

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

LOK SABHA
UNSTARRED QUESTION NO. 1264
TO BE ANSWERED ON 18.12.2018

Revenue from Fertilizer Plants

1264. SHRI SIRAJUDDIN AJMAL:

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

(a) Whether the Government proposes to collect revenue by auctioning of various equipment etc. of closed chemical and fertilizer plants under the Ministry and if so, the details thereof;

(b) whether the Government proposes to revive/reopen the said units/plants which are lying sick/closed;

(c) if so, the action/steps taken so far and the time by which these plants are likely to be revived/made functional; and

(d) the other steps taken/being taken by the Government to provide feedstock for chemical and fertilizer plants and also to increase the production of chemicals in the country, state/UT-wise?

ANSWER

**MINISTER OF STATE INDEPENDENT CHARGE FOR MINISTRY OF PLANNING AND
MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS
(RAO INDERJIT SINGH)**

(a) CCEA approved on 9.5.2013 and the Cabinet approved on 13.7.2016 sale of unusable/scrap items of closed fertilizer plants of The Fertilizer Corporation of India Ltd (FCIL) with the assistance of Metal Scrap Trade Corporation (MSTC) and Project and Development India Limited (PDIL) and the sale proceeds shall be used by FCIL and Hindustan Fertilizer Corporation Ltd (HFCL) for settlement of their liabilities and utilize surplus fund for their administrative liabilities.

- Similarly, CCEA approved on 25.05.2016 and the Cabinet approved on 13.7.2016 for sale of unusable/scrap items of closed fertilizer plants of Hindustan Fertilizer Corporation Ltd (HFCL) with the assistance of Metal Scrap Trade Corporation (MSTC) and Project and Development India Limited (PDIL) and the sale proceeds shall be used by FCIL and HFCL for settlement of their liabilities and utilize surplus fund for their administrative liabilities.

- Union Cabinet in its meeting held on 28.12.2016, decided for the closure of Indian Drugs and Pharmaceuticals Ltd. (IDPL) & its subsidiaries and Rajasthan Drugs and Pharmaceuticals Ltd. (RDPL) and strategic disinvestment of Hindustan Antibiotics Limited (HAL) and Bengal Chemicals & Pharmaceuticals Ltd. (BCPL) after meeting their liabilities

from proceeds of sale of their surplus land to Government of agencies. The follow up action includes selling/auctioning of equipment.

- There are three chemical PSUs under the Department of Chemicals & Petrochemicals viz. Hindustan Organic Chemicals Ltd. (HOCL), Hindustan Fluorocarbons Ltd. (HFL; a subsidiary company of HOCL) and HIL (India) Ltd. (HIL). As on date, none of these three PSUs has been closed down. However, as per the restructuring plan of HOCL approved by the Government on 17.05.2017, all plant operations at Rasayani unit of HOCL has been closed down except N₂O₄ plant which has been transferred to the Department of Space / ISRO along with 20 acres of land and employees associated with the plant.

- Financial implication of HOCL's restructuring plan is Rs.1008.67 crore (cash) which is to be met partly from sale of 442 acres HOCL land at Rasayani to Bharat Petroleum Corporation Ltd. (BPCL) and the balance through bridge loan from the Govt. The funds are to be used to liquidate the various liabilities of the company, including payment of outstanding salary and statutory dues of employees and repayment of Govt. guaranteed bonds of Rs.250 crore, and for giving VRS/VSS to the Rasayani unit employees except those retained as skeletal staff. HOCL's liabilities towards Government of India loans, interest, guarantee fee, etc. dues are to be settled from the disposal of remaining unencumbered land and other assets of Rasayani unit.

(b) & (c): Government has decided to revive the four closed fertilizer units of FCIL and one closed fertilizer plant of HFCL through joint ventures of nominated PSUs, namely Ramagundam Unit of FCIL by Engineers India Ltd (EIL) & National Fertilizer Ltd (NFL); Talcher Unit by Rashtriya Chemicals & Fertilizers Ltd (RCF), The GAIL (India) Ltd {GAIL} & Coal India Ltd (CIL); Sindri and Gorakhpur Units of FCIL & Barauni unit of HFCL by National Thermal Power Corporation Ltd (NTPC), Coal India Ltd (CIL) & Indian Oil Corporation Ltd (IOCL). FCIL/HFCL are the JV partner in these JVs with 11% equity in lieu of the land & infrastructure being provided by FCIL and HFCL. Three joint venture companies have been formed for revival of the 5 closed fertilizer units namely, Ramagundam Fertilizers & Chemicals Limited(RFCL) for Ramagundam unit, Talcher Fertilizers Limited (TFL) for Tacher Unit and Hindustan Urvarak & Rasayan Limited (HURL) for reviving Barauni, Sindri & Gorakhpur Units. Revival activities are in progress at all the project sites. The Urea Plant at Ramagundam is likely to be commissioned in by June,2019; Barauni, Sindri & Gorakhpur Plants are likely to be commissioned in by 2021 and Talcher Plant is likely to be commissioned in 2022.

- Present status of implementation of the restructuring plan of HOCL under administrative control of Department of Chemical and Petrochemical is as follows:

(i) All plants of Rasayani unit except N₂O₄ plant have been closed down.

(ii) N₂O₄ plant has been transferred to ISRO along with 20 acres land and 131 employees associated with the plant.

(iii) Out of 442 acres land at Rasayani to be sold to BPCL, sale transaction for 251 acres have been completed.

- (iv) Approval of the Government for sale of additional 242 acres (+/- 10%) land at Rasayani to BPCL and for lease transfer of 1000 sq m land at Kharghar, Navi Mumbai, to NALCO has been accorded.
- (v) All the 10 Nestle flats (Mumbai), closed down plants and utility blocks have been successfully e-auctioned through MSTC Ltd..
- (vi) All the non-regular employees and about 313 regular employees of Rasayani unit have been separated through VRS/VSS. While 6 VRS optees are being temporarily retained for implementing the restructuring plan and 7 employees are being retained as skeletal staff for HOCL's corporate office, 23 employees who did not opt for VRS have been transferred to the company's Kochi unit.
- (vii) Liability relating to redemption of Govt. guaranteed bonds of Rs.250 crore has been fully settled by HOCL from the Gol bridge loan.

After implementation of the restructuring plan, the Phenol/Acetone plant at Kochi unit of HOCL resumed regular operations from July, 2017 and has been operating regularly since then with positive contribution. This has enabled HOCL to earn net profit of about Rs.24 crore (Prov.) from Kochi unit operations during the current FY 2018-19 (up to September, 2018).

(d): The Chemical sector is de-licensed. 100% FDI is permissible in the chemical sector. The entrepreneurs are setting up units in the private sector based on techno economic feasibility, demand and supply scenario and cost of feedstock/raw materials etc. Government has taken various steps to enhance the investment including rationalization of custom duty on the feedstock/building blocks for having synergy in the complete value chain for boosting the Chemical sector and competitiveness of the industry in the country. In addition, various seminars/workshops Event are held for facilitating exchange of technology, ideas, innovations for growth in the chemical sector.

- Department of Fertilizers regularly takes up the matter with Ministry of Petroleum & Natural Gas/Ministry of Coal regarding issue of feedstock, i.e Natural Gas/Coal, as and when required.
