

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

STARRED QUESTION NO:168

ANSWERED ON:23.08.2007

REVIVAL OF FERTILIZERS AND CHEMICALS TRAVANCORE LTD.

Bose Shri Subrata;Thomas Shri P.C.

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

- (a) whether Fertilizers And Chemicals Travancore Ltd., (FACT) is facing hardship to sustain due to high prices of raw materials;
- (b) if so, the details thereof along with the steps taken by the Government in this regard;
- (c) whether a Secretary level Committee has been set up for revival and modernization of FACT; and
- (d) if so, the details thereof and the time by which it is likely to submit its report to the Government?

**Answer**

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

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

Statement referred to in reply to parts (a) to (d) of the Lok Sabha Starred Question No.168 to be answered on 23.8.2007

(a) & (b) : Yes, Sir. Fertilizers And Chemicals Travancore Ltd., (FACT) which was consistently making profits till 1997, began making losses since 1997-98 due to several factors and the net worth of the company became negative as on 31.3.2005. In order to ameliorate the financial crisis faced by the company, a financial relief package was sanctioned on 30.3.2006, which was made effective from 31.3.2005: -

Although the restructuring package helped FACT in the cleaning up of its balance sheet and enabled the company to reduce its losses, it continued incur losses due to high cost of production of Ammonia based on Naptha.

The prices of raw materials like Naptha, Furnace Oil, Sulphur, Rock Phosphate etc. have recorded steep increase over the last few months. Such unprecedented increase in the prices of the raw materials without commensurate increase in the sale realization of finished products such as Factamfos, Ammonium Sulphate and Caprolactam have the operation of the company unviable. In order to reduce the losses and to cut down costs, the company has temporarily shut down Caprolactam and Ammonium Sulphate Plants since 1.7.2007 and the Ammonia Plant has been shut down since 4.7.2007.

The company has approached the Government for a relief package and in order to enable FACT to sustain its operations till such time as Natural Gas is available in Cochin and the feedstock conversion from Naptha to Gas takes place, a proposal for granting necessary financial relief is under examination of the Government.

(c) & (d) While approving the financial relief package in 2006, Government had decided that a Committee of Secretaries (COS) may examine the options for merger of FACT with a well-run fertilizer PSU or for making it a subsidiary of such a PSU. The various options are under consideration.