

LOK SABHA DEBATES

LOK SABHA

Wednesday, August 24, 1994/
Bhadra 2, 1916 (Saka)

The Lok Sabha met at
Eleven of the Clock

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

[Translation]

Import/Export of Fertilizers

421. SHRI CHHEDI PASWAN:
SHRI A. ASOKRAJ:

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

(a) whether various types of
fertilizers are being imported as well as
exported;

(b) if so, the details of the fertilizers
being imported and exported;

(c) the names of the countries from
which these are being imported and the

countries to whom these are being
exported; and

(d) the amount of foreign exchange
spent on import and earned from export
of these fertilizers during the last two
years?

[English]

THE MINISTER OF STATE IN THE
MINISTRY OF CHEMICALS AND FERTI-
LIZERS AND MINISTER OF STATE IN
THE MINISTRY OF PARLIAMENTARY
AFFAIRS AND MINISTER OF STATE IN
THE DEPARTMENT OF ELECTRONICS
AND DEPARTMENT OF OCEAN DEVE-
LOPMENT (SHRI EDUARDO FALEIRO):
(a) to (d). A *Statement* is laid on the
Table of the House.

STATEMENT

(a) to (d). Urea, Di-Ammonium
Phosphate (DAP) and Muriate of Potash
(MOP) are the major fertilizers which are
imported in the country. The main sources
of imports are:

Urea: CIS, Saudi Arabia, Qatar, Abu
Dhabi, Kuwait, Libya, Indonesia,
Romania and Bangladesh.

DAP: USA, Jordan, Mexico and CIS.

MOP: CIS, Germany, Jordan, Canada
and Israel.

The total quantities of fertilizers
imported and the foreign exchange outgo
on imports (excluding imports on private

account) during the years 1992-93 and 1993-94 are given below:—

(Quantity in lakh tonnes)
(Foreign exchange outgo in Rs. crores)

Year	Urea		DAP		MOP	
	Qty.	Foreign Exchange outgo on Govt. A/c	Qty.	Foreign Exchange outgo on Govt. A/c	Qty.	Foreign Exchange outgo on Govt. A/c
1992-93	18.57	665.64	15.57	654.50	17.61	488.19
1993-94	28.40	930.63	15.69	—	14.28	166.57

Generally, India does not export chemical fertilizers. However, small quantities are exported to Bhutan, Nepal and Bangladesh.

The quantities of fertilizers exported (excluding movement to Bhutan) and the foreign exchange earned during the years 1992-93 and 1993-94 are as follows:—

Year	Commodity exported	Country to which exported	Quantity exported (in tonnes)	Foreign exchange (in Rs. crores)
1992-93	Urea	Nepal	15,000	6.44
1993-94	SSP	Bangladesh	29,000	7.10

[Translation]

SHRI CHHEDI PASWAN: Mr. Speaker, Sir, India is mainly an agricultural country where majority of the people depend on agriculture for their livelihood. Because of the Government's attitude, the fertilizer sector has remained neglected. The expansion of the plants and their modernization have not been attended to and in the name of maintenance of plants, Government's money has been misused. Because of the cynical attitude of the Department, we have to import fertilizers to cater to the domestic demands. On the other hand, the fertilizer plants are lying closed. The reason behind it is that these plants

are unable to use their full production capacity. In this direction Government has neither any long-term policy nor has it any fixed production target.

Therefore, Mr. Speaker, Sir, I want to know from the Government through you that if the existing fertilizer units of our country start producing fertilizers according to their fully capacity, how much foreign exchange we will be able to save through it and by what planning the Government will be able to fill the gap between the demand and the supply. The second part of my question is what is the cost of production of fertilizers exported and imported.

[English]

SHRI EDUARDO FALEIRO: Sir, I want to place the full facts before the hon. Member and before the House. From 1950, roughly from the time of independence up to now, the installed capacity and the production of fertilisers in the country have gone up more than hundred times. That is number one.

Number two, the hon. Member has some misconceptions regarding the capacity utilisation. Let me take this. As far as the public sector is concerned, the capacity utilisation of the plants is around 84 per cent. As far as the cooperative sector is concerned, that is, KRIBHCO and IFFCO, it is more than hundred per cent. That is around 108 per cent.

As far as the private sector is concerned, it is again more than hundred per cent. That is 104 per cent. That is how the position is. All of them are in that bracket which I have mentioned. This is the broad position.

Now the hon. Member wants to know why, in spite of all the achievements, we are importing. The reasons have been disclosed in this House in the past. I may repeat them here. The basic reason is that we do not have the raw materials or enough feedstock out of which the fertiliser is made. Basically, as far as nitrogenous fertiliser is concerned, we do not have gas of that much quantity that is required.

As far as phosphate fertiliser is concerned, we do not have rock phosphate. We have only five per cent and that also is of very low quality. It is basically in Rajasthan and around the State. As far as Potash is concerned, we

do not have even one per cent. We have 'zero'. That is the position. That is the reason why our strategy is two-fold.

Our strategy is two-fold. Firstly, modernise, upgrade and put up new plants, particularly, on the urea side; secondly, have joint ventures, where gas is much cheaper and it is much cheaper in the Middle East and some other places. We are finalising a plant in the private sector in Jordan; we have a very good experience of a plant in Senegal in the joint sector. We have finalised Memorandum of Understanding in Iran and Oman recently. We are working on possibilities in Qatar and other Gulf areas and even areas outside Gulf. This is the strategy; these are the achievements; these are the problems.

[Translation]

SHRI CHHEDI PASWAN: My second question is, whether the productivity of soil is deteriorating by using synthetic fertilisers and if so, the action taken thereon? The fertiliser plants in private and co-operative sector are closed or on the verge of closure in Bihar and Eastern part of U.P. *i.e.* Gorakhpur and Varanasi. What action is being taken by the Government to revive them?

[English]

SHRI EDUARDO FALEIRO: What the hon. Member says is true that we have a serious problem as far as Gorakhpur and some other plants—both of Hindustan Fertilisers and the Fertiliser Corporation of India—are concerned. The reason as we have said before, is that the most of these plants from the beginning are running into difficulties due to mismatch of technology etc. We were getting technology from different sources.

That was the time full of enthusiasm. We wanted to control the commanding heights of economy and we went ahead and we achieved a lot; but in the process, these initial difficulties, due to lack of experience, did arise. These difficulties are with us till now. We are now looking in the overall supervision of the BIFR because these matters of both the Companies are before the BIFR. How we can revive and what we can do is to keep in mind two things, firstly, economic viabilities; secondly, social aspects.

[Translation]

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM LAKHAN SINGH YADAV): The hon. Minister of State has already stated in this regard. I want to add that the cases which have been referred to BIFR...

11.07 hrs.

[English]

At this stage, some slogans from the Public Gallery were heard and a visitor from the Public Gallery jumped on the floor of the House.

(Interruptions)

MR. SPEAKER: Please don't continue it. Please sit down. Don't derail the House now.

(Interruptions)

MR. SPEAKER: Yes, Mr. Minister.

[Translation]

SHRI RAM LAKHAN SINGH YADAV: Recently, we have constituted

an expert Committee. Which has visited four factories i.e. Barauni, Durgapur factory in Calcutta and the two factories in Assam. After its visit, it has recommended that if two hundred and seventy crores of rupees are spent on them, then these factories can be revived and run smoothly. We hope that if we are spending crores of rupees on idle labourers then the amount of Rs. two hundred and seventy crores is not too much. In this connection, we are talking with concerned department like Finance Department. We are moving in the direction of their revival.

SHRI LAXMAN SINGH: There is the scarcity of fertilizers in our country. In order to fill up the gap whatever is being done has been told by the Minister. When there is shortage of fertilizers, we are exporting forty-four thousand tonnes of it. What is the reason behind it. Will the Government restrict the export of forty four thousand tonnes of fertilizers so that shortfall of supply may be made up here?

[English]

SHRI EUDARDO FALEIRO: In the context of the quantities that we are dealing with, the export is insignificant and we are putting it to very good purpose, that is, to keep very good relations with our good neighbours, Bhutan and Nepal. So, this is done for a very good reason. This is as far as urea is concerned. We are also exporting some SSP to Bangladesh. Apart from the reason that I have mentioned above, this export is helping certain units which are in difficulty after the decontrol as they could not utilise the installed capacity. These exports are helping them to utilise the installed capacity. Incidentally, some hon. Members of the Opposition asked for it and it is, indeed, very wise on their part and we

agreed to their suggestion. The export of the SSP is helping the manufacturing units and in that context, the action taken by us is economically sound and politically also very much justified.

[Translation]

SHRI MOHAN SINGH (Deoria): Mr. Speaker, Sir, according to the picture shown by the hon. Minister, during 1992-93 and 1993-94, fertilizers to the tune of Rs. 665 and 930 crores were imported respectively and thereafter, fertilisers worth Rs. 488 and 166 crores were imported again. Total amount comes to Rs. 1600 crores approximately. But at the same time the hon. Minister is telling that all the factories are producing more than their optimum capacity. It indicates that we are unable to cater to our domestic need of fertilizers from our own resources and established capacity. Whereas the Gorakhpur fertilizer factory has been lying closed for the past four years. The Haldia factory has not been commissioned so far. I would like to know from the hon. Minister whether we will endeavour to increase the indigenous fertilizer production capacity with the money and resources we are investing in importing fertilizers? The Government has stated that the imported fertilizers are cheaper than the one produced indigenously and that is why the imported fertilisers sale is the maximum. I would like to know clearly from the hon. Minister whether we cannot ban import of fertilizers? What efforts is the Government making to cut down the production cost of our fertilizers?

[English]

SHRI EDUARDO FALEIRO: I have replied to it...

MR. SPEAKER: Yes, you did reply to it very ably.

SHRI EDUARDO FÁLIERO: I only want to clarify one thing. When I spoke of our achievements in terms of installed capacity, I was speaking generally. Now, there are two exceptions, namely HFC and FCI. These two are sick units and their capacity utilisation, on an average, is not more than 30 per cent.

SHRIMATI CHANDRA PRABHA URS: Hon. Speaker, Sir, as our hon. Minister has explained, companies producing chemicals and fertilizers are facing difficulties. For the last few decades, we have been encouraging the usage of chemical pesticides and fertilizers such as nitrates, phosphates, sulphates, etc. to augment food production. To encourage our farmers, we have also been subsidising the imported fertilizers. Now it has become a rather chronic problem. The expenditure on this account has been ever increasing. We have to spend nearly Rs. 12,000 crore in the form of subsidy to import all these things. In this context, I would like to know whether there is going to be any rethinking or restructuring of the whole thing in a comprehensive way to encourage our farmers to go in for more and more organic fertilizers such as manure, compost and so on. This is all the more important because indiscriminate use of chemicals is leading to ecological imbalance, pollution, and many health problems. Therefore, is the Ministry thinking of a comprehensive plan to encourage the use of organic fertilizers to a great extent? My suggestion is that indigenous units may be encouraged for this purpose. Now, organic fertilizers include livestock manure.

SHRI EDUARDO FALEIRO: Sir, the first point is, the Government have

several programmes to encourage the use of fertilizers. The policy is to encourage these programmes. They are conducted by the Ministry of Agriculture.

The second point, however, I must make is that organic fertilizer, under the circumstances can only supplement the chemical fertilizers. In view of the size of the country, in view of the requirements of production and consumption, the organic fertilizers cannot substitute it, but can only supplement the chemical fertilizers.

SHRI LOKANATH CHOUDHARY:

Sir, in the reply given, there is no mention of the amount of the DAP. The quantity is there, but the amount is not there. I would like to know what is the total installed capacity of DAP in our country and whether the production of DAP has been affected by allowing the entry of foreign fertilizers into the Indian market?

I would also like to know, whether the DAP units which have been given the package for turnover have been accepted in all the cases and according to that what capacity can be utilised if the package is given to different DAP units.

SHRI EDUARDO FALEIRO: Sir, the figures that we have given in the reply are the expenditure on the Government account. Now, after the de-control of DAP, the Government is not importing it and it is imported by private traders and there is no limit to the number of private traders who are importing it. There are so many of them.

Secondly, in commercial transactions, nobody discloses the price because there are so many discounts, so many cuts and so much of transactions that

they are not disclosing the price. Therefore, the figures are not available.

As far as the question of production of DAP being affected is concerned, there have been some sort of difficulties there and these difficulties arose because of de-control which was recommended by the JPC on Fertilizer Pricing. De-control led to price rise. The price rise was in such a manner that it often discouraged the farmer from buying such amounts of this particular type of fertilizer as compared to the amount that they were buying when it was subsidised.

SHRI LOKANATH CHOUDHARY:

Sir, Sir... (*Interruptions*)

MR. SPEAKER: No, Please. I am not allowing. There are others who want to ask questions. Mr. Minister you will not reply to this.

SHRI SRIBALLAV PANIGRAHI: Sir, since Independence there has been phenomenal increase, both in production and consumption of fertilizer. In that respect, per hectare consumption of fertilizer in India is one of the lowest. It is 72 kg. or something like that in India, whereas in neighbouring Bangladesh it is more than 101 kg. and in China it is more than 202 kg. and like that. I would like to know whether it is fact that if we go by the present scale, then by the end of the century, that is by the end of Ninth Plan period, there will be a gap of about eight million tonnes of even Urea. Though in Urea, it may even be further, and such huge quantity would not even be available in the international market for import also. Even if we approach the market with money bags also, it will not be available. I would like to know whether such a scenario has been presented by the experts?

It is also very much necessary to meet the target of 240 million tonnes of food grain. This target has been fixed to be achieved by the end of this century. In order to achieve this, action on war footing is needed. I would like to know whether, keeping in view this target to be achieved, any blueprint has been prepared about how much will be produced by setting up of new plants, how much by way of import and how much by setting right our existing public sector plants in order to be able to meet this challenging task.

SHRI EDUARDO FALEIRO: Sir, I cannot confirm the exact size of the gap between our production and requirement but I can affirm that the gap is there and it will be there. As I have said, we have two-pronged strategies—(i) to expand the existing plants and set up new plants and (ii) in view of the non-availability or shortage of raw material, it is far more important, to have joint ventures elsewhere. We have a comprehensive strategy and we are working on that. I may say that it has succeeded well.

SHRI S.B. SIDNAL: Of late, the fertilizers that we are using are causing poor production and infertility of soil. On the contrary the use of indigenous fertilizers will lead to more production. The Government has been encouraging the setting up of Gobar Gas Plants, but it should be done on a large scale. One cartload of cow dung produces seven cartloads of fertilizers which can be used for three years continuously whereas the artificial fertilizers will last for only one year. Moreover, if one uses this artificial fertilizer continuously for ten years the soil gets degraded.

MR. SPEAKER: This question has already been asked by Shrimati Urs.

SHRI S.B. SIDNAL: Sir, I would like to know whether the Government has tested the soil in order to see the effect of using these fertilizers continuously. As far as the setting up of bio-gas plant is concerned, my district stands first in the whole of the country and we have been benefiting a lot by this. I would like to know whether there is any plan to produce extra...

MR. SPEAKER: Next question is on bio-gas. The Minister need not reply this.

[*Translation*]

SHRI HARIN PATHAK: Mr. Speaker, Sir, there are certain fertilizers which have to be imported because of their shortage. I have some information with me but...

[*English*]

I would like to know whether it is true that there is some middle agency through which either the Government or private factories can get the imported fertilizers.

[*Translation*]

Whether imports are made viable middle agency or such deals are struck directly between the Government and the Private factory owners?

[*English*]

SHRI EDUARDO FALEIRO: As far as Urea is concerned, the imports are canalized and it is done through MMTC which is under the Ministry of Commerce. As far as other types of fertilizers are

concerned, they are de-canalized and decontrolled. Only a small quantity of Potash is imported through Government agency under the bilateral assistance with Germany and Canada.

[English]

Bio-Gas Programme

422. SHRI JAGMEET SINGH BRAR: Will the PRIME MINISTER be pleased to state:

(a) whether the bio-gas programme of the Union Government has failed to achieve its targets;

(b) if so, the reasons therefor;

(c) whether any financial irregularities have also been noticed in the R&D of this programme;

(d) if so, the reaction of the Government thereto; and

(e) the remedial steps proposed by the Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES AND MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI S. KRISHNA KUMAR): (a) to (e). A *Statement* is laid on the Table of the House.

STATEMENT

(a) and (b). No, Sir. Against a total target of about 16.72 lakh family type biogas plants fixed under National Project on Biogas Development since its inception

in the year 1981-82 upto March 31, 1994, over 19.88 lakh family type biogas plants have been installed in the country.

(c) No financial irregularities have been noticed in the Research & Development of the Biogas Programme. However, the CAG has made four observations on the Biogas R&D Programme in Para 7.1.1 of his Report No. 6 of 1994, on the following:

- (i) Non-submission of final reports in five cases;
- (ii) Non-evaluation of final reports in five cases;
- (iii) Purchase of only three equipment against eight equipment sanctioned in one case; and
- (iv) Infructuous expenditure incurred on the development of three new models of biogas plants.

(d) The Ministry's reactions to the observations given in (c) above are as follows:

- (i) This was mainly due to retirement or transfer of the Principal Investigators;
- (ii) This was due to the Non-convening of the experts committees as per schedule;
- (iii) The institution concerned has now informed that seven equipment were procured and one more sanctioned equipment could not be purchased due to shortage of funds; and