decided to restart any closed fertilizer factories. However, GoI has decided to revive the closed fertilizer units of Fertilizer Corporation of India Ltd. (FCIL) and Hindustan Fertilizer Corporation Ltd. (HFCL), by setting up new plants at Sindri, Talcher and Ramagundam on nomination basis and Barauni, Gorakhpur, Korba, Haldia and Durgapur through bidding process.

In 2008, Cabinet approved to revive Fertilizer Corporation of India Limited (FCIL) and Hindustan Fertilizers Corporation Limited (HFCL) units subject to non-recourse to Government funding and to consider write off of GOI Loan and interest to the extent required, subject to submission of fully tied up proposals for final decision on waiver. The revival of these closed units would be through nomination route by PSUs and through bidding route by private sector.

Cabinet Committee on Economic Affairs (CCEA), in 2011, approved the Draft Rehabilitation Scheme (DRS) for revival of all the Units of FCIL and HFCL. DRS envisaged revival of Talcher Unit by the consortium of M/s. Rashtriya Chemical and Fertilizers Limited (RCF), M/s Coal India Limited (CIL) and M/s Gas Authority of India Limited (GAIL), revival of Ramagundam Unit by M/s. Engineers India Limited (EIL) and M/s. National Fertilizers Limited (NFL) and revival of Sindri unit by M/s Steel Authority of India Limited (SAIL).

Subsequently CCEA, in 2013, *inter-alia*, approved waiver of Government of India loan and interest to facilitate FCIL to arrive at positive net worth. This enabled FCIL to get de-registered from the purview of Board for Industrial and Financial reconstruction (BIFR). Proposal/action plan for revival of HFCL units is to be taken up once revival of FCIL units is on track.

For Talcher unit, it is proposed to establish two Joint Venture (JV) companies *viz.* first company for upstream coal gasification section with GAIL and second company comprising RCF, CIL and FCIL for downstream section of Ammonia-urea, Nitric Acid, Ammonium Nitrate plants, off sites and utilities. The Memorandum of Understanding (MOU) among consortium PSUs *i.e.* CIL, RCF, GAIL and FCIL, has been signed on 5.9.2013. GAIL has issued expression of interest (EOI) for selection of coal gasification technology. The due date for submission of EOI is 31.07.2014.

For Ramagundam Project, JV agreement and concession agreement between EIL and NFL are under discussion and has been scheduled for conclusion/approval by their respective boards by 30th July, 2014. EIL itself would take up the Engineering and Project Construction for the project.

For Sindri unit, SAIL-Sindri Projects Ltd. (SSPL), a wholly owned subsidiary of SAIL, has been incorporated in November 2011 for the purpose of revival of Sindri Unit of FCIL. However, not much progress has been made due to non-availability of around 3000 Acres of contiguous piece of land for the Steel Plant. Out of total land of 6652 acres with FCIL at Sindri, only 498 acres (the area of existing fertilizer plant) is encroachment free contiguous land, as against the requirement of 3247 acres of encroachment free contiguous land for setting up the proposed facilities by SAIL.

New Plant Namrup-VI of BVFCL

2495. SHRI PANKAJ BORA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the implementation status of the proposal for installation of a new plant Namrup-VI of Brahmaputra Valley Fertilizer Corporation Limited (BVFCL);

(b) the viability status of BVFCL in this globalized market and the action taken by Government for its survivality; and

(c) the status, profit and loss-wise of various units of PSUs on fertilizer during the last three years and current year?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI NIHAL CHAND): (a) There is no proposal for installation of a new plant with the name of Namrup-VI. However, a new brownfield ammonia-urea plant at Namrup, with the name Namrup IV is proposed to be set up by a Joint Venture (JV) involving Brahmaputra Valley Fertilizer Corporation Limited (BVFCL) at Namrup. The proposal has received 'in-principal' approval of the Planning Commission and Board for Reconstruction of Public Sector Enterprises (BRPSE) has also recommended for setting up of a new plant at Namrup. Based on recommendation of the BRPSE, a note for Cabinet Committee on Economic Affairs (CCEA) is under consideration.

(b) The production cost of the existing two Namrup Plants namely Namrup-II and Namrup-III is much below the International price of Urea. These two units of BVFCL being situated in the North-East, get concession in gas price to the tune of 40%. If the company is financially restructured as recommended by BRPSE and since gas is available at the existing concessional price, BVFCL can post net profit. Namrup-II and III plants have already run for 38 years and 27 years respectively. In short term, the operation of existing plants is viable. As assessed by an expert agency in 2011, these