

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

UNSTARRED QUESTION NO:3957
ANSWERED ON:24.08.2004
LOSS/PROFIT OF PUBLIC SECTOR FERTILIZER UNITS
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether the fertilizers plants in the cooperative sector are in profit whereas the PSU fertilizer units are in losses;
- (b) if so, the facts thereof and the reasons therefor;
- (c) the details of the accumulated losses of the nine public sector fertilizer units under his Ministry as on date;
- (d) the details of profits/losses of these companies during the last three years, company-wise;
- (e) the details of financial support given by the Government to these companies during the same period; and
- (f) the reasons for incurring heavy losses, despite financial assistance to these companies, company-wise ?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS & MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) to (d) & (f) : The details of the losses/profits of the Fertilizer Sector Public Undertakings (PSUs) and Co-operative Societies during the last three years and the accumulated losses thereof as on 31.3.2004 alongwith the reasons for losses are given in Annexure `A`.

(e) : The details of the financial/budgetary support provided by Government of India to the fertilizer PSUs during the last three years are given in Annexure `B`.

Annexure `A`

(A) Public Sector Undertakings (PSUs)

Name of the PSU	Profit/Loss(-) (Rs. crore) loss as on 31.3.2004 (Prov.) (Rs. in Crore)	Accumulated	Reasons for Loss
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2001-02 2002-03 2003-04 (Prov.)

HFC	-799.66 -1059.56 -1058.90	8650.81	Technological, design and equipment deficiencies, frequent equipment breakdowns, increase in the cost of liquid petroleum products, power shortages, industrial relations problems, and surplus manpower and resource constraints.
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FCI	-1104.11 -1166.31 -1113.70	10237.06	Technological, design and equipment deficiencies, frequent equipment breakdowns, increase in the cost of liquid
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petroleum products, power shortages, industrial relations problems, and surplus manpower and resource constraints.

PPCL -114.20 -143.15 -130.00 741.14 Withdrawal of the imports substitution incentives, intrinsic cost disadvantage of pyrites based sulphuric acid production, increase in operating costs of pyrites mining at Amjhore, increased costs of deep underground mining at Dehradun as well as increased transportation costs to far-flung marketing zones.

PDIL -36.66 -37.59 8.05 30.85 Unviable operations of Catalyst Division and Engineering & Consultancy Division at Sindri along with non-commercial nature of R&D Division at Sindri and excess workforce.

NFL 40.61 286.27 59.84 NIL -

RCF 24.21 -48.07 167.79 NIL -

FACT 0.57 -199.93 -167.25 305.63 High cost of ammonia production, high interest and loan repayment liabilities, reduced profits from Caprolactum and Ammonium sulphate due to inadequate price realization, inadequate compensation for Factor for under price concession scheme, surplus manpower, inflationary trends of naphtha prices and high incidence of Sale Tax and Entry Tax

MFL -66.10 4.12 -60.02 206.07 Lower production due to extended shutdown of plants for revamp hook-up & longer period of stabilisation, frequent equipment problems, unprecedented drought in Southern States leading to low sales, shortage of water, under recovery in respect of complex fertilizer due to increase in prices of inputs and depreciation of the Rupee and reduction in adhoc concession on DAP and Complex fertilizers.

BVFCL# - -32.06 -2.47 34.53 Delay in the completion of revamp project.

FAGMIL## - - 4.12 - -

= Formed with effect from 1.4.2002 after demerger from HFC
= Formed with effect from 1.4.2003 after demerger from FCI

(B) Cooperative Sector

Name of the Cooperatives	Profit/Loss(-) (Rs. crore) 31.3.2004 (Prov.) (Rs. in Crore)	Accumulated loss as on	Reasons for Loss
	2001-02	2002-03	2003-04
	(Prov.)		

IFFCO @ 308.38 557.21 329.67 NIL -

KRIBHCO 187.33 34.01 152.70 NIL -

@ = Consequent upon repatriation of entire Government of India equity, IFFCO is not now under the administrative control of the Department of Fertilizers.

Annexure `B`

(Financial support in Rs. Crore)

Name of the PSU	2001-02	2002-03	2003-04
Hindustan Fertilizer Corporation Ltd. (HFC)	301.83	581.48	4.85
Fertilizer Corporation of India (FCI)	155.00	503.00	4.49
Pyrites, Phosphates & Chemicals Ltd. (PPCL)	28.00	60.26	27.07
Projects & Development India Ltd. (PDIL)	25.50		22.00
			137.67
Fertilisers And Chemicals Travancore Ltd. (FACT)	35.00	19.00	77.26
Madras Fertilizers Ltd. (MFL)	21.00	15.00	21.44
Brahmaputra Valley Fertilizer Corporation Ltd. (BVFCL)#	-	-	167.03

Formed with effect from 1.4.2002 after demerger from HFC.