

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

STARRED QUESTION NO:2
ANSWERED ON:02.12.2003
CONVERSION OF UREA UNITS FROM NAPHTHA TO GAS
BASUDEB ACHARIA

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

- (a) whether it is a fact that the Union Government propose to convert urea units from Naphtha to gas;
- (b) if so, the details thereof;
- (c) whether the Union Government have examined the cost of conversion, sources of gas to be supplied to the units and availability of gas;
- (d) if so, the details of the action plan finalized for conversion and the time to be taken to complete the same, State-wise;
- (e) whether the increased use of gas as a fuel's cost effective and subsidy is likely to come down;
- (f) if so, the details thereof;
- (g) whether the Union Government have explored any possibility of reviving sick or closed units; and
- (h) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (DR. CHHATTRA PAL SINGH)

(a) to (h): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (h) of the Lok Sabha Starred Question No. 2 to be answered on 2.12.2003

(a) to (d): The primary consideration and goal of the new pricing scheme for urea units, made effective from 1.4.2003, is to encourage efficiency parameters of international standards based on the usage of the most efficient feedstock. Natural gas (NG)/ Liquefied Natural gas (LNG), being an efficient feedstock for the manufacture of urea, besides being a clean and cost effective source of energy, facilitating the switchover of the existing non-gas based urea units to NG/LNG for feedstock/fuel is being considered for Stage-III. Preliminary estimates have revealed that in case of naphtha based plants, the estimated cost of conversion would be of the order of Rs.20-25 crore, whereas in the case of FO/LSHS based plants, such cost would be of the order of Rs. 250 crore or more depending on the scope of revamp and engineering process. The cost differences are attributable to the size, vintage, technology of the plant etc.

Time table for conversion of non-gas based urea units will depend on the additional availability of NG through new gas fields, imported LNG and the delivered price of NG/LNG and the infrastructure available.

(e) & (f): Switchover of non-gas based urea units to NG/LNG will result in substantial savings in the subsidy on account of cost of feedstock and resultant energy savings. The exact quantum of the savings will depend on the delivered price of NG/LNG and its quality in terms of its composition.

(g) & (h): It has been decided to close the sick fertilizer units as they have not been found techno-economically viable.