

**Production cost of urea**

†5152. SHRI VIJAY SINGH YADAV: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether Government have taken measures to reduce the cost of production of urea;
- (b) if so, the details of measures taken during the last three years;
- (c) if not, the reasons therefor;
- (d) whether cost of production is increasing because of extravagance of the officers; and
- (e) if so, the reaction of Government thereto ?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI CHHATTRAPAL SINGH): (a) to (e) As part of policy parameters for 7th and 8th pricing periods under the Retention Pricing Scheme covering the period from 1-7-1997 to 31-3-2000 and 1-4-2000 to 31-3-2003 respectively, the Government has carried out reassessment of 20 urea units *w.e.f.* 1-4-2000, revision of consumption norms *w.e.f.* 1-7-1997 for the 7th pricing period and 1-4-2000 for 8th pricing period, withdrawal of vintage allowance and increase in normative levels of capacity utilization. These measures were aimed at bringing down the cost of production of urea.

The RPS has been replaced by the New Pricing Scheme (NPS), which has come into effect from 1-4-2003. The NPS aims at greater transparency; uniformity and efficiency in subsidy disbursements to urea units and inducing them to take cost reduction measures on their own and be competitive.

**Assam Gas Cracker Project**

5153. DR. ARUN KUMAR SARMA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) the details of developments made, in chronological order, on Assam Gas Cracker Project from the time of conceptualization, laying of foundation stone, year-wise progress, present status and target fixed;
- (b) details of original commitments made by oil companies, basis of availability of gas resources, details of deviations made by oil companies on

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their commitments, solution found out, likely time of arriving at a final decision on this issue; and

(c) list of public commitments made by Prime Minister and Petroleum Minister from time to time on this issue till date?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI CHHATAPAL SINGH): (a) to (c) A Letter of Intent was issued to the Assam Industrial Development Corporation (AIDC) on 25-1-1991 to set up a petrochemical Gas Cracker Complex with a capacity of 3 lakh tonnes per annum (TPA) Ethylene in the joint sector.

The foundation stone of the project was laid by the Prime Minister in November, 1994. A Committee constituted in the Department of Chemicals and Petrochemicals to monitor the implementation of the project assessed that gas for production of only 2 lakh TPA of Ethylene was available. It was agreed that Oil India Limited (OIL) would supply 5 Million Standard Cubic Meter Per Day (MMSCMD) of gas for the production of 1,30,000 TPA Ethylene and the Oil & Natural Gas Commission (ONGC) would supply 1.35 MMSCMD for the remaining 70,000 TPA of Ethylene. However, it is now estimated that with 1.35 MMSCMD of gas available from ONGC, it would be possible to produce only 28,000 TPA of Ethylene in the first 5 years and for the remaining 10 years, it would be sufficient to produce 15,000 TPA of Ethylene only. The Ministry of Petroleum and Natural Gas have identified Indian Oil Corporation (IOC) for supply of LPG to make up for the shortfall in the supply of gas.

With the passage of time, the price of gas has increased and subsidy to the oil companies will have to be given to provide gas at a concessional fixed rate of Rs. 600 per thousand cu. Meters of gas over a period of 15 years for the project, as decided by the Cabinet in 1994. Action has been initiated for the expeditious resolution of the issue of funds required for subsidy for the Assam Gas Cracker Project.

The cost of the project is estimated at Rs. 3600 crore. On finalization of the Feedstock Supply Agreement(s) and acquisition of land, the project authorities expect the project to be commissioned in 44 months.

The Government is keen to support the implementation of the Project and this has been publicly asserted from time to time.