

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

UNSTARRED QUESTION NO:1676  
ANSWERED ON:04.12.2006  
LOSSES TO HOCL  
Kharventhan Shri Salarapatty Kuppusamy

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

- (a) whether the Hindustan Organic Chemicals Limited (HOCL) is incurring losses;
- (b) if so, the details thereof during the last three years;
- (c) the reasons therefor;
- (d) whether the Government has any proposal to revive the HOCL;
- (e) if so, the details thereof; and
- (f) the time by which it is likely to be revived?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS & MINISTER OF THE STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI B. K. HANDIQUE)

(a) & (b) The losses incurred by HOCL during 2003-04 was Rs.164.62 crores; during 2004-05, it made a profit of Rs.6.40 crores and during 2005-06, it incurred a loss of Rs.56.61 crores.

(c) The company has been incurring losses due to market conditions, dumping of certain products like phenol by other countries, closure of certain plants and high interest cost.

(d) to (f) The Government has sanctioned a revival proposal for HOCL which includes the following:

I. Government of India to provide equity of Rs.250 crores in the form of 8% redeemable non-cumulative preference shares to be redeemed @ 20% each year from 4th year onwards and this amount to be utilized by HOCL for (i) repayment of high cost overdue Bonds;(ii) introduction of fresh VRS costing Rs.36 crores for estimated 590 employees; (iii) repayment of VRS loan of Rs.31 crores availed from Bank of Baroda in 2001 for 685 employees and (iv) Rs.8 crores towards part repayment of Bonds.

II. Waiver of penal interest and interest on interest upto 31.3.2005

III. Continuation of Government of India Guarantees of Rs.100 crores for full term of 10 years (issue date 19.12.2001) to be utilized to liquidate high cost debt.

BIFR has appointed State Bank of India as the Operating Agency for implementing the revival package.