21	STANDING COMMITTEE ON **CHEMICALS & FERTILIZERS** **(2015-16)** **SIXTEENTH LOK SABHA**

MINISTRY OF CHEMICALS AND FERTILIZERS

(DEPARTMENT OF FERTILIZERS)

DEMANDS FOR GRANTS
(2016-17)

TWENTY-FIRST REPORT

LOK SABHA SECRETARIAT

NEW DELHI

April, 2016/ Vaisakha, 1938 (Saka)

CC&F.No.21

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STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2015-16)

(SIXTEENTH LOK SABHA)

MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF FERTILIZERS)

DEMANDS FOR GRANTS
(2016-17)

Presented to Lok Sabha on 28 April 2016

Laid in Rajya Sabha on 28 April 2016

LOK SABHA SECRETARIAT
NEW DELHI
April, 2016/ Vaisakha, 1938 (Saka)

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3. Smt. Anju Bala
4. Shri B.N. Chandrappa
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RAJYA SABHA

22. Shri Biswajit Daimary

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24. Shri Sanjay Dattatraya Kakade
25. Shri Mansukh L. Mandaviya
26. Shri Narayan Lal Panchariya
27. Shri K. Parasaran
28. Shri Garikapati Mohan Rao
29. Shri Palvai Govardhan Reddy
30. Dr. Sanjay Sinh
31. Shri Abdul Wahab

SECRETARIAT

1.	Smt. Rashmi Jain	-	Joint Secretary
2.	Shri A.K. Srivastava	-	Director
3.	Shri Nishant Mehra	-	Under Secretary

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the term of Dr. M.S. Gill, Member Rajya Sabha will expired w.e.f. 09.04.2016

INTRODUCTION

I, the Chairperson, Standing Committee on Chemicals and Fertilizers (2015-16) having been authorised by the Committee to present the Report on their behalf, present this Twenty-first Report on Demands for Grants of the Ministry of Chemicals and Fertilizers (Department of Fertilizers) for the year 2016-17.

2. The Committee examined the Demands for Grants (2016-17) pertaining to the Ministry of Chemicals and Fertilizers (Department of Fertilizers) which were laid in Lok Sabha and Rajya Sabha on 16 March, 2016.

3. The Committee took evidence of the representatives of the Ministry of Chemicals and Fertilizers (Department of Fertilizers) at their sitting held on 29 March, 2016.

4. The Report was considered and adopted by the Committee at their sitting held on 26 April, 2016.

5. The Committee wish to express their thanks to the Officers of the Ministry of Chemicals and Fertilizers (Department of Fertilizers) for their cooperation in furnishing the written replies and other material/information and for placing their views before the Committee.

6. The Committee also place on record their appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

7. For facility of reference and convenience, the Observations/ Recommendations of the Committee have been printed in bold letters at the end of the Report.

New Delhi;
26 April, 2016
06 Vaisakha, 1938 (Saka)

Anandrao Adsul
Chairperson
Standing Committee on
Chemicals and Fertilizers

CHAPTER-I

INTRODUCTORY

Successive five-year plans have laid emphasis on self-sufficiency and self-reliance in foodgrain production and concerted efforts in this direction have resulted in substantial increase in agriculture production and productivity. This is clear from the fact that from a very modest level of 52 million MT in 1951-52, foodgrain production increased to about 252.68 million MT in 2014-15. In meeting the domestic requirement of foodgrains and also generating exportable surpluses, the significant role played by chemical fertilizers is well recognized.

1.2 Government of India has been consistently pursuing policies conducive to increase availability and consumption of chemical fertilizers in the country and thereby maximizing agricultural production in the country. To achieve this objective, the government promotes and assists industries in the fertilizer sector and also plans and arranges import and distribution of fertilizers in the entire country.

1.3 As of now, the country has achieved 80% self-sufficiency in production capacity of Urea. As a result, India could substantially manage its requirement of nitrogenous fertilizers through the indigenous industry. Similarly, 50% indigenous capacity has developed in respect of phosphatic fertilizers to meet domestic requirements. However, the raw materials and intermediates for the same are largely imported. For potash (K), since there are no viable sources/reserves in the country, its entire requirement is met through imports.

1.4 The main activities of the Department in relation to the industry are overall sectoral planning and development and regulation of the industry and the broad industrial policy of the Government as well as monitoring of production, pricing and distribution of the output, i.e., Fertilizers. The activities of the Department also include the administrative control of the Public Sector Undertakings in these areas.

1.5 The Department of Fertilizers is responsible for adequate and timely supply of fertilizers at affordable price in the country. Department of Agriculture assesses the requirement and the Department of Fertilizers plans and monitors indigenous production, imports and distribution of fertilizers along with management of financial assistance by way of subsidy / concession for indigenous and imported fertilizers.

1.6 The detailed Demands for Grants (2016-17) of the Ministry of Chemicals and Fertilizers (Department of Fertilizers) were presented to the Lok Sabha on 16 March, 2016. The Demand (No.7) shows a budgetary support of Rs.70039.37 crore

[(Rs.10 crore (Plan) + Rs.70029.37 crore (Non-Plan)]. The Committee have examined in-depth the Demands for Grants of the Department for the year 2016-17. The detailed analysis, along with Observations/ Recommendations of the Committee are presented at the end of the Report. The Committee expect the Department of Fertilizers to take the Committee's recommendations seriously and act on them expeditiously. The Committee also expect that the Department will take necessary steps for proper and timely utilization of funds so as to complete its various plans and projects in a time bound manner.

CHAPTER-II

OVERVIEW OF FERTILIZER INDUSTRY

2.1 The actual production of all the Fertilizers during the year 2014-15 was 370.03 LMT. The estimated Production of all the Fertilizers during the year 2015-16 is 402.93 LMT showing an increase of more than 8.89% in comparison of the previous year. The installed capacity has reached a level of 207.53 LMT in respect of Urea, 83.32 LMT in respect of DAP and 60.72 LMT in respect of Complex Fertilizers during the year 2015-16. The rapid build-up of fertilizer production capacity in the country has been achieved as a result of a favourable policy environment facilitating, large investments in the public, co-operative and private sectors.

2.2 At present, there are 30 large size urea plants in the country manufacturing urea, 21 units produce DAP and complex fertilizers and 2 units manufacture Ammonium Sulphate as by-product. Besides, there are about 105 medium and small-scale units in operation producing Single Super Phosphate (SSP). The sector-wise installed capacity during the year 2015-16 is given below : -

Sector-wise, Installed Capacity of Urea, DAP and Complex Fertilizers during 2015-16

Sl. No.	Sector	Annual Installed Capacity		
		Urea *	DAP	Complex Fertilizers
1.	Public Sector	63.09	-	21.64
2.	Cooperative Sector	54.19	27.00	16.35
3.	Private Sector	90.25	56.32	22.73
Total		207.53	83.32	60.72
** Reassessed Capacity of Urea Includes*				

2.3 On being asked by the Committee to evaluate the growth of fertilizers industry in the country in the next 5 years and the factors which have impeded self sufficiency in the fertilizers sector, the Department in its written reply stated as follows:-

> "The main factor which has impeded self-sufficiency in P&K fertilizers is 100% dependency of India on imports in Potash sector and to the extent of 90% in case of Phosphate sector in terms of either finished fertilizers or raw materials. Other issues which contributed to near zero growth in fertilizer sector is low profitability, delay in payment of subsidy, inadequate gas availability in the country and no favorable tax incentives for indigenous manufacturers.
>
> To facilitate fresh investment in urea sector and to make India self sufficient in the urea sector, the Government had notified New Investment Policy – 2012 on 2nd January, 2013 and its amendment on 7th October 2014.
>
> As per the amendment to NIP-2012, only those units whose production starts within 5 years from the date of the notification will be covered under the policy and the subsidies will be given only upon domestic sale as at present for a period of 8 years from the date of start of production.

At present, there are 6 proposals for setting up of Greenfield and Brownfield (Expansion) projects received under NIP-2012 and its amendment with the Department of Fertilizers.

Further, the New Urea Policy-2015 (NUP- 2015) has also been notified on 25th May 2015 effective from 1st June 2015 to 31st March 2019 with the objectives to maximize indigenous urea production; promote energy efficiency in the urea units; and to rationalize the subsidy burden on the Government of India. It is expected that the new urea policy will lead to additional production of 17 LMT per annum for next three years. The additional production of urea during the year 2015-16 (upto February) has increased by 7.40% (i.e. 15.47 LMT)."

2.4 When the Committee asked as to whether any tax incentives being given to Fertilizers manufacturing companies, the Department in its written reply stated as follows:-

"Sir, we do keep sending exemption on customs duty from time to time. On capital equipment also, we do send exemption from time to time."

CHAPTER-III

BUDGETARY ALLOCATION AND EXPENDITURE

Twelfth Five Year Plan

3.1 A statement showing the Plan Outlay & Expenditure during 12th Plan (2012-13 to 2016-17) is as under:-

12th Five Year Plan
Plan allocation and expenditure

Rs in Crores

		2012-13			2013-14			2014-15			2015-16			2016-17
Name of Scheme	Particulars	BE	RE	Actual	BE	RE	Actual	BE	RE	Actual	BE	RE	Actual	BE
RCF	IEBR	673.75	345.13	206.20	978.29	338.32	259.93	311.45	271.48	136.72	364.44	770.59		2630.90
FAGMIL	IEBR	23.51	11.11	0.23	44.05	9.13	10.30	38.64	0.89	1.31	6.00	6.17		111.40
PDIL	IEBR	6.05	5.57	3.10	18.17	8.81	3.00	21.55	8.89	0.42	19.69	8.90		8.38
NFL	IEBR	1696.98	2087.94	1905.90	803.20	962.37	516.02	150.00	237.35	150.59	307.28	336.45		415.94
KRIBHCO	IEBR	675.00	522.00		927.00									
Total IEBR		**3075.29**	**2971.75**	**2115.43**	**2770.71**	**1318.63**	**789.25**	**521.64**	**518.61**	**289.04**	**697.41**	**1122.11**		**3166.62**
BVFCL	GBS	94.62	0.02	0.00	25.00	0.91	0.00	10.00	0.24	0.00	5.01	0.00		1.00
FACT	GBS	61.75	0.01	0.00	211.43	0.01	0.00	42.66	0.01	0.00	34.99	1000.00		6.00
MFL	GBS	87.62	0.01	0.00	17.00	0.01	0.00	30.00	0.01	0.00	10.00	0.00		3.00
FCI		0.00	0.00	0.00	0.00									
HFC		0.00	0.00	0.00	0.00									
PPCL		0.00	0.00	0.00	0.00									
Misc. Scheme IT/R&D	GBS	12.00	9.95	9.40	15.56	8.06	2.32	12.34	2.05	2.04		2.80		0.00
Capital Subsidy for conversion		0.00	0.00	0.00	0.00									
Investments for JVs abroad	GBS	0.01	0.01	0.00	0.01	0.01		5.00	0.01	0.00				
Revival of closed units	GBS	0.00	0.00	0.00	0.00									
Total GBS		**256.00**	**10.00**	**9.40**	**269.00**	**9.00**	**2.32**	**100.00**	**2.32**	**2.04**	**50**	**1002.80**		**10**
Grand Total	**IEBR+ GBS**	**3331.29**	**2981.75**	**2124.83**	**3039.71**	**1327.63**	**791.57**	**621.64**	**520.93**	**291.08**	**747.41**	**2124.91**		**31726.62**

Note:- Figures in the above table are as per records available in the FP Section

3.2 The Department has submitted a note regarding the Budget Proposals and the amount actually provided by the erstwhile Planning Commission/ Ministry of Finance for different schemes in Annual Plan 2016-17 along with comments of the Planning Commission, as under:-

"In response to a letter received from the Ministry of Finance seeking Plan proposals for 2016-17, this Department has submitted the following Annual Plan 2016-17 proposal to the Ministry of Finance:

S.No.	Name of the Scheme	IEBR / GBS	Proposal for Budget Estimates 2016-17
	Central Sector Schemes (CS)		
	CPSUs		
1.	RCF	IEBR	2630.90
2.	FAGMIL	IEBR	111.40
3.	PDIL	IEBR	8.38
4.	NFL	IEBR	415.94
	Total IEBR		**3166.22**
5.	BVFCL	GBS	0.00
6.	FACT	GBS	60.00
7.	MFL	GBS	20.00
	Misc. schemes		
8.	Management of Information Technology (MIT)	GBS	2.50
9.	Science & Technology (S&T)	GBS	5.00
10.	Investments for JVs abroad	GBS	0.00
	Total GBS		**87.50**
	Total CS	**IEBR + GBS**	**3254.12**

Under the Plan scheme, provision of budgetary support in the form of loan is made for three loss making fertilizer companies which are under the administrative control of this Department namely Brahmaputra Valley Fertilizers Corporation Limited

(BVFCL), Fertilizers and Chemicals Travancore Limited (FACT) and Madras Fertilizers Limited (MFL). This is provided for Renovation, Replacement and maintenance of critical equipments to keep their units in operation.

Budget provision is also made for Misc. schemes viz. Management of Information Technology (MIT), Science & Technology (S&T) and Joint Venture (JV). Department of Fertilizers is funding need based programme of Fertilizer Monitoring System (FMS) and mobile based Fertilizer Monitoring System (mFMS) through the Gross Budgetary Support (GBS) under MIT scheme. The S&T programme of the Department of Fertilizers primary lays emphasis at Research & Development of processes and equipments inter-alia to lower specific energy consumption in fertilizer plants.

The erstwhile Planning Commission/Niti Aayog did not seek Annual Plan 2016-17 proposals from this Department and therefore, Annual Plan 2016-17 proposals have not been made to them. However, Ministry of Finance has allocated Rs.10.00 Crore as Plan Expenditure."

3.3 A provision of Rs.10.00 crore has been made under Plan Section for BE 2016-17. Out of this Rs. 6.00 Crore has been allocated to FACT, Rs. 3.00 Crore has been allocated to MFL and an amount of Rs.1.00 Crore has been kept for BVFCL for NER & Sikkim being the 10% of the total plan allocation of Rs. 10.00 crore.

3.4 RE for the year 2015-16 under the major head 6855 - investment in public enterprises was Rs. 1000 crore. However, in BE 2016-17 allocation for the purpose under the Major Head 6552 and 3475 together is only Rs.10 crore. On being asked by the Committee about the reason for this decline, the Department in its written reply stated as under:-

"The financial restructuring of the Fertilisers and Chemicals Travancore Limited (FACT) is in process and in order to avert a complete stoppage of operations and other consequences, Ministry of Finance has allocated Rs. 1000.00 Crore through Second Supplementary for Plan Loan to FACT for the Financial Year 2015-16. Ministry of Finance made the allocation subject to the condition that loan will be released only after signing of the MOU/Agreement between FACT and Deptt. of Fertilizers. The MOU has already been signed between the FACT and Deptt. of Fertilizers and other necessary formalities has been fulfilled and the loan has been sanctioned. So far, under the Head of MIT out of Rs.5.80 Crore allocation an expenditure of Rs. 2.34 Crore has already been incurred as on 18.03.2016.

A provision of Rs.10.00 crore has been made under Plan Section for BE 2016-17. Out of this Rs. 6.00 Crore has been allocated to FACT, Rs. 3.00 Crore has been allocated to MFL and an amount of Rs.1.00 Crore has been kept for BVFCL for NER & Sikkim being the 10% of the total plan allocation of Rs. 10.00 crore."

3.5 On being asked by the Committee about the system of monitoring and control over the performance of schemes/programmes, the Department of Fertilizers in its written reply stated as under:-

"Under Plan Outlay, funds are released as Gross Budgetary Support (GBS) provided by Government of India to loss making CPSEs and grants for Misc. Schemes. The position in this regard is as follows:

(i) CPSEs

Provision of Budgetary support is made by Department of Fertilizers for three loss making CPSEs namely Brahmaputra Valley Fertilizer Corporation Limited (BVFCL), Fertilizers & Chemicals Travancore Limited (FACT) and Madras Fertilizers Limited (MFL), keeping in view the overall allocation made by the Planning Commission and also considering the requirements of the companies. In the light of instructions contained in Ministry of Finance D.O. letter No. 2(41)-B(SD)/2012, dated 20th September, 2012, with regard to default in refund of Government of India loans and payment of interest thereon by CPSEs, Plan loan could not be released to these Fertilizer companies from 2012-13 onward.

(ii) Misc. Schemes: Management of Information Technology (MIT) and Science and Technology (S&T) schemes are covered under this head. No funds have been allocated in BE 2015-16 under these schemes.

In the 1st Batch of Supplementary Demands (July 2015) of 2015-16, an amount of Rs.2.80 crore was approved by Parliament for making payments under Management Information Technology (MIT) subject to no additional cash out go. The expenditure from this head is provided for mFMS also, the 2nd phase of which is yet to be implemented pending completion of work on proof of identity of retailers."

3.6 On being asked about the steps being taken by the Department to ensure optimum utilization of budgetary allocation during the remaining periods of Twelfth Five Year Plan, the Department in its written reply stated as under:-

"The Schemes/programmes of CPSEs proposed to be implemented through plan outlays are finalized by PSEs at the level of Board of Directors which include representatives of this Department. The Schemes/programmes proposed by CPSEs viz., Brahmputra Valley Fertilizers and Chemicals Limited (BVFCL), FACT & MFL for budgetary assistance, were examined in depth by the Department of Fertilizers through physical verification at plant sites followed by their prioritization vis-à-vis the budgetary provisions. However, in respect of profit making CPSEs (RCF, FAGMIL, PDIL & NFL), the schemes/programmes are implemented through plan outlays from Internal and Extra Budgetary resources. After the schemes/programmes were deliberated and finalized in the Department, the proposals were discussed in the erstwhile Planning Commission during Annual Plan discussions. Besides, the erstwhile Planning Commission and Ministry of Finance in consultation with this Department also reviewed the physical "outputs" as well as "outcomes" of these schemes/programmes. The Department of Fertilizers monitors the performance and follow up action with regard to activities of the major projects/schemes by way of Quarterly Review Meetings in the Department of Fertilizers. Besides periodic review of Plan Expenditure of all the companies was also done. The Erstwhile Planning Commission had also been reviewing the performance of the schemes while finalizing Annual Plans each year and suggesting corrective measures, wherever required. During the remaining period of 12th Five Year Plan, it is expected that steps as mentioned above will ensure optimum utilization of budgetary allocation."

3.7 When the Committee asked whether there was any shortfall in optimum utilization of plan funds during the first three years of the 12th Plan and also regarding the efforts made to achieve the physical and financial targets, the Department in its written reply stated as under:-

"In view of the restrictions imposed by Ministry of Finance D.O No. F.2(41)-B(SD)/2012 dated 20.09.2012 for non-release of loan to the PSUs who have defaulted in repayment in loan and interest thereon, no plan funds have been released to any PSU from 2012-13 onwards."

3.8 When the Committee asked to state the extent to which the Department has been able to convert the outlays for different schemes and programmes into outcome during the years 2014-15 and 2015-16, the Department in its written reply stated as under:-

"The information regarding the two components of the Plan outlay, namely Internal & Extra Budgetary Resources (IEBR) of the CPSEs and Gross Budgetary Support (GBS) provided by Government of India is as follows:

Internal & Extra Budgetary Resources (IEBR)

Four fertilizer CPSEs namely Rashtriya Chemicals & Fertilizers Limited (RCF), FCI Aravali Gypsum & Minerals India Limited (FAGMIL), Projects & Development India Limited (PDIL) and National Fertilizers Limited (NFL) generate their own financial resources in the form of IEBR and do not depend on Government of India for any financial assistance.

Gross Budgetary Support (GBS)

(i) CPSEs

Provision of Budgetary support is made by Department of Fertilizers for three loss making CPSEs namely Brahmaputra Valley Fertilizer Corporation Limited (BVFCL), Fertilizers & Chemicals Travancore Limited (FACT) and Madras Fertilizers Limited (MFL), keeping in view the overall allocation made by the Planning Commission and also considering the requirements of the companies. In the light of instructions contained in Ministry of Finance D.O. letter No. 2(41)-B(SD)/2012, dated 20th September, 2012, in respect of default in refund of Government of India loans and payment of interest thereon by CPSEs, Plan loan could not be released to these Fertilizer companies from 2012-13 onward.

(ii) Misc. Schemes

Management of Information Technology (MIT)

Provision of Budgetary support has been made in this Department for the scheme "MIT". Department is funding its need based programme namely Fertilizer Monitoring System (FMS) and mobile based Fertilizer Monitoring System (mFMS) through the grants made available as GBS. FMS has been developed and grown to enable users to monitor investment and availability of fertilizers on line and real time basis. During 2014-15 and 2015-16 under this scheme the budget provided and the expenditure incurred is as follows:

(Rs. in crore)

Year	BE	RE	Actual Expenditure
2014-15	10.34	1.80	1.80
2015-16	0.00	2.80	2.00#

#Expenditure till 26.02.2016

Science & Technology (S&T)

Under S&T programme of the Department, funds are granted to technical/technological institutes/CPSEs to undertake projects related to fertilizer industry. The project proposals received are selected and approved for funding as per the guidelines of the scheme. During 2014-15 and 2015-16 the amount allocated and actual expenditure incurred under the scheme is as under:

(Rs. in crore)

Year	BE	RE	Actual Expenditure
2014-15	2.00	0.25	0.24
2015-16	0.00	0.00	0.00

"A note on R&D in Fertilizer sector

The Science & Technology (S&T) Programme of Department of Fertilizers primarily lays emphasis at research & development of processes and equipments. This Department has been taking up project proposals from Engineering/Research Institutions/fertilizer industry on indigenous research & development in the field of fertilizer industry for ensuring optimum levels and international standards in terms of achieving higher capacity utilization, upgradation/modernization of process technologies & equipment to reduce the specific energy consumption and pollutants including Coal and Coal Bed Methane as feed stocks for manufacturing fertilizers. Besides, projects in the area of adopting pollution free means for chemical reaction in fertilizer plant vis-à-vis disposal of hazardous spent catalyst after recovery of valuable metals, recharging the fertility of the soil, are also being sponsored by this Department. All these Research & Development projects are being sponsored by this Department through premier institutions with the ultimate objective of disseminating successful outcomes to the fertilizer industry for adoption in production process. All Research & Development proposals are selected as per the guidelines of the scheme. The Plan allocations made for the scheme since 2012-13 is as follows:

(Rs. in crore)

Year	Fund allocation (RE)
2012-13	1.95
2013-14	1.50
2014-15	0.25
2015-16	0.00

Adequate number of quality proposals conforming to guidelines of the scheme, however, have not been received."

3.9 On being asked about the reasons for not receiving adequate number of quality proposals for R&D in fertilizers sectors, the Department of Fertilizers in its written reply stated as under :-

"For inviting proposals advertisement was published in leading newspapers of India. A letter with advertisement matter was also issued to CMDs of all PSUs and a copy was endorsed to DG, FAI for circulation/ giving wide publicity amongst its constituent companies. In spite of making these efforts adequate number of quality proposals could not be received."

3.10 When the Committee asked whether any fund allocation has been made under BE 2016-17 for R & D in Fertilizers sectors, the Department of Fertilizers in its written reply stated as under :-

"The R&D Scheme has been discontinued from Plan Budget and has been merged with Secretariat Economic Services under Non-Plan Budget from financial year 2016-17. The expenditure towards any R&D scheme would be met out from the head of professional services."

3.11 When the Committee asked the reason for discontinuing R&D scheme from plan budget, during the oral evidence of the Department of Fertilizers the Secretary replied as under : -

" Sir, the allocation is finally done by the Finance Ministry. It is very difficult to say what was the thinking behind reducing it."

CHAPTER-IV

ANALYSIS OF DEMANDS FOR GRANTS FOR THE YEAR 2016-17

4.1 The Demands for Grants (Demand No.7) for the year 2016-17 of the Department of Fertilizers are given in the **Annexure-I**.

4.2 A statement showing the Budget Estimates, Revised Estimates and Actual Expenditure for the last three years (year-wise) and Budget Estimates for the year 2016-17 for Plan and Non-Plan expenditure in gross terms is given below:

(Rs in crore)

	2013-14			2014-15			2015-16			2016-17
	BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals*	BE
Plan	269.00	9.00	2.32	100.00	2.32	2.04	50.00	1002.80	2.00	10.00
Non Plan	70614.20	71962.00	71300.68	77100.00	75092.73	75089.67	77097.80	76562.47	74081.71	74129.37
Total	70883.20	71971.00	71303.00	77200.00	75095.05	75091.71	77147.80	77565.27	74083.71	74139.37

4.3 When the Committee asked about the reasons for variations in BE, RE and AE for the years 2013-14, 2014-15 and 2015-16, the Department in its written reply stated as under:

"Reasons for variations in Budget Estimates, Revised Estimates and Actual Expenditure for the last three years are as follows:-

2013-14

Plan: The Budget provision for 2013-14 under Plan Section was Rs.269.00 crore. The main component of the plan allocation was Loans to Public Sector Undertakings (PSUs). Since, the PSUs defaulted in repayment of earlier loans and its interest, as per the guidelines issued by Ministry of Finance, further Plan Loans could not be disbursed. Accordingly, the allocation at RE Stage was reduced to Rs. 9.00 Crore. The actual expenditure against this was Rs. 2.32 crore. Other than loans to PSUs, a major portion of Plan funds is allocated to Management Information Technology (MIT). The expenditure for Fertilizer Monitoring System (FMS) & Mobile FMS (mFMS) is made from MIT Head. The 2nd phase of scheme of mFMS could not be finalized during the year 2013-14. Therefore, funds could not be utilized.

Non-Plan: Against the projected requirement of Rs.97051.00 Crore (Gross), the Non-Plan budget (BE) allocated during the year 2013-14 was Rs.70614.20 crore (gross). An amount of Rs. 2000.00 crore was allocated under 2nd Supplementary Demands for Grants. The RE allocation/Final Allocation under the Non Plan Section for the year was Rs. 71962.00 Crore. The total expenditure during the year was Rs. 71300.72 Crore. The utilization of funds under Non plan Section was less mainly due to import of lesser than anticipated quantity of Urea, Economy instructions issued by Ministry of Finance and receipt of lesser than anticipated claims under various Budget heads.

The Department had carry-over liabilities of Rs. 26414.88 Crore of 2012-13. Since, the requirement of funds was much higher, the Department had to carry over the arrears of unpaid subsidy of Rs. 40340.78 crore of 2013-14 to next year.

2014-15

Plan: The Budget provision for 2014-15 under Plan Section was Rs.100.00 crore. The main component of the plan allocation is Loans to Public Sector Undertakings (PSUs). Since, the PSUs defaulted in repayment of earlier loans and its interest, no further Plan Loans have been disbursed to the PSUs in conformity with the instructions of by Ministry of Finance, dated 20.09.2012. Accordingly, the allocation at RE Stage was reduced to Rs. 2.32 Crore, against which the total expenditure was Rs.2.04 Crore.

Non-Plan: Against the projected requirement of Rs.1,56,420.48 Crore (gross), the Department has been allocated an amount of Rs. 77100.00 crore (Gross). The Gross allocation under Non Plan had been reduced to Rs. 75092.73 crore under Revised Estimates (RE) stage. Against this an amount of Rs. 75089.67 crore has been spent.

The Department had carry-over liabilities of Rs.31830.77 Crore at the end of 2014-15.

2015-16

Plan: The Budget provision for 2015-16 under Plan Section was Rs.50.00 crore. The main component of the plan allocation is Loans to Public Sector Undertakings (PSUs). In the 2nd Supplementary Demands for Grants an amount of Rs. 952.80 has been provided to FACT, a PSU under the Department of Fertilizers. Thus at RE stage an amount of Rs. 1002.80 is available under plan section. Out of this allocation Rs. 2.80 is meant for the IT Head under which IT related expenditure is being incurred. So far, under this head an amount of Rs. 2.00 Crore has been spent till 19.02.2016. At RE stage, Rs. 1000.00 Crore has been allocated for Fertilizers and Chemicals Travancore Ltd. FACT, which is released after following the due procedures.

Non-Plan: Against the projected requirement of Rs.108691.44 crore (gross), the Department has been allocated an amount of Rs. 77097.80 crore (Gross). The Gross allocation under Non Plan Section has been reduced to Rs. 76562.47 crore under Revised Estimates (RE) stage. Against this an amount of Rs. 74081.71 crore has been spent till 19.02.2016"

4.4 When the Committee asked to provide the rationale/objective of merging of various major/minor heads under BE 2015-16 and comparative chart on merging of various schemes/programmes as mentioned in BE 2015-16 and BE 2016-17, the Department in its written reply stated as under:

CONCORDANCE TABLE

Sl.No. in BE 2016-17	Scheme BE 2016-17	Major head	Sl. No. in Expenditure Budget Vol. II of 2016-17	Sl. No. in Expenditure Budget Vol. II of 2015-16	Scheme BE 2015-16	Major Head
1	Secretariat Economic Services	3451	1	1.	Secretariat-Economic Services	3451
				5.	*Other research schemes for fertiliser development*	
				5.01	S & T programme	2852
				10.02	Other programmes	2852
2	Nutrient Based Subsidy Policy	2401	2			
2.01	Decontrolled Fertilizers	2401	2.01	3.01	Payment to manufacturers/Agencies for concessional sale of decontrolled fertilizers	2401

Sl.No. in BE 2016-17	Scheme BE 2016-17	Major head	Sl. No. in Expenditure Budget Vol. II of 2016-17	Sl. No. in Expenditure Budget Vol. II of 2015-16	Scheme BE 2015-16	Major Head
				3.02	Compensation for Loss on Account of Sale of Fertiliser Bond	2401
2.02	City Compost	2401	2.02			
	Total - Nutrient Based Subsidy	2401			*Total-Subsidy on decontrolled fertilizers*	
3	Urea Subsidy	2852	3	*4.*	*Fertilizer Industries*	
3.01	Indigenous Urea	2852	3.01	4.01	Subsidy on indigenous fertilizers	2852
3.02	Urea Freight Subsidy	2852	3.02	4.02	Compensation for Loss on Account of Sale of Fertiliser Bonds	2852
3.03	Import of Urea	2852	3.03	2.	Subsidy on imported fertilizers	2401
	Total - Urea Subsidy	2852				
4	Assistance for PSUs		4	*6.*	*Non-Plan loans to public sector undertakings*	*6855*
		3475		10.01	For write off of loan, interest and penal interest on Govt. of India loan outstanding against HFCL, MFL, FACT, FCI & PDIL	*3475*
				10.03	Post closure adjustment liabilities of PPL	*3475*
		6552		7	Lumpsum provision for Projects/Schemes for the benefit of the North Eastern Region and Sikkim	6552
				8.	Investment in Public Enterprises	
				9.	Investment for JVs abroad	4855
		6855		6.01	Hindustan Fertilizer Corporation Ltd.	6855
				6.02	Fertiliser Corporation of India Ltd.	6855
				6.03	Pyrites, Phosphates & Chemicals Ltd.	6855
				6.04	Brahmaputra Valley Fertilizer Corporation Ltd.	6855
5	Actual Recoveries	2852	5	11	Actual Recoveries	2852

"As per the direction of Ministry of Finance for preparation of Budget Estimates for 2016-17, the Central Sector Schemes/ Programmes were to be rationalized on outcome basis to ensure efficient management of public expenditure at all times. The aim is to rationalize all programmes/schemes by merging the relatively small schemes into a logical large schematic framework. It was indicated that the rationalization exercise would be effective if the schemes/sub-schemes reflected in the Detailed Demand for Grants are also suitably merged/eliminated to yield a more compact framework for schemes/programmes. This would help the Ministries/Departments to gain more flexibility in execution of the schemes and guard against spreading the resources too thin. It was also stated to make a clear distinction between revenue and capital expenditure while preparing the revised rationalized scheme set. Hence, the number of schemes from 11 in the BE 2015-16 have been reduced to 4 in BE 2016-17.

The concordance table shows the one to one relationship between the merged schemes in 2016-17 and schemes that were operational till 2015-16. The comparative chart of the schemes of the respective years is as under:-

2015-16	2016-17
Name of Scheme	Name of Scheme
Secretariat-Economic Services (3451)	Secretariat Economic Services (3451)
Other research schemes for fertilizer development (2852)	

S & T programme (2852)	
Other programme (2852)	
- Payment to manufacturers/Agencies for concessional sale of decontrolled fertilizers(Indigenous as well as Imported P&K Fertilizers) (2401)	Nutrient Based Subsidy (2401) - Indigenous Decontrolled - Imported Decontrolled - City Compost
- Compensation for Loss on Account of Sale of Fertilizer Bond (2401)	
-Subsidy on indigenous fertilizers(Subsidy on Indigenous Urea + Freight Subsidy) (2852)	Urea Subsidy (2852) - Indigenous Urea - Freight Subsidy - Imported Urea
- Compensation for Loss on Account of Sale of Fertilizer Bonds (2852)	
- Subsidy on imported fertilizers(Urea) (2401)	
Non-Plan loans to public sector undertaking (6855)	Assistance for PSUs (3475) - Assistance to PSUs -Assistance for North Eastern Region & Sikkim(BVFCL) (6552)
For write off of loan, interest and penal interest on Govt. of India loan outstanding against HFCL, MFL, FACT, FCI & PDIL (3475)	
Post closure adjustment liabilities of PPL (3475)	
Lump-sum provision for Projects/Schemes for the benefit of the North Eastern Region and Sikkim (6552)	
Investment in Public Enterprises	
Investment for JVs abroad (4855)	
Hindustan Fertilizer Corporation Ltd. (6855)	
Pyrites, Phosphates & Chemicals Ltd. (6855)	
Brahmaputra Valley Fertilizer Corporation Ltd. (6855)	
Actual Recoveries (2852)	Actual Recoveries (2852)

4.4 When the Committee enquired as to whether the Plan budget provision of Rs. 1000 crore has been provided to FACT in 2015-16 and the required procedure have been followed for transferring of funds, the Department in its written reply stated as under:-

> "The budget provision of Rs. 1000 crore has been provided to FACT. The fund was to be transferred after signing of agreement between FACT and Deptt. Of Fertilizer. Agreement between FACT and Department of Fertilizer has been signed and the funds have been sanctioned."

4.5 When the Committee enquired about the reasons for the decrease of Rs.3425.9 crore in the total Budget Allocations for the year 2016-17 vis-a-vis 2015-16, the Department in its written reply stated as under:-

> "As per the assessment of requirement of fertilizers for the year 2015-16 an estimated requirement of Rs. 108881.70 Crore on Gross basis and Rs. 103711.70 Crore on net basis (excluding recovery of Rs. 5170 Cr.) for the financial year 2015-16 was raised. As against this an amount of Rs. 77147.80 Crore (Gross) and Rs. 73047.80 Crore on Net basis (excluding recovery of Rs. 4100 Cr.)was allocated at BE stage. Similarly, for the financial year 2016-17 as per the assessment requirement of an amount of Rs. 101034.60 Crore on Gross basis and Rs. 95834.66 Crore on Net basis (excluding recovery of Rs. 5200 Cr.)was raised. Against which an amount of Rs. 74139.37 Crore on Gross basis has been allocated as BE (2016-17). On the net basis this amount comes to Rs. 70039.37 Crore which is 3425.90 Crore less than RE (2015-16)."

Major Head 2401 - Decontrolled Fertilizers

4.6 A new Sub Head – City Compost has been created under the Major Head 2401 and a token Grant of 0.01 crore have also been made under BE 2016-17. When the Committee asked the details regarding the objectives it wants to achieve and whether any proposal with regard to its implementation has been drafted by the DoF, the Department in its written reply stated as under:-

> "Department has notified a policy on 10.2.2016 for promotion of City Compost which will reduce the volume of waste to landfill/dumpsite by converting the waste into

useful bye products and will also prevent production of harmful greenhouse gases (especially methane) and toxic material that pollutes groundwater apart from polluting the environment. This would also generate employment opportunities in urban areas. A market development assistance in the form of fixed amount of Rs.1500 per tonne of city compost will be provided for scaling up production and consumption of the product. Hence, as a measure to have funds to meet the expenditure towards market development assistance, at present a token provision of Rs. 0.01 crore for city compost has been made.

4.7 **Subsidy expenditure and carryover liabilities (actuals)**

(Rs. Cr.)

Year	Subsidy Expenditure	Carryover Liability
2010-11	65837	9324
2011-12	74570	22201
2012-13	70592	26417
2013-14	71280	40341
2014-15	75067.31	31830.77
2015-16	75213.29 (as on 28.03.2016)	Figures will be available after 31.03.2016

4.8 When the Committee raised concern regarding huge piling up of carryover Liability of subsidies, the Secretary, Department of Fertilizers, during the oral evidence of the Department replied as under:

"Yes, there is a certain level of budget which is somewhere around Rs. 75,000 crores and we have a certain level of expenditure for that particular year. That is also somewhere around Rs. 75,000 crore. So, if we were not carrying that kind of liability from previous years, we would be just about be breaking even. But to cater to the entire subsidy need, we have to add the subsidy burden to the current year. So, we are always falling short. As you have noticed in this table here there is always a carry over liability because we meet the current liabilities but then more liability develops. We clear the previous liability, meet part of the current requirement and then carry over to the next year's liability..... We are doing two, three things. One is raising the bar as far as the energy standards are concerned and now we have set higher energy standards so that the cost of production should be lowered. We want the urea to be produced at a lower price. Secondly, we have given certain incentives for higher production. The production that is above the reassessed capacity, had a very complicated formulation earlier, Now, we have a simple formulation where we have incentivised it and as a result of which, that this year we have the highest ever urea production..... In fact, I suspect that this may go up.....We have to find the money to carry out our liabilities. Secondly, we will do whatever we can to reduce the cost and the subsidy that we would require in the current year and the coming year."

4.9 When the Committee raised concern regarding non-payment of subsidy to the Fertilizer Companies on time, the Secretary, Department of Fertilizers, during the oral evidence of the Department responded as under:

"I agree with it as I myself mentioned that the subsidy burden that we are carrying forward and the delay in payment of subsidy is definitely affecting the industry and that is why, I submitted to the Committee that this may be taken note of and I would be happiest person if I could clear all the backlog and I am able to pay subsidy in time but then I must have money for that. So, there is a problem."

CHAPTER-V

DIRECT SUBSIDY TO FARMERS

5.1 In February, 2011, Ministry of Finance constituted a Task Force to recommend implementable solution for direct transfer of subsidies on kerosene, LPG and fertilizers Task Force submitted its final report on 7th August,2013 which suggested 4 phased approach as below.

> "**Phase-I:-**Information visibility till the retailer's level where part subsidy is disbursed to the manufacturers on the basis of the information of retail acknowledgements reported in mFMS
>
> **Phase –II**: -Part subsidy payment to the manufacturers on the basis of the information of retailer sales of fertilizers captured in mFMS.
>
> **Phase-III: -**Subsidy payment to the retail customer on the basis of the fertilizer sales made to him/her.
>
> **Phase –IV**: -Subsidy payment to the farmer on the basis of details of sales made to him/her.
>
> The Department has developed mobile Fertilizer Monitoring System (mFMS) to upgrade the existing FMS to capture the availability of fertilizers at various points in supply chain below the district. The mFMS captures the sales made by Companies and Wholesalers to the retailer and also the confirmation of receipt by the wholesalers and retailers.
>
> Phase I which is made operational from 1st November,2011, is being rolled out through all the registered fertilizers manufacturers (116), wholesalers (16577) and retailers (157274) across the country. Accordingly, a portion of the subsidy (5-15% depending on the grade of fertilizer) is given to manufacturers only when the retailer will acknowledge the receipt in the Mobile Fertilizer Management system (mFMS). Retailer acknowledgement has been ensured by the Department by linking a portion of manufacturer's subsidy to retailer's acknowledgement.
>
> Phase II of mFMS envisages capturing sale made by the retailer to the buyer or end-user. This involves capturing sales details as well as buyers' details. DoF is examining the feasibility of doing Proof of Concept for Phase-II."

5.2 When the Committee enquired about the latest position on the issue regarding Direct Payment of Subsidy to the Farmers, the Department in its written reply stated as under:-

> "DBT in Fertilizer involve many operational and implementation challenges such as identification of beneficiaries and determination of entitlement etc. Department of Fertilizer is exploring various options for handling these operational issues."

5.3 When the Committee raised concern regarding delay in implementing Direct Benefits Transfer Scheme, the Secretary, Department of Fertilizers, during the oral evidence of the Department replies as under:

> "The direct transfer of subsidy is under examination.... we have taken steps, but it has to be done step by step. The first step would be to have regular database of the farmers. We are starting with that. We will have a pilot project. We are proceeding step by step..... At the moment, we cannot say that we would implement it from a

particular date. It is not that we have said that we would not do it. We are addressing all the issues that have come up before us."

5.4 During the oral evidence of Department of Fertilizers following points were raised regarding soil health card and direct disbursement of subsidy to the farmers :-

"There are four categories of farmers. The first is marginal farmers, the second is medium level farmers, the third is landlords and the fourth is tenant farmers. Even if everybody is having a bank account now, how we know as to how much fertiliser he requires, what is his type of land and what type of fertiliser he wants etc. Unless you have that data with you, you cannot transfer the subsidy directly to farmers. That is why, Soil Health Card is the new concept introduced by the Government. If everybody is having the Soil Health Card, then only it will be easy to transfer the subsidy to the farmers."

5.5 When the Committee raised the query regarding issue of Soil Health Card with expeditious implementation of DBT, Secretary, Department of Fertilizers and representative from Ministry of Agriculture, during the oral evidence of the Department responded as under:

"Sir, what you have observed is absolutely correct..... We are in the process of issuing Soil Health Cards to all the farmers...... Unless all farmers have Soil Health Cards, it is impossible to transfer subsidy directly to them. ....

.... Earlier, there was no soil health card given by the Ministry of Agriculture. It was being done by the State Departments. Various Departments were doing it in their way. This scheme was not with the Central Government; it was with the State Agriculture Departments.

Sir, we have allocated funds to the States and they should review their capacities and they should submit the project proposal. We are immediately sanctioning it. We are asking the States, Sir..."

CHAPTER-VI

NEW INVESTMENT POLICY 2012

New Investment Policy – 2012 and amendment thereof

6.1 The Government had announced New Investment Policy - 2012 on 2nd January, 2013 and its amendment on 7th October 2014 to facilitate fresh investment in urea sector and to make India self-sufficient in the urea sector. At present, there are 6 proposals for setting up of Greenfield and Brownfield (Expansion) projects with Department of Fertilizers.

6.2 When the Committee enquired about the 6 proposals shortlisted by the Department for setting up of Greenfield and Brownfield (Expansions) projects, the Department in its written reply stated as under:-

> "At present, there are following 6 proposals for setting up of Greenfield and Brownfield (Expansion) projects received under NIP-2012 and its amendment with the Department of Fertilizers:-

S. No.	Company	Projects	Ownership	State
1.	Kanpur Fertilizers & Cement Limited	Greenfield Project at Jabalpur	Private	Madhya Pradesh
2.	Indo-Gulf Fertilizers Limited –Jagdishpur	Brownfield Expansion urea project at Jagdishpur.	Private	Uttar Pradesh
3.	Chambal Fertilizers & Chemicals Limited-Gadepan	Brownfield of Ammonia-Urea units at Gadepan-Kota.	Private	Rajasthan
4.	Matix Fertilizers & Chemicals Limited-II, Panagarh	Brownfiled Ammonia-Urpea Fertilizers Complex at Panagarh.	Private	West Bengal
5.	Rashtriya Chemicals & Fertilizers Limited-Thal	Brownfield Ammonia-Urea Expansion project at Thal.	CPSU	Maharashtra
6.	Nagarjuna Fertilizers & Chemicals Ltd.	Brownfield Project at Kakinada, Andhra Pradesh.	Private	Andhra Pradesh

6.3 When the Committee further enquired about the latest position in this regard and the time by which all these proposals will be examined/cleared by the Department and the estimated quantum of Urea likely to be produced as a result of clearance of these proposals, the Department in its written reply stated as under:-

> "This Department vide its letter dated 21st April, 2015 had advised all the project proponents to furnish Bank Guarantee & take all necessary steps as per the provisions of NIP-2012 and its amendment. In this regard, three project proponents viz., Chambal Fertilizers & Chemicals Limited (CFCL), Kanpur Fertilizers & Cement Limited (KFCL) and Matix have written letter to this Department in respect of their proposals, the details of which are as follows:-

S. No.	Company	Present Status
1.	CFCL-Brownfield of Ammonia-Urea units at Gadepan-Kota	As per the terms of the NIP Policy, CFCL has furnished the Bank Guarantee of Rs. 300 crores to the Government of India.
2.	KFCL-Greenfield project at Jabalpur	Jai Prakash Associates Limited had requested Department of Fertilizers to take up the matter with MoP&NG for allocation of sufficient quantity of gas for the proposed urea plant at Jabalpur and to expedite the Surat-Paradip gas pipeline with a provision to connect Jabalpur to this pipeline. Department of Fertilizers has taken up the matter with MoP&NG.
3.	Matix	Matix Fertilizers & Chemicals Limited has proposed to set up a Greenfield 3 Million Metric Tonne Per Annum gas based Ammonia-Urea complex (Train-I & II) at Pannagarh, West Bengal with the investment of over Rs. 6000 crores. The Matix plant will use Coal Bed Methane (CBM) gas as feedstock for manufacturing urea. Matix has confirmed its readiness to commence production of urea subject to the availability of minimum 1.7 mmscmd of CBM. There is no domestic gas allocation for this project by the Government of India and also the unit is not connected to National Gas Grid Network. In order to facilitate the commissioning of plant, DoF takes up the matter of allocation of CBM Gas with MoP&NG.

S. No.	Company	Present Status
		So far as Train-II is concerned, vide letter dated 24th April, 2016, Matix has informed that 'they shall take all necessary action as required and also take steps to achieve Financial Closure. They agree to submit Bank Guarantee on achieving financial closure but before making any LSTK/EPC financially effective.

However, no communication has been received from Indo-Gulf Fertilizers Limited (IGFL) and Nagarjuna Fertilizers & Chemicals Limited (NFCL). Department of Fertilizers has again taken up matter with the project proponents to furnish the Bank Guarantee & take all necessary steps as per the provisions of NIP-2012 and its amendment.

The commissioning of new fertilizer plant takes around 3 to 3.5 years from the zero date (date of financial closure). Therefore, the reduction of the import and increase in production of urea would only be analyzed when the plants start the production.

Thal-III Brownfield Ammonia-Urea is expansion Project of Rashtriya Chemicals & Fertilizers Limited (RCF). The estimated quantum of urea to be produced by this plant is 12.7LMT of prilled neem coated urea per annum. The proposal has been cleared by PIB. Approval of Minister(C&F)/Minister of Finance is being sought before sending the proposal for approval of CCEA.

CHAPTER-VII

REVIVAL OF CLOSED/SICK PSUs

7.1 There are nine public sector undertakings under the administrative control of the Department as under:

PUBLIC SECTOR			
Sl. NO.	Name of the Company	Headquarters	Incorporated in
1	Rashtriya Chemicals and Fertilizers Limited (RCF)	Mumbai	March, 1978
2	National Fertilizers Limited (NFL)	Noida	August, 1974
3	Madras Fertilizers Limited (MFL)	Chennai	December, 1966
4	Fertilizers and Chemicals Travancore Limited (FACT)	Udyogamandal	September, 1943
5	Brahmaputra Valley Fertilizer Corporation Limited (BVFCL)	Guwahati	April, 2002
6	FCI Aravali Gypsum Minerals India Limited (FAGMIL)	Jodhpur	February, 2003
7	Projects and Development India Limited (PDIL)	Noida	March, 1978
8	Fertilizer Corporation of India Limited (FCI)	New Delhi	January, 1961
9	Hindustan Fertilizer Corporation Limited (HFC)	New Delhi	March, 1978

Performance of Public Sector undertakings

7.2 Out of above mentioned 9 fertilizers PSUs, all units of FCIL and HFCL are closed since 2002. Since, no production is taking place in these companies. However, these companies are in the process of revival. The progress regarding other PSUs is as follow:

"RCF

During the year 2014-15, RCF produced 26.01 LMT of urea and 6.58 LMT of Complex fertilizers and the Company made a Profit Before Tax (PBT) of Rs. 509.63 Crore.

The projected profit after tax for the year 2015-16 is Rs.219.45 crore. The provisional profit before tax for the period April 2015 to November 2015 is Rs.208.99 crore.

NFL

During 2014-15, the aggregate production from NFL Plants put together was 36.39 LMT. Company also produced 506 MT of Bio-Fertilizers from its Bio-Fertilizer plant at Vijaipur during the year. Company registered a profit before tax of Rs.44.72 crore during the year 2014-15. During the year Sales turnover of the company was Rs.8520 crore including sale of industrial products and traded goods worth Rs.120 crores.

During financial year 2015-16, company produced 28.22 LMT urea up to month of December 2015. Based on un-audited financial results company earned Profit Before Tax (PBT) of Rs.90.16 crore and Profit After Tax (PAT) Rs.41.31 crore upto the month of September 2015. Sales turnover of the company was Rs.3797 crore including sale of industrial products and traded goods worth Rs.130 crore upto the month of September 2015.

PDIL

PDIL is mainly involved in design engineering and consultancy service and producing catalyst for the fertilizer and refinery industries. During 2014-15, company had earned profit Before Tax of Rs.10.48 cr out of the total turnover of Rs.57.55 cr.

During the period April to December 2015, the company has incurred loss of Rs.9.77 crore and the estimated profit before tax for the year 2015-16 is Rs.2.47 cr (RE 2015-16).

MFL

During the year 2014-15, the Company ended up with a loss of Rs.134.69 Cr and the total accumulated losses as on Mar 31, 2015 was Rs.517.14 Cr due to GOI notification for not permitting to run Naphtha based Ammonia/Urea Plants from 1st October 2014 to 16th January 2015. During the period Apr – Dec 2015, the Company has ended up with a loss of ₹106.31 Cr, mainly on account of non-permission to run Naphtha based Ammonia/Urea Plants from 17th April 2015 to 16th June 2015 and likely to end up with a loss of Rs.176.16 Cr during the year 2015-16.

FAGMIL

FAGMIL is engaged in the mining and marketing of mineral gypsum. Mineral Gypsum is used mainly as sulphur nutrient to the soil, as a soil amendment to sodic soil and also as an input raw-material to cement manufacturing. During 2014-15, company produced 10.26 LMT Gypsum and ended with Profit Before tax (PBT) of Rs.54.82 crore. The cumulative production and sales turnover of gypsum upto December 2015 is also 4.40 LMT and Rs.3569.04 lakh respectively.

The provisional Profit before Tax for the December,2015 is Rs.294.88 lakh and cumulative Profit before Tax for the year up to December 2015 is Rs.2247.60 Lakh as against Rs.2917.46 lakh during the corresponding period of the previous year.

BVFCL

During the year 2014-15, BVFCL produced 3.59 LMT of Urea. The company also produced 19.93 MT of Bio-fertilizers. Due to approval of Financial Restructuring proposal by the Cabinet, the Company registered a profit of Rs.647.44 Cr (PBT) during the year 2014-15 in overall sales turnover of Rs.597.51 cr which includes a sale of Rs.22.97 cr worth traded goods. During the year 2015-16, the company is expected to produce 3.36 LMT of urea with profit of Rs.4.58 cr (PBT) for the whole year.

FACT

During the period of April to December 2015, the Company incurred a loss of Rs.298.24 Crore (Provisional). During the first quarter of the financial year 2015-16, company recorded loss of Rs.117.96 crores on account of low production since annual turnaround was being carried out in production units. The production performance could be improved during the remaining months of the current year.

In the second quarter, the Company registered a loss of Rs.60.88 crore. During the last quarter the company has a loss of Rs.119.40 Cr taking the cumulative loss to Rs.298.24 Cr. Huge outflow on account of interest for working capital loans caused a major drain on the working capital. Owing to higher raw material prices and unremunerative realization production of caprolactam was stopped since 11.10.2012."

7.3 On being asked by the Committee about the assessment of the Department about the financial performance of loss making/sick closed PSUs under its administrative control, the Department in its written reply stated as under:-

"There are three PSUs under the administrative control of the Dept. of Fertilizers which are sick. These are Hindustan Fertilizer Corporation Limited (HFCL), The Fertilizers And Chemicals Travancore Limited (FACT) and Madras Fertilizers Limited

(MFL). All units of the HFCL are lying closed. The physical and financial performance of FACT and MFL are as under:

FACT:

Physical performance:

(In MT)

Particulars	2015-16 (April –Dec 2015)	2014-15	2013-14
Factomfos 20:20	448908	614004	663787
Ammonium Sulphate	79567	120360	178792
Caprolactam	0	0	0

Production performance of the company during the year 2014-15 was affected by the dependency on imported Ammonia for fertilizer production during the first ten months and severe working capital crisis. There were constraints in Ammonia import infrastructure and logistics limiting the production levels to about 70%-80%.

With the favourable international price situation, the company has restarted LNG operations with effect from 10th February 2015 based on a letter of comfort facility issued by the Department of Fertilizers in favour of MMTC. Inspite of this, during the fourth quarter of the 2014-15, Company was not in a position to ensure other rqw-materials due to sever financial crunch. However, with all out efforts, company could achieve Factomfos production of 6.14 LMT and Ammonium Sulphate production of 1.2 LMT. Due to economic reasons, the Caprolactam plant remained shut down throughout the financial year 2014-15. However, in-house modification has been carried out in the plants to maintain production of Ammonium Sulphate at 100% capacity through direct neutralization.

FACT has achieved a very good fertilizer production during the first half of 2015-16, even under extreme financial constraints. The half yearly Factamfos production of 3.3 Lakh MT is a record in last five years.

During the current year up to December 2015, the FACT has produced 448908 MT of NP 20:20 (Complex Fertilizer) which is 88.7% of the target. Production of Ammonium Sulphate during the period was 83500 MT which is 58.8% of the target.

B. Financial performance:

(Rs.in Crore)

Descriptions	**2015-16 (April-Dec)**	**2014-15**	**2013-14**
Turnover	**1518.72**	**2032.36**	**2276.22**
Profit / Loss (-) before tax & Exceptional items	(-) 298.24	(-)375.85	(-)369.03
Profit /Loss(-) after tax	(-) 298.24	(-)399.91	(-)264.96

Despite reasonable production and marketing performance of the company, the financial results for the year 2014-15 shows a loss of Rs.399.91 Crore as against a loss of Rs. 264.96 Crore during the 2013-14. The financial situation of the company has further worsened in first half year of the current financial year and brought the company to a highly demanding stage where it has become close to impossible to meet the working capital requirements for sustaining operations during the third quarter. FACT has suffered losses in recent years due to high cost of feedstock and interest burden on borrowed working capital& Government of India loans.

MFL:

Physical Performance: MFL produced two fertilizer products i.e. Urea and NPK. Production performance during last two financial years and current financial year (up to December 2015) is as under:

(In MT)

Descriptions	2015-16 @	2014-15	2013-14
Ammonia	1,52,709	1,96,894	285925

Urea	2,65,636	3,28,900	486750
NPK	10,385	74,272	44860
@upto November, 2015			

During 2014-15 Main reasons for lower production of urea is as follows:

CPCL Hydrogen limitation and initial technical problem while restarting the Plant during April 2014.

From Octoebr 8th, 2014 to January 14th, 2015 plants were shut down due to GoI Policy.

The Company has so far produced 265636 MT of Urea with the capacity utilization of 81.8% as of November 30, 2015. The Company has produced 10385 MT of NPK 17-17-17 as of November 30, 2015 and is hopeful of producing another 60000 MT of NPK 17-17-17 till Mar 2016.During Apr-Nov 2015, the Company has also produced 228.20 MT of Bio-fertilizer. Production of Bio-fertilizer is limited to sales.

Financial Performance:

(Rs.in Crore)

Descriptions	2015-16 (April-Nov)	2014-15	2013-14
Turnover	-	1701.87	2593.47
Profit / Loss (-) before tax	(-)76.73	(-)134.69	105.80
Profit /Loss(-) after tax	(-)76.73	(-)134.69	100.04

MFL has incurred losses during 2014-15 as the Modified NPS-III policy for existing urea units notified on 2nd April, 2014, did not permit payment of subsidy to the high cost naphtha based urea units including MFL Manali beyond June 2014 unless gas availability and connectivity is provided to these units. Subsequently, these units were allowed the production intermittently twice during 2014-15 and in the intervening period the production was stopped which led to losses. Thereafter, keeping in view the long term interest the policy related issues for production of urea from naphtha based units were resolved and in June 2015 all such units including MFL Manali were allowed to produce urea till gas availability and connectivity to these urea units either by gas pipeline or by any other means is established. MFL has also suffered losses because of stoppage of additional subsidy for P&K fertilizers beyond 31.3.2012 on account of uses of higher cost captive ammonia produced through naphtha. During the period Apr – Nov 2015, the Company has ended up with a loss of Rs 76.73 Cr, mainly on account of non-permission to run Naphtha based Ammonia/Urea Plants from 17th April 2015 to 16th June 2015, out of the total turnover of Rs 792.75 Cr."

7.4 When the Committee asked about the precise steps being taken by the Department for the revival of closed/sick PSUs particularly in the context of augmenting indigenous production of fertilizers during Twelfth Five Year Plan, the Department of Fertilizers in its written reply stated as under:-

"The Steps taken for the revival of closed/sick PSUs are as under:

A. Revival of Sick PSUs:

I. The Fertilizers and Chemicals Travancore Limited (FACT)

The company has a net worth of (-) Rs. 456.73 crore and accumulated loss of Rs.839.54 crore as on 31.3.2014. The Department has moved a proposal for revival of the company involving waiver of Gol loans (Rs 282.73 cr) and interest (Rs 269.821 cr), granting one-time compensation (Rs 140 cr) for use of LNG so as to enable the company to come out of purview of Board for Industrial & Financial Reconstruction (BIFR) and issuance of sovereign guarantee (Rs 860 cr) to raise the funds to meet working capital requirement and repay the costly loans to Bank etc.. The proposal also included 'In principle' approval for sale / leveraging of land for raising resources to repay the loans raised against sovereign guarantee and to raise funds for implementation of short/medium & long term proposed projects.

FACT cannot be revived without Government support. The company has been mainly suffering on account of high cost of borrowing on account of previous anomalies. The company has borrowed heavily from banks towards working capital requirements and also defaulted to various suppliers and LIC towards Gratuity payment.

Proposed Infusion of the funds would enable to pay these liabilities. It would also reduce the interest burden of the company. With softening of crude prices, the company could start its operations with LNG. State Government of Kerala has exempted VAT on procurement of LNG by FACT and also permitted day movement of Ammonia. With such a favourable scenario, placing the company at normative level would facilitate the process of revival for which approval for financial restructuring is a must. For exploring the possibility of a JV with an appropriate company even for this course of action, prior financial restructuring of the company would be necessary.

A draft Cabinet note seeking above mentioned dispensations was circulated for inter-ministerial consultation. Comments of Department of Expenditure are still awaited.

Subsequently in order to avert immediate crisis Ministry of Finance has approved a plan loan of Rs. 1000 crores to FACT under RE 2015-16. DoF and FACT have entered a legally binding Agreement on 2.03.2016 with FACT mortgaging its free-hold land of worth Rs. 1836.72 crore to Government of India against the total outstanding liabilities of Government of India. The interest on the total outstanding loan till its repayment shall be at @ 13.5% from 31.03.2017.

II. Madras Fertilizers Limited (MFL)

The company is under BIFR. It has a net worth (-) of Rs. 206.19 crore and accumulated loss of Rs. 480.76 crore as on 31.3.2014. The company is before BIFR. However, it has around 140 acres of land which can be leveraged for a revival plan. The company has been allowed to produce urea using Naptha till the gas connectivity and availability of gas to the company.

Earlier DoF moved a proposal for waiver of GoI loan (Rs 554.21 cr) and interest (Rs 399.89 cr) to facilitate the company to come out from the purview of BIFR before the Board for Reconstruction of Public Sector Enterprises (BRPSE). However, Government has bound up BRPSE in 2015. In the meantime, in terms of DPE guidelines on streamlining the mechanism for revival and restructuring of sick Central Public Sector Enterprises, DOF has approved to engage an external expert agency which has experience and expertise of the business environment, operational issues, technology option and financial viability of the sector in which such CPSE is working. Accordingly, MFL has been asked to initiate process for engagement of an external expert agency.

B. Revival of the closed units of Fertilizer Corporation of India Limited

CCEA in 2013 approved waiver of GoI loan and interest on FCIL to make the net worth of FCIL positive and to seek its de-registration from BIFR. Subsequently in 2013 FCIL de-registered from BIFR.

The company has a net worth of Rs. 225.97 crore and accumulated loss of Rs 555.59 crore 31.03.2015. CCEA approved the revival of Talcher and Ramagundam units through 'nomination (PSU) route' on 9.5.2013 and revival of Gorakhpur unit and

Sindri on "bidding route" on 31.3.2015 and 21.5.2015 respectively on revised terms. The status of revival of FCIL is as follow:-

Talcher Unit

The pre-project activities for revival of Talcher unit are in progress to set up a fertilizer plant based on coal gasification technology.

The Memorandum of understanding signed on 5.09.2013 and JV agreement on 27.10.2015 among consortium partners.

A meeting held on 22.04.2015 amongst Minister (Chemicals & Fertilizers), MOS (Coal), MoS (Petroleum & Natural Gas) and MoS (Chemicals & Fertilizers). it was decided that for better coordination, it would be proper to set up one Joint Venture only. Further it was also decided that the fresh asset valuation of the existing infrastructure will be conducted by engaging a third party valuer. Further, the feasibility of the proposed investment will be examined by a reputed consultancy firm.

SBICap was appointed by CIL to carry out valuation of FCIL's assets, Financial viability analysis and to review TEFR.

JV Company "Rashtriya Coal Gas Fertilizers Limited" (RCGF) was incorporated on 13th November 2015.

Meanwhile another meeting held amongst Minister(C&F), Minister (Coal) & Minister (PN&G) to review progress of revival of FCIL units on 6.1.2016.

During the meeting it was decided that the name of the JV be changed to 'Talcher Fertilizers Limited'.

The equity participation would be now as under:

RCF - 26%
CIL - 37%
GAIL - 26%
FCIL - 11%
Total - 100%

SBI Cap has submitted its report to CIL.

CIL's of the view that considering the high cost of the project, the absence of any reference plant operating with high ash (35%) coal and the high gasification technology risk as stated by SBI Cap, the way forward proposed by the Technical Consultant, based on testing of the coal feed, followed by laboratory and pilot plant tests be adopted.

It was decided that consortium partners study the report submitted by CIL and the Board of the JV Company may build consensus on the way forward.

A meeting on the issue of Coal Gasification technology was held in NITI Aayog on 15.03.2016 to discuss way forward.

Ramagundam Unit

The pre-project activities for revival of Ramagundam Unit (Telangana) are in progress to set-up a gas-based fertilizer plant.

The Joint Venture agreement signed on 14.1.2015.

JV Company named "Ramagundam Fertilizers & Chemicals Limited" formed on 17.2.2015.

The JV Company would operate the plant and EIL would take up the detailed Engineering Procurement of equipment and Construction (EPC) of the plant.

Licensor Agreements for Ammonia and Urea process placed on M/s HATS and SAIPEM respectively on 24.09.2015.

Zero date for the project declared as 25.09.2015.

Environment clearance obtained from MoEF on 16.10.2015

Kick off meeting with licensors for Ammonia & Urea completed on 7.11.2015.

Gas Transmission Agreement (GTA) with M/s GITL is yet to be signed.

The project likely to be commissioned by 30.9.2018.

C. Gorakhpur unit & Sindri unit

An Empowered Committee under the chairmanship of CEO, NITI Aayog was constituted on 27.04.2015 for Gorakhpur and on 17.6.2015 for Sindri to oversee revival process.

In order to streamline and expedite the bidding process, the Empowered Committee in it various meetings made a number of important recommendations as listed below:

In order to remove ambiguity and for the sake of simplicity it recommended to have only one biddable parameter i.e. 'Upfront Fee' and to have fixed percentage of 'Revenue Share' instead of keeping two biddable parameters as was originally approved by CCEA in 2011.

In order to avoid additional burden on the investors in these revival projects, it was also decided to exempt the bidders from furnishing separate bank guarantee to Department of Fertilizers under NIP-2012.

Two stage bidding process for Sindri in line with Gorakhpur and Barauni, instead of "one stage two envelope" bidding for the sake of maintaining uniformity.

The Empowered Committee also recommended for delegation of more powers and wider mandate to itself to decide various issues for expediting decision making.

Implementation of above recommendations of Empowered Committee required approval of Cabinet.

However, in order to avoid delay in bidding process, which was also linked to the progress of JHPL project, the Empowered Committee, in anticipation of approval of the Cabinet, allowed floating of RFQ for Gorakhpur and Sindri units on 27.08.2015 and 17.09.2015 respectively incorporating the above recommendations of EC.

Road shows organized at Mumbai and Delhi on 4.11.2015 and 5.11.2015 respectively.

The RFQ applications for both units were opened on 16.11.2015

Only one application each was received for Gorakhpur & Sindri at the first stage i.e. for qualification.

M/s Matix Fertilisers & Chemicals Limited was the sole applicant for Gorakhpur unit. However, the applicant did not meet the criteria of "at least 10 years of establishment as a Legal Entity". Hence, it was decided to reject its application for Gorakhpur unit.

M/s Adani Enterprises Limited was the sole applicant for Sindri unit. The applicant fulfilled the qualifying criteria set out in the RFQ. However, by inviting financial bid in the next stage from only one bidder it would not have been possible to have price discovery through competitive bidding, which is an essential element of any public procurement process. Hence it was decided to cancel the bidding process in respect of Sindri unit also.

The Empowered Committee in its meeting held on 4.01.2016 and 12.01.2016 discussed the response received against the RFQs for Gorakhpur and Sindri in detail and asked the consultant, M/s. Deloitte, to analyse the various issues in detail and present the analyses with their specific recommendations on the way forward.

The Empowered Committee in its meeting held on 25.1.2016 deliberated on the recommendations of M/s Deloitte. The Committee for revival of closed urea units of FCIL/HFCL and to also support the JHPL gas pipe line for development of critical infrastructure in Eastern India, it is necessary to suitably address the risks/concerns of the investors and make the offer attractive by providing certain benefits.

In the meantime a meeting was held amongst Minister(Chemicals & Fertilizers), MoS(Coal) and MoS(Petroleum Natural &Gas) to review progress of revival of FCIL units on 6.1.2016.

In the meeting MoS (Coal) mentioned that the Jharia Town in Jharkhand is on the verge of a major disaster due to underground coal fire and needs urgent rehabilitation to avert a major accident in the region.

During the meeting it was decided that FCIL would part with about 1000 acres of land at Sindri to Jharia Rehabilitation Development Authority and the latter would pay at market rate for the land to FCIL. FCIL would set up a Gas-based fertilizer plant on its own at Sindri.

It has been decided to put up the matter of revival of Sindri unit by FCIL itself for approval of Cabinet.

A Cabinet note seeking approval on the revised terms and conditions for bidding process for Gorakhpur & Barauni units as recommended by EC in its 9th meeting held on 25.01.2016 has been circulated for inter-ministerial consultation on 26.02.2016.

'In principle' approval for revival of Sindri unit is also being sought in the Cabinet note.

In the meanwhile, a meeting was held on 15.03.2016 in NITI Aayog on way forward on revival of Gorakhpur, Sindri and Baraunit units.

D. Revival of the closed units of HFCL

The company has net worth (-) of Rs. 9312.26 crore and accumulated loss of Rs. 9998.81 crore as on 31.3.3014. It has three closed units - Barauni, Haldia and Durgapur. HFCL has been declared sick by BIFR in 1992. Government declared closure of units in September, 2002. CCEA, on 4.8.2011, approved a Draft Rehabilitation Scheme for revival of the company through "bidding route". However, on 9.5.2013, CCEA approved a proposal that revival of HFCL would be taken up once revival of FCIL units is on track.

In the meanwhile, Cabinet, on 31.03.2015, approved demerger of the Barauni unit from HFCL and revival of Barauni unit through bidding route thereafter. However, it was pointed out that demerger of a BIFR unit is more difficult as creditors may object. Therefore, it would be prudent to first take HFCL out of BIFR by making its net worth positive. For this purpose, waiver of Gol loan and interest and settlement of creditors' dues will be required.

The matter has been placed before the Empowered Committee (EC) constituted in terms of Cabinet decision dated 31.3.2015 to oversee revival process. The EC in its first meeting held on 31.07.2015 recommended the proposal of DOF for taking a fresh proposal to Cabinet for bringing out HFCL from the purview of BIFR and revive the unit by HFCL itself through bidding route. EC also advised DOF to expedite this proposal so that revival work could start quickly.

The fresh Cabinet note has been circulated for inter-ministerial consultation on 10.09.2015. Comments from all stake holders Ministry/ Department have been received except DoE.

In the meanwhile, PF Division of Department of Expenditure has furnished its comments on 23.02.2016 and requested DoF to seek views of Budget Division with regard to waiver of GoI loan & Interest and Department of Revenue with regard to consequent tax liabilities. Accordingly, DoF has sought comments from DoEA & Department of Revenue on 04.03.2016."

7.5 During the oral evidence of the Department, when the Committee raised the concern regarding repayment of interest charged at the rate of 13.5% on the total outstanding loan given to FACT, the Secretary, Department responded as under:

"Sir, I do not have an answer to that because this is not what we have proposed. We had proposed something else but the Finance Ministry decided it.... In fact, Sir, in the Cabinet Note which we had circulated, we had asked for the waiver of the Government of India loan and interest, which were amounting to around Rs.550 crore. Apart from that, we had also asked for an amount of Rs.140 crore as a grant against the high cost LNG which we had purchased two years back, which was the extra cost that the Company had incurred. In addition to that, Sir, we had asked for a sum of Rs.860 crore of sovereign guarantees for taking loan from various commercial banks to basically swap the high cost loan which we had already taken. That proposal has not yet been turned down. But to mitigate the sufferings and also to enquire liquidity, at this stage they have sanctioned a loan of Rs.1,000 crore. Sir, you are right that the interest rate is very high and we have taken up this matter. Sir, we will give a proposal for this."

CHAPTER-VIII

FEEDSTOCK POLICY/ ALLOCATION OF GAS TO FERTILIZER INDUSTRY

8.1 Ministry of Petroleum & Natural Gas has notified Pooling of Gas for Fertilizers (Urea) Sector vide its Notification dated 20th May, 2015 (read with 29th May, 2015) which, inter alia, includes that "the domestic gas will be pooled with Re-gasified Liquefied Natural Gas (RLNG) to provide natural gas at uniform delivered price to all Natural Gas Grid connected Urea manufacturing plants for the purpose of manufacturing urea. After gas pooling, all urea units will get gas at uniform rate irrespective of the gas allocation to available domestic gas to urea sector. The provisions of gas pooling will ensure that RLNG will be supplied to urea units at competitive price and urea units are incentivized to maximize their production beyond reassessed capacity because of simplified subsidy calculation parameters under New Urea Policy (NUP)-2015, which was notified on 25th May, 2015 by the Department of Fertilizers. It also envisages the constitution of Empowered Pool Management Committee (EPMC) to monitor implementation of gas pooling and procurement of RLNG through competitive and transparent manner.

8.2 Since 2014, important reforms have been implemented in the fertilizer sector. These include the neem-coating of urea, which has likely reduced the diversion of fertilizer meant for Indian farmers; and gas-pooling, which should increase efficiency of domestic urea production. Both steps should help small farmers by improving their access to low cost fertilizer. They will also provide good building blocks for further fertilizer sector reform.

8.3 When the Committee asked about the number of fertilizer plants which have converted their feedstock from Naptha/FO/LSHS to gas based plants, the Department in its written reply stated as under:-

(i)

S. No.	Naphtha based plants converted to Gas as feedstock
1.	Chambal Fertilizers & Chemicals Limited (CFCL) Gadepan – II
2.	Zuari Agro Chemicals Limited (ZACL)
3.	Shriram Fertilizers & Chemicals Limited (SFC)- Kota
4.	Rashtriya Chemicals & Fertilizers Limited (RCF) – Trombay
5.	Indian Farmers Fertilizers & Cooperative Limited (IFFCO) Phulpur-I
6.	Indian Farmers Fertilizers & Cooperative Limited (IFFCO) Phulpur-II

(ii)

S. No.	FO/LSHS based plants converted to Gas as feedstock
1.	Gujarat Narmada Valley Fertilizers Company Limited (GNVFC)
2.	National Fertilizers Limited (NFL)-Nangal
3.	National Fertilizers Limited (NFL)-Panipat
4.	National Fertilizers Limited (NFL)-Bhatinda

8.4 On being asked by the Committee about the steps being taken by the Department to convert the remaining Naphtha/ FO/LSHS based plants into gas based plants and the time by which all such plants will be converted into gas based plants, the Department in its written reply stated as under:-

"Vide Decision of the CCEA, notified on 17th June, 2015 following units have been allowed to continue urea production on Naphtha as a feedstock till these plants get assured supply of gas either by pipeline or by any another means;

(i) Madras Fertilizers Limited (MFL)- Manali, Tamil Nadu

(ii) Southern Petrochemicals Industries Corporation (SPIC) – Tuticorin, Tamil Nadu; and

(iii) Manglore Chemicals and Fertilizers Limited (MCFL), Manglore, Karnataka.

DoF regularly reviews the progress of infrastructure for supply of gas and readiness of these Naphtha based urea units to receive from the MoP&NG, the latest status of Gas Pipeline Connectivity to Naphtha based Urea units is as follows:

(i) Madras Fertilizers Ltd (MFL)- Manali:

Option 1: MFL, Manali is proposed to be connected with IOCL's proposed LNG Terminal at Ennore by Ennore – Nagapattinam – Tuticorin – Madurai – Bengaluru Natural Gas Pipeline (ENTMBPL). Ennore LNG terminal is likely to be commissioned in 2017-18. This plants is only 17 kms away from the proposed LNG terminal. In order to connect this plant, PNGRB has granted authorization to IOCL on 15th December, 2015 to construct ENTMBPL. Thus, MFL, Manali may be connected in synchronization with the commissioning of Ennore LNG terminal.

Option 2: As an alternative supply to MFL-Manali, GAIL has also plans to connect the plant through a spurline of about 270 kms from its Kochi-Koottannad-Bangalore-Mangalore (KKBMPL) pipeline. Further, gas can also be supplied from Dabhol LNG terminal of RGPPL through Dabhol-Bangalore pipeline with extension to MFL, Manali. For execution of the pipeline, GTA and GSA are required to be signed by GAIL with MFL, Manali. GAIL had offered MFL to supply RLNG at Henry Hub (HH) linked prices for a Long term period of 20 years and for the initial period of 20 years and for the initial period 2017-18. MFL is yet to execute the necessary agreements.

(ii) Southern Petrochemicals Industries Corporation

ONGC has informed the availability of non-APM gas from allocation from Kanjirangudi (KJR) field, Ramnad under Cauvery Assets in Tamilnadu. Based on the requests made by M/s SPIC to allocate 0.9 MMSCMD of natural gas from Ramnad field for its urea manufacturing unit located at Tuticorin in Tamilnadu, Ministry of Petroleum and Natural Gas has earmarked 0.9 MMSCMD of Non-APM gas from ONGC's Kanjirangudi (KJR) field, Ramnad for SPIC, Tuticorin.

(iii) Mangalore Chemicals and Fertilizers Ltd. (Mangalore):

Option 1: GAIL has plans to connect this plant with Kochi LNG terminal by laying Kochi-Koottannad-Bangalore-Mangalore Pipeline (KKBMPL). GAIL has commissioned Phase-I of KKBMPL project with a total length of 42 kms. However, due to stiff resistance from farmers in the state of Kerala and Tamil Nadu, the Kootannad-Mangalore pipeline section and Koottannad-Bangalore pipeline section are getting delayed in execution. In view this delay, GAIL has proposed a plan to connect the plant through an alternative route by taking a tap-off on Dabhol-Bangalore pipeline (DBPL) at Chitradurga / Housepet / Devengiri to Mangalore for which necessary arrangements shall be required to be executed by the entities.

Option 2: In view of stiff resistance being faced from farmers in the State of Kerala, there may be delays in executing KKBMPL pipeline. Thus, an alternative option to connect MFCL with gas supplies has been explored. There are two alternate proposals which are at planning stage (i) Jaigarh- Mangalore Pipeline and (ii) ONGC's proposed LNG terminal at Mangalore. However, both these alternatives will require at least 36 months to be commissioned.

8.5 When the Committee enquired about the initiatives that have been taken by Department to impress upon the Ministry of Petroleum and Natural Gas for a firm commitment towards allocation of gas to the fertilizers PSUs, the Department in its written reply stated as under:-

> "Based on the decision of the CCEA, vide notification dated 17th June, 2015, Department of Fertilizers has allowed continuation of production of three naphtha based urea units, i.e. Madras Fertilizers Limited (MFL) - Manali, Southern Petrochemicals Industries Corporation (SPIC) - Tuticorin and Mangalore Chemicals & Fertilizers Limited (MCFL) with Naphtha as feedstock till these plants get assured supply of gas either by pipeline or by any other means."

8.6 When the Committee raised concern regarding availabity of gas to the fertilizers producing units, the Secretary, Department of Fertilizers and MD (GAIL), during the oral evidence of the Department replies as under:

> "Three companies are running on naphtha. We have the gas based gas pool scheme. Our requirement is 46.5 MMCMD and 31.5 MMCMD is being allocated to us. As against that, what is coming to us is 24 to 26 MMCMD of domestic gas. The CMD, GAIL is also here, and he may like to supplement.
>
> ...... Sir, after the pool scheme, gas is being supplied with 100 per cent quantity to all the fertilizer plants. But the question being raised here is the supply from domestic source. As against 31 million, 25 to 26 million is being supplied. That is true. It is because the gas production from the domestic source has gone down, largely from KG D6 of Reliance and Panna-Mukta and Tapti, which is a joint venture of BG, Reliance and ONGC. So, because of the less gas production from the field from where the gas was allocated, therefore, as against 31 million, we are able to supply only 25 to 26 million. However under the pool scheme, we are importing gas through a bidding process. All the fertilizer plants are being supplied at a uniform price to the full quantity, which they want. Three fertilizer plants at Chennai, Bangaluru and Tuticorin are not connected with the pipeline grid today. Once they are connected with the pipeline grid, they will also be supplied gas at a uniform price. So, this is the situation today.
>
> As far as domestic gas is concerned, it is linked with production. The major impact has come because of the KG6's gas production coming down drastically. From 60 million, it is today flowing only 10 million. So, it is the major reason that it has not only affected fertilizer sector but also power sector, steel sector, petrochemical sector also. Everywhere, the gas supply from the domestic source has really gone down to a large extent. That is the reason it is less."

8.7 Regarding the supply of gas to MFL, Joint Secretary of Department of Fertilizers informed the committee during evidence that for importing LNG, a terminal is required at Chennai port. That terminal is being constructed and should be ready by 2018 and when that is ready, only 18 KMs pipelines is to be laid.

CHAPTER-IX

DEMAND AND AVAILABILITY OF FERTILISERS

9.1 Statement indicating State-wise/UT wise and year-wise requirement, availability & sales from 2012-13 to 2014-15 and current year i.e. 2015-16 (upto Feb'16) is at Annexure-II and State-wise/UT- wise production for Urea, DAP & NPK is placed at Annexure-III to V respectively**.**

9.2 On being enquired by the Committee as to whether any shortage of fertilizer was reported in any part of the country during the last crop season and if so, then what steps were taken by the Department to meet the shortage timely, the Department in its written reply responded as under:

"In the Rabi 2015-16, Department of Fertilizers (DoF) has supplied more fertilizers than that of last Rabi season, 2014-15 as is evident from the Table given below.

Rabi 2015-16 (Oct'15 to Feb'16)					Rabi 2014-15 (Oct'14 to Feb'15)		
	Product	Requirement	Availability	Sales	Requirement	Availability	Sales
All India	Urea	145.86	151.13	135.68	149.90	146.46	144.19
	DAP	47.61	45.90	34.48	44.81	34.99	30.53
	MOP	15.59	13.25	9.79	13.73	14.63	10.86
	NPK	45.29	45.53	37.07	44.67	45.09	37.40

<Figures in LMT>

As can be seen from the above table that this year availability have been more than that of last year."

9.3 When the Committee asked about the details of the quantum and value of various fertilizers imported during each of the last three years and the current year, the Department in its written reply stated as under:

"Urea is the only fertilizer under statutory price control and it is imported for direct agriculture use on Government account through State Trading Enterprises (STEs) i.e. MMTC Limited (MMTC), State Trading Corporation Limited (STC) and Indian Potash Limited (IPL) to bridge the gap between assessed demand and indigenous production. Government is also importing approximately 20 LMT urea from Oman India Fertiliser Company (OMIFCO) under Long Term Urea Off Take Agreement (UOTA) between GOI & OMIFCO. The import of urea from OMIFCO is made through M/s IFFCO & M/s KRIBHCO. The quantity and value of urea imported during the last three years and the current year is as below:-

Year	Qty in LMT	C&F price in Million US $
2012-13	80.44	3,009.49
2013-14	70.88	1,968.36
2014-15	87.49	2,477.27
2015-16 (upto Feb, 2016)	83.09	2,064.36

Fertilizers other than Urea are imported under Open General Licence (OGL). Companies import these fertilizers as per their commercial judgment. Government do not maintain the value of these imports. However, Government is paying subsidy on P&K fertilizers under Nutrient Based Subsidy Scheme. The details of quantity of P&K fertilizers imported during the last three years and the current year are as under:-

Fertilizer	2012-13	2013-14	2014-15	2015-16*
DAP	57.02	32.61	38.53	56.03
NPK	4.06	3.62	2.91	6.29
MOP#	24.95	31.80	41.97	31.02

* upto February, 2016

MOP imported for industrial & direct use.

9.4 When the Committee asked whether any institutional mechanism has been set up by the Department in consultation with the State Governments with a view to ensuring proper distribution of adequate quantity of Fertilizers to the farmers in the Country, the Department in its written reply stated as under:

> "Following steps are taken for adequate and timely supply of fertilizers to the States:-
>
> The month-wise demand is assessed and projected by the Department of Agriculture & Co-operation (DAC) in consultation with the State Governments before commencement of each cropping season.
>
> 2. On the basis of month-wise & state-wise projection given by Department of Fertilizers allocates sufficient/adequate quantities of fertilizers to States by issuing monthly supply plan and continuously monitors the availability through following system: -
>
> (i) The movement of all major subsidized fertilizers is being monitored throughout the country by an on-line web based monitoring system (www.urvarak.co.in) also called as Fertilizer Monitoring System (FMS);
>
> (ii) The State Governments are regularly advised to coordinate with manufacturers and importers of fertilizers for streamlining the supplies through timely placement of indents for railway rakes through their state institutional agencies like Markfed etc.
>
> (iii) Regular Weekly Video Conference is conducted jointly by Department of Agriculture & Cooperation (DAC), Department of Fertilizers (DoF), and Ministry of Railways with State Agriculture Officials and corrective actions are taken to dispatch fertilizer as indicated by the State Governments.
>
> 3. The gap between demand (requirement) and production is met through import.
>
> Further, fertilizers have been declared as essential commodities under the Essential Commodities Act (ECA), 1955. In order to ensure adequate availability of fertilizers at reasonable price to the farmers, the Government of India has promulgated the Fertilizer Control Order (FCO) 1985 under Section 3 of the Essential Commodities Act. FCO empowers the State Governments to take appropriate action to make available fertilizers in their States at reasonable prices."

9.5 When the Committee asked at to how many States have prepared block level supply plan for all fertilizers, the Department in its written reply stated as under:

> "Department of Agriculture, Cooperation and Farmers' Welfare has informed that information in respect of cropped area, irrigated area and cropping pattern is compiled at block level and information in respect of requirement of nutrients as per soil health status etc is compiled at the level of districts. Therefore, almost all the State Governments prepare block level projection as well as supply plan but monitor upto district level. Department of Fertilizers (DoF) ensures availability for all the fertilizers upto State level, within State distribution of fertilizers is the responsibility of State Governments."

RECOMMENDATION NO.1

1. The Committee note that the installed capacity of fertilizer manufacturing units in the country has reached to the level of 207.53 lakh MT of urea, 83.32 lakh MT of DAP and 60.72 Lakh MT of Complex Fertilizer during the year 2015-16. The actual production of all the fertilizers during the year 2014-15 was 370.03 Lakh MT. The Committee are happy to note that the estimated production of all the fertilizers during the year 2015-16 is 402.93 Lakh MT showing an increase of more that 8.89% in comparison of previous year. At present, there are 30 urea units in the country manufacturing urea annually, 21 units produce DAP and complex fertilizers and 2 units manufacture Ammonium Sulphate as by-product. Besides, there are about 105 medium and small scale units in operation producing Single Super Phosphate (SSP). The country is however, fully dependent on imports in Potassic sector and to the extent of 90% in Phosphatic sector in the form of either finished products or its raw material. Non availability of raw material is the main factor which has impeded the self sufficiency in P&K fertilizers in the country. Other issues which contributed to near zero growth in fertilizer sector is low profitability, delay in payment of subsidy, inadequate gas availability in the country and no favorable tax incentives for indigenous manufacturers.

The Committee also noted that, the Department keeps sending from time to time their proposal for exemption on customs duty for indigenous fertilizers manufacturers and also on capital equipments. Considering the strategic importance of chemical fertilizers in the country's food security, the Committee are concerned about absence of any incentives in the form of lower taxes or duty to indigenous fertilizer manufacturers in the country. The Committee expect the Department to take up this matter vigorously with the Ministry of Finance and impress upon them to consider its proposals regarding exemption of taxes/duty for indigenous fertilizers manufacturers favorably.

Further the Committee are of the view that the impediments for self sufficiency are matter of serious concern. Therefore, keeping in view the vital role played by the chemical fertilizers in the successful agriculture production in the country, the Committee recommend that the Department of Fertilizers should urgently take suitable measures to further boost the growth of fertilizer industry leading to their self-sufficiency. The Committee would like to be apprised of the measures taken in this regard.

RECOMMENDATION NO.2

The Committee note that under Plan Outlay, funds are released as Gross Budgetary Support (GBS) provided by Government of India to loss making CPSEs to keep them operational and also for Miscellaneous Schemes which include Management of Information Technology (MIT) where funds are released for Fertilizer Monitoring System (FMS) and mobile based Fertilizer Monitoring System (mFMS) and Science & Technology (S&T) which primarily lays emphasis at Research and Development of processes and equipment. The Committee are concerned to note that during the Twelfth Five Year plan period (2012-17) there has been a radical decline in the above mentioned plan budgetary allocations. Budgetary allocations (BE) for the year 2012-13, 2013-14, 2014-15 and 2015-16 were Rs. 256 Crore, Rs 269 Crore, Rs.100 Crore and 50 crore. Even these allocations have been drastically reduced at the RE stage to Rs. 10 Crore (2012-13), Rs 9 Crore (2013-14), Rs. 2.32 Crore (2014-15) respectively, except for the year 2015-16, where it was increased to Rs. 1002.80 Crore, in order to avert immediate crisis in FACT, a loan of Rs. 1000 Crores was provided for the same. However, for the year 2016-17, as against the proposal of Rs 87.50 Crore for plan budget estimates (Gross Budgetary Support) the Ministry of Finance has allocated only Rs.10 Crore (Rs. 6.00 Crore has been allocated to FACT, Rs. 3.00 Crore has been allocated to MFL and Rs.1.00 Crore has been kept for BVFCL for NER & Sikkim.

The Committee noted that due to financial restrictions imposed by Ministry of Finance in respect of default in refund of Government of India Loans and payment of interest thereon by loss making CPSEs viz. MFL, BVFCL and FACT plan loan could not be released to these companies from 2012-2013 onwards. The Committee are of the opinion that non-allocation of plan funds to the loss making CPSEs has adversely affected their functioning and operation. This also highlights that the Department has not taken up its proposal to make these loss making CPSEs functional effectively earnestly with the Ministry of Finance. Further, the Department should also plan the probable expenditure instead of waiting for cropping up of the acute crisis as it was in the case of FACT for which Rs.1000 crore was provided during 2nd supplementary Demands for Grants in the year 2015-16. The Committee, therefore, recommend that the Department of Fertilizers should strengthen its budgetary planning and formulate effective plans for loss making CPSEs to make them function by optimum utilization of available fund which was abysmally low in the past.

RECOMMENDATION NO.3

The Committee note that no plan allocation has been made for the Miscellaneous Schemes viz, MIT and S&T during 2016-17. The fund allocation (RE) in respect of R&D for the year 2015-16 was also nil, since the Department was unable to receive adequate number of quality proposals conforming to guidelines. The Committee were also informed that R&D Scheme has been discontinued from the Plan Budget and has been merged with Secretariat Economic Services under Non-Plan Budget. The Committee are of the view that S&T programme is of paramount importance which primarily lays emphasis at indigenous Research and Development for ensuring optimum levels and international standards in terms of achieving higher capacity utilization, upgradation/modernization of process technologies & equipment to reduce the specific energy consumption and pollutants including Coal and Coal Bed Methane. The Committee are apprehensive that discontinuing the R&D Scheme from the Plan Budget and merging with Secretariat Economic Service under Non-Plan Budget is likely to dilute its relevance and focus. The Committee, therefore, recommend the Department to play a proactive role in order to get quality proposals conforming to the guidelines and thereafter take up the matter vigorously with the Ministry of Finance to create a separate R&D head under Plan Budget and also impress upon them with stellar performance so as to obtain adequate plan funds for the purpose.

RECOMMENDATION NO.4

The Committee note that the projected requirement of the Department under Non-plan section for the year 2013-14 was Rs. 97051.00 crore against which RE allocation for the year 2013-14 was Rs. 71,962.00 crore and the actual expenditure was Rs. 71300.72 crore, although the actual requirement was much higher as the Department had to carry over liabilities of Rs.26414.88 crore relating to the year 2012-13. As a result, the Department has to roll over an amount of Rs. 40340.78 crore to the next year as carry over liabilities. Against the projected requirement of Rs.1,56,420.48 crore for the year 2014-15, the Department was allocated an amount of Rs.75,092.73 crore at RE stage and the actual expenditure during the year was Rs. 75,089.67 crore. The Department has to roll over the arrears of unpaid subsidy of Rs. 31,830.77 crore for the next year. Against the projected requirement of Rs.1,08,691.48 crore for the year 2015-16, the Department was allocated an amount of Rs.77,097.80 crore at RE stage. Thus, while examining the year-wise allocation and amount released under the scheme, the Committee are distressed to find that the

Department did not get the budgetary allocation over the past few years commensurate with the projected requirement under non-plan head. As a result, a huge amount of carryover liability of subsidy burden is piling up every year. As a reason of which, the subsidy continues to remain unpaid to the fertilizer companies. Even for non-plan budgetary allocation for the year 2015-16 at BE stage is only Rs.72997.80 crore which is more or less at par with BE 2014-15. During the course of evidence, the Secretary of the Department had also accepted the fact that delay in payment of subsidies to the fertilizer companies is affecting the fertilizer industry. Under enormous financial constraints, the fertilizer companies could not be expected to grow and make the country self-reliant in the field of fertilizer sector which is very vital for the development of the agriculture sector and overall economy of the country. The Committee are of the view that unpaid arrears of subsidy should not roll over year after year as the same affects the functioning and growth of the fertilizer industries in the country. The Committee have time and again emphasized in the past that that concerted efforts be made by the Department of Fertilizer to get its non-plan budgetary allocation increased commensurate with its requirement before the Ministry of Finance. The Committee, therefore, repeat their recommendation that the Ministry of Finance may augment the non-plan budgetary allocation of the Department so as to clear all the unpaid subsidy of the past. The Committee would like the Department to address this issue seriously and intimate the initiatives taken by them in this regard.

RECOMMENDATION NO.5

The Committee are perturbed to note the delay in implementation of Direct Benefits Transfer Scheme (DBT) which was conceptualized in February, 2011 on the recommendation of Task Force constituted by Ministry of Finance to recommend implementable solution for direct transfer of subsidies on kerosene, LPG and fertilizers. Task Force submitted its final report on 7th August, 2013 which suggested 4 phased approach for direct disbursement of fertiliser subsidy to the intended beneficiaries. The implementation of Phase-I has already been made operational from 1st November 2011. It is being rolled out through all the registered fertilizers manufacturers (116), wholesalers (16577) and retailers (157274) across the country. Accordingly, a portion of the subsidy (5-15% depending on the grade of fertilizer) is given to manufacturers only when the retailer will acknowledge the receipt in the Mobile Fertilizer Management system (mFMS). Retailer acknowledgement has been ensured by the Department by linking a portion of manufacturer's subsidy to

retailer's acknowledgement. Phase II of mFMS envisages capturing sale made by the retailer to the buyer or end-user. This involves capturing sales details as well as buyers' details. The Department is examining the feasibility of doing Proof of Concept for Phase-II. As regards implementation of subsequent Phases, Phase III & IV the Department intimated that there are many operational and implementation challenges such as identification of beneficiaries and determination of entitlement etc. Department of Fertilizer is exploring various options for handling these operational issues. While not satisfied with the performance of the Department in implementation of DBT Scheme, the Committee recommend that all-out effort be made for the implementation of DBT Scheme at the earliest. The Committee are of the strong view that transfer of the benefits of direct subsidy to the farmers would check the corruption, close the loopholes and profligacy in subsidies.

Further, the Committee are of the view that the Soil Health Card is not only essential for the farmers to have the appropriate knowhow on the dosage of fertilizers but would also be beneficial for Direct Transfer of Subsidy to the farmers. During the course of evidence, the Secretary Department of Fertilizers had also agreed with the observation of the Committee that unless all farmers are provided with Soil Health Cards, it is impossible to transfer subsidy directly to them. The Committee would, therefore, like the Department of Fertilizers in coordination with the Ministry of Agriculture to make earnest efforts towards expeditious implementation of Soil Health Card Scheme and ensure that every farmer is provided with a Soil Health Card having his bank details for direct transfer of subsidy to the farmer. The Committee would like to be apprised of tangible efforts in terms of concrete deliverables made in this regard.

RECOMMENDATION NO.6

The Committee note that the New Investment Policy 2012 (NIP-2012) was notified by the Government on 2nd January, 2013 and its amendment on 7th October 2014 in order to facilitate fresh investment in urea sector to reduce India's import dependency in urea production. The Department at present has received 06 proposals for setting up of Revamp, Expansion, Revival and Greenfield plants. The Department in April, 2015 had advised all the project proponents to furnish Bank Guarantee & take all necessary steps as per the provisions of NIP-2012 and its amendment. In this regard, three project proponents viz., Chambal Fertilizers & Chemicals Limited, Kanpur Fertilizers & Cement Limited and Matix have written letter to the Department in respect of their proposals. However, no communication

has been received from Indo-Gulf Fertilizers Limited and Nagarjuna Fertilizers & Chemicals Limited. The Committee are deeply constrained to note the slow progress made by the Department in implementing the New Investment Policy which was notified on 2nd January, 2013. The Committee further note that the commissioning of new fertilizer plant takes around 3 to 3.5 years from the zero date (date of financial closure). In view of this, it is imperative that these investment proposals are implemented at the earliest. Considering the importance of the fresh investment in the fertilizer sector, the Committee recommend that the Department of Fertilizers should make more sustained and proactive efforts in a time bound manner and take up matter with the project proponents to furnish the Bank Guarantee & take all necessary further steps as per the provisions of NIP-2012 and its amendment. The Committee would further like the Department to review periodically the progress made by the project proponents and take corrective measures to ensure their timely execution. The Committee would like to be apprised of the progress made in this regard.

RECOMMENDATION NO.7

The Committee have many time in the past emphasized the need for expeditious revival of closed/sick units of fertilizer companies particularly in the context of augmenting indigenous production of fertilizers and to make the country self reliant in fertilizer sector. The Committee are happy to observe that earnest efforts have been made by the Department in expediting the approval of Financial Restructuring proposal of Brahmputra Valley Fertiliser Corporation Limited (BVFCL) by the Cabinet, as a result of which the company is able to revive itself and is no more a loss making company. However, out of 9 public sector fertilizer companies under administrative control of the Department of Fertilizers, 2 companies viz. Fertilizers and Chemicals (FACT) and Madras Fertilizers Limited (MFL) are sick and 2 companies viz. Fertilizer Corporation of India Limited (FCIL) and Hindustan Fertilizer Corporation Limited (HFCL) are lying closed since 2002. The Committee also noted that Government is considering proposals for financial restructuring of two sick companies namely MFL and FACT which inter-alia involves write off of Government of India loan and the interest thereon. The Committee have also been given to understand that while the proposal for financial reconstructing is under process, the Ministry of Finance has approved a plan loan of Rs. 1000 crores to FACT under RE 2015-16. Department of Fertilizers and FACT have entered a legally binding Agreement with FACT mortgaging its free-hold land of worth Rs. 1836.72 crore to

Government of India against the total outstanding liabilities of Government of India. The interest on the total outstanding loan till its repayment shall be at @ 13.5% from 31.03.2017. The Committee are of the strong view that interest charged @ 13.5% on the total outstanding loan from FACT, which is a sick company is unreasonable and harsh. During the course of evidence, the Secretary Department of Fertilizers had also accepted that the interest rate is very high. The Committee, therefore, strongly recommend that the Department should take up the issue vigorously with the Ministry of Finance to review the rate of interest charged from the FACT on the loan provided to them. Further, the Committee also expect that the Department would make earnest efforts to expedite the implementation of pending financial restructuring of MFL and FACT.

RECOMMENDATION NO.8

Apart from these 2 sick PSUs, there are 8 fertilizer units lying closed at present. Out of these closed units, 5 are of FCIL and 3 are of HFCL. The Committee were informed that the pre-project activities for revival of Talcher and Ramagundam units of FCIL are in progress . As regards Sindri, Gorakhpur and Barauni units of FCIL a cabinet note seeking approval on the revised terms and conditions for bidding process has been circulated for inter ministry consultation. As regards revival of HFCL units, the Empowered Committee has recommended the proposal of Department of Fertilizer for taking fresh proposal to Cabinet for bringing out HFCL from the purview of BIFR and revive the units by itself through bidding route. the Committee are of the view that expeditious revival of sick and closed fertilizer units is essential for making India self-sufficient in the fertilizer sector and to reduce its imports dependency. However, the Committee regret to note the slow pace of progress made by the Government in the revival of these sick units so far. The Committee also feel that the delay in the revival of closed and sick units leads to time and cost overruns. Keeping in view the significant role which is expected to be played by these sick units after their revival, the Committee reiterate its recommendation that the process of revival of closed/ sick units of fertilizers be expedited with in a fixed time frame. The Committee would like to be apprised of the progress made in this regard.

RECOMMENDATION NO.9

The Committee note with deep concern that the inadequate availability of gas is one of the major limiting factors to the growth of urea industry in the country.

Presently, the availability of domestic natural gas is not even sufficient to meet the demand of existing gas based urea units. The current requirement of gas for the fertilizer sector is 46.5 MMCMD while only 31.5 MMCMD is being allocated to them. As against that, what is supplied is only 24 to 26 MMCMD of domestic gas. The Committee are of the strong view that pricing and firm availability of natural gas for existing and new units of fertilizer companies are the pre-requisites to increase their indigenous production and would, therefore, desire the Department to play a proactive role in association with the Ministry of Petroleum and Natural Gas towards allocation of gas for the existing and new fertilizer plants in the country. The Committee would like to be apprised of the progress made in this regard.

RECOMMENDATION NO.10

The Committee are given to understand that three urea units, viz., Madras Fertilizers Limited (MFL)-Manali, Mangalore Chemicals & Fertilizers Limited (MCFL)-Mangalore and Southern Petrochemicals Industries Limited (SPIC)-Tuticorin are producing urea using Naphtha in absence of gas allocation and pipeline connectivity. While appreciating the step taken by Department of allowing these urea units to continue urea production on Naphtha as a feedstock till these plants get assured supply of gas either by pipeline or by any another means, the Committee expect that immediate necessary steps be taken to explore all the available options in order to ensure assured supply of gas to these plants at the earliest. The Committee also note that fertilizer units which are away from sea shore may take much time for their conversion from Naptha/FO/LSHS based to gas based as laying of the pipeline is a mammoth task but the units which are near the sea shore like MFL which require only 18 KM pipeline are deprived to get gas supply owing to non-existence of terminal at Chennai port. The Committee, are given to understand that terminal is being constructed by IOCL and it would be constructed by 2018. The Committee, therefore, trust and expect that the terminal would be constructed expeditiously by IOCL without any time over run. The Committee, therefore, recommend that Department of Fertilizers should take up the matter with the Ministry of Petroleum and Natural Gas on priority to expedite the project.

RECOMMENDATION NO.11

The Committee is further informed that Ministry of Petroleum & Natural Gas has notified Pooling of Gas for Fertilizers (Urea) Sector, which, inter alia, includes that the domestic gas will be pooled with Re-gasified Liquefied Natural Gas (RLNG) to

provide natural gas at uniform delivered price to all Natural Gas Grid connected Urea manufacturing plants for the purpose of manufacturing urea. The provisions of gas pooling will ensure that RLNG will the supplied to urea units at competitive price and urea units are incentivized to maximize their production beyond reassessed capacity because of simplified subsidy calculation parameters under New Urea Policy (NUP)-2015. It also envisaged the constitution of Empowered Pool Management Committee (EPMC) to monitor implementation of gas pooling and procurement of RLNG through competitive and transparent manner. The Committee are of the view that this is an important policy decision implemented in the fertilizer sector which would boost the production of urea and also provide good building block for further fertilizer sector reforms. Considering the importance of the decision, the Committee expect that the Department should make earnest efforts to implement the decision successfully and also constantly monitor it in order to achieve the desired results.

RECOMMENDATION NO.12

The Committee note that the month-wise demand is assessed and projected by the Department of Agriculture & Co-operation (DAC) in consultation with the State Governments before commencement of each cropping season. On the basis of month-wise & state-wise projection, the Department of Fertilizers allocates sufficient/ adequate quantities of fertilizers to States by issuing monthly supply plan and the movement of all major subsidized fertilizers is being monitored throughout the country by an on-line web based monitoring system also called as Fertilizer Monitoring System (FMS). The State Governments are regularly advised to coordinate with manufacturers and importers of fertilizers for streamlining the supplies through timely placement of indents for railway rakes through their state institutional agencies like Markfed etc. Regular Weekly Video Conference is conducted jointly by Department of Agriculture & Cooperation (DAC), Department of Fertilizers (DoF), and Ministry of Railways with State Agriculture Officials and corrective actions are taken to dispatch fertilizer as indicated by the State Governments. The gap between demand (requirement) and production is met through import. While examining the quantity and value of urea imported during the last three years (2012-15), the Committee finds that there has been gradual rise in import of urea viz. import of urea was 80.44 LTM in 2012-13, 70.88 LTM in 2013-14 and 83.09 LTM in 2014-15. Further, the import of urea for the year 2015-16 (up to February 2016) is again on the high side viz. 83.09 LTM. The Committee note with serious concern the consequential financial burden on the exchequer due to increase in imports of urea to meet the demand-

supply gap. The Committee would, therefore, like the Department to take immediate necessary steps to minimize the import of urea by taking proactive measures towards a sustainable increase in domestic production commensurate with increasing domestic demand. The Committee would like to be apprised of the action taken in this regard.

New Delhi;
26 April, 2016
06 Vaisakha, 1938 (Saka)

Anandrao Adsul
Chairperson
Standing Committee on
Chemicals and Fertilizers

MINISTRY OF CHEMICALS AND FERTILISERS

DEMAND NO. 7

Department of Fertilisers

A. The Budget allocations, net of recoveries, are given below:

(In crores of Rupees)

	Major Head	Actual 2014-2015			Budget 2015-2016			Revised 2015-2016			Budget 2016-2017		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
	Revenue	2.04	71009.30	71011.34	...	72997.76	72997.76	2.80	72462.43	72465.23	9.00	70029.33	70038.33
	Capital	...	...	...	*50.00*	*0.04*	*50.04*	*1000.00*	*0.04*	*1000.04*	*1.00*	*0.04*	*1.04*
	Total	**2.04**	**71009.30**	**71011.34**	**50.00**	**72997.80**	**73047.80**	**1002.80**	**72462.47**	**73465.27**	**10.00**	**70029.37**	**70039.37**
BE 2016-2017													
1. Secretariat Economic Services	3451	...	...	...	...	...	...	...	...	...	...	29.31	29.31
2. Nutrient Based Subsidy													
2.01 Decontrolled Fertilizers	2401	...	...	...	...	...	...	...	...	...	...	18999.99	18999.99
2.02 City Compost	2401	...	...	...	...	...	...	...	...	...	...	0.01	0.01
Total- Nutrient Based Subsidy		...	...	...	...	...	...	...	...	...	...	*19000.00*	*19000.00*
3. Urea Subsidy													
3.01 Indigenous Urea	2852	...	...	...	...	...	...	...	...	...	...	38000.00	38000.00
3.02 Urea Freight Subsidy	2852	...	...	...	...	...	...	...	...	...	...	2000.00	2000.00
3.03 Import of Urea	2852	...	...	...	...	...	...	...	...	...	...	11000.00	11000.00
Total- Urea Subsidy		...	...	...	...	...	...	...	...	...	...	*51000.00*	*51000.00*
4. Assistace to PSUs	3475	...	...	...	...	...	...	...	...	...	9.00	0.02	9.02
	6552	...	...	...	...	...	...	...	...	...	1.00	...	1.00
	6855	...	...	...	...	...	...	...	...	...	...	0.04	0.04
	Total	...	...	...	...	...	...	...	...	...	*10.00*	*0.06*	*10.06*
RE 2015-2016													
5. Secretariat-Economic Services	3451	...	20.23	20.23	...	26.25	26.25	...	22.42	22.42	...	...	...
Crop Husbandry													
6. Subsidy on imported fertilizers	2401	...	12223.09	12223.09	...	12300.00	12300.00	...	12300.00	12300.00	...	...	...
7. Subsidy on decontrolled fertilizers													
7.01 Payment to manufacturers/Agencies for concessional sale of decontrolled fertilizers	2401	...	20652.52	20652.52	...	22468.56	22468.56	...	21937.58	21937.58	...	...	...
7.02 Compensation for Loss on	2401	...	...	...	...	0.02	0.02	...	0.02	0.02	...	...	...

(In crores of Rupees)

	Major Head	Actual 2014-2015			Budget 2015-2016			Revised 2015-2016			Budget 2016-2017		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Account of Sale of Fertiliser Bond													
Total- Subsidy on decontrolled fertilizers		...	*20652.52*	*20652.52*	...	*22468.58*	*22468.58*	...	*21937.60*	*21937.60*	...	...	...
Total-Crop Husbandry		...	**32875.61**	**32875.61**	...	**34768.58**	**34768.58**	...	**34237.60**	**34237.60**	...	...	...
8. Fertilizer Industries													
8.01 Subsidy on Indigenous fertilizers	2852	...	38200.01	38200.01	...	38200.00	38200.00	...	38200.00	38200.00	...	...	...
8.02 Compensation for Loss on Account of Sale of Fertiliser Bonds	2852	...	...	...	...	0.01	0.01	...	0.01	0.01	...	...	...
Total- Fertilizer Industries		...	*38200.01*	*38200.01*	...	*38200.01*	*38200.01*	...	*38200.01*	*38200.01*	...	...	...
9. Other research schemes for fertiliser development													
9.01 S & T programme	2852	0.24	...	0.24	...	...	...	...	...	...	...	...	...
10. Non-Plan loans to public sector undertakings													
10.01 Hindustan Fertilizer Corporation Ltd.	6855	...	...	...	...	0.01	0.01	...	0.01	0.01	...	...	...
10.02 Fertiliser Corporation of India Ltd.	6855	...	...	...	...	0.01	0.01	...	0.01	0.01	...	...	...
10.03 Pyrites, Phosphates & Chemicals Ltd.	6855	...	...	...	...	0.01	0.01	...	0.01	0.01	...	...	...
10.04 Brahmaputra Valley Fertilizer Corporation Ltd.	6855	...	...	...	...	0.01	0.01	...	0.01	0.01	...	...	...
Total- Non-Plan loans to public sector undertakings		...	...	...	...	*0.04*	*0.04*	...	*0.04*	*0.04*	...	...	...
11. Lumpsum provision for Projects/Schemes for the benefit of the North Eastern Region and Sikkim	6552	...	...	...	5.00	...	5.00	...	...	...	...	...	...
12. Investment in Public Enterprises	6855	...	...	...	45.00	...	45.00	1000.00	...	1000.00	...	...	...
13. Investment for JVs abroad	4855	...	...	...	...	...	...	...	...	...	...	...	...
14. Other Programmes													
14.01 For write off of loan, interest and penal interest on Govt. of India loan outstanding against HFCL, MFL, FACT, FCI & PDIL	3475	...	...	...	...	0.01	0.01	...	...	...	...	...	...
14.02 Other programmes	2852	1.80	2.28	4.08	...	2.90	2.90	2.80	2.40	5.20	...	...	...
14.03 Post closure adjustment liabilities of PPL	3475	...	...	...	...	0.01	0.01	...	...	...	...	...	...
Total- Other Programmes		*1.80*	*2.28*	*4.08*	...	*2.92*	*2.92*	*2.80*	*2.40*	*5.20*	...	...	...
15. Actual Recoveries	2852	...	-88.83	-88.83	...	...	...	...	...	...	...	...	...
Grand Total		***2.04***	***71009.30***	***71011.34***	***50.00***	***72997.80***	***73047.80***	***1002.80***	***72462.47***	***73465.27***	***10.00***	***70029.37***	***70039.37***
	Head of Dev	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total

	Head of Dev	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total
B. Investment in Public Enterprises													
13.01 Fertilizers & Chemicals Travancore Ltd.	12855	...	...	...	34.99	...	34.99	1000.00	...	1000.00	6.00	...	6.00
13.02 National Fertilizers Ltd.	12855	...	177.09	177.09	...	120.50	120.50	...	351.45	351.45	...	435.44	435.44
13.03 Projects and Development (India) Ltd.	12855	...	0.42	0.42	...	19.69	19.69	...	8.90	8.90	...	...	...
13.04 Rashtriya Chemicals and Fertilizers Ltd.	12855	...	1653.71	1653.71	...	364.44	364.44	...	2263.29	2263.29	...	3404.87	3404.87
13.05 Madras Fertilizers Ltd.	12855	...	27.20	27.20	10.00	...	10.00	...	...	...	3.00	...	3.00
13.06 Brahmaputra Valley Fertilizer Corporation Ltd.	12855	...	681.06	681.06	5.01	...	5.01	...	37.79	37.79	1.00	50.93	51.93
13.07 Krishak Bharti Cooperative Ltd.	12855	...	...	...	...	...	...	...	...	...	...	...	...
13.08 Fertilizer Corporation of India (FAGMIL)	12855	...	1.31	1.31	...	6.00	6.00	...	6.17	6.17	...	111.40	111.40
Total		...	**2540.79**	**2540.79**	**50.00**	**510.63**	**560.63**	**1000.00**	**2667.60**	**3667.60**	**10.00**	**4002.64**	**4012.64**
C. Plan Outlay													
1. Fertiliser Industries	12855	2.04	2540.79	2542.83	45.00	510.63	555.63	1002.80	2667.60	3670.40	9.00	4002.64	4011.64
2. North Eastern Areas	22552	...	...	...	5.00	...	5.00	...	...	...	1.00	...	1.00
Total		**2.04**	**2540.79**	**2542.83**	**50.00**	**510.63**	**560.63**	**1002.80**	**2667.60**	**3670.40**	**10.00**	**4002.64**	**4012.64**

1. **Secretariat Economic Services:** Provision is for expenditure on Secretariat of the Department.

2. **Nutrient Based Subsidy:** Provision is for payment to the manufacturers and importers of fertilizers/agencies under the Nutrient Based Subsidy (NBS) scheme on the sale of decontrolled Phosphatic and Potassic fertilizers at concessional rate to the farmers. The concession would lead to balanced use of fertilizer (NPK) nutrients for better soil health and productivity. Provision has also been made for the proposed Market-Development-Assistance to manufacturers of City Compost.

3. **Urea Subsidy:** This provision relates to subsidy under Fertilizer New Pricing Scheme (NPS) including Freight Subsidy for production of urea. The difference between the concession price fixed, less distribution margin and the statutorily controlled consumers' price, is allowed as subsidy.

Fertilizer Imports are allowed to make up for any shortfall in domestic Production. The subsidy is the difference between the controlled domestic selling price and the cost of import which includes price of imported fertilizer, cost of handling and distribution.

4. **Assistance to PSUs:** Provision has been made for Assistance to PSUs, viz. Fertilizers & Chemicals Travancore Limited,National Fertilizers Limited, Projects and Development (India) Limited, Rashtriya Chemicals and Fertilizers Limited, Madras Fertilizers Limited, Brahamaputra Valley Fertilizer Corporation Limited, Krishak Bharti Cooperative Limited and Fertilizer Corporation of India.

ANNEXURE-II

<Figures in 000 MT>

Cumulative Requirement, Availability and Sales of Fertilizers during the year 2012-13 to 2015-16 (UPTO FEBRUARY 2016)

States	Year	Urea			DAP			MOP			NPK		
		Require-ment	Availability	Sales	Require-ment	Availability	Sales	Require-ment	Availability	Sales	Require-ment	Availability	Sales
Andaman & Nicobar	2012-13	0.93	0.50	0.50	1.10	0.50	0.50	0.85	0.00	0.00	0.80	0.50	0.50
	2013-14	1.00	0.50	0.50	1.00	1.00	1.00	0.80	0.00	0.00	1.00	0.00	0.00
	2014-15	1.00	0.60	0.60	0.70	1.00	1.00	0.80	0.40	0.40	1.00	0.00	0.00
	2015-16	1.00	0.40	0.40	1.20	1.00	1.00	0.40	0.00	0.00	0.65	0.50	0.50
Andhra Pradesh	2012-13	3250.00	2938.73	2851.49	1230.00	679.61	648.22	660.00	335.03	313.82	2250.00	1816.19	1758.79
	2013-14	3250.00	3511.53	3486.94	1100.00	630.22	614.71	500.00	344.97	326.35	2200.00	2076.31	1974.91
	2014-15	1827.00	1854.33	1806.61	551.60	312.60	294.44	294.25	276.66	253.83	1383.60	1339.70	1251.11
	2015-16	1685.00	1542.35	1418.50	435.00	364.13	338.84	325.00	222.97	203.65	1250.00	1147.94	1089.89
Arunachal Pradesh	2012-13	0.85	0.65	0.65	0.40	0.00	0.00	0.21	0.00	0.00	0.00	0.00	0.00
	2013-14	1.00	0.23	0.23	0.65	0.00	0.00	0.40	0.00	0.00	0.00	0.00	0.00
	2014-15	2.34	0.46	0.46	0.10	0.00	0.00	1.26	0.00	0.00	0.00	0.00	0.00
	2015-16	1.93	0.00	0.00	0.00	0.00	0.00	1.06	0.00	0.00	0.00	0.00	0.00
Assam	2012-13	315.00	262.27	261.84	65.00	37.83	32.67	150.00	61.29	57.55	23.30	6.30	6.00
	2013-14	345.00	268.14	267.24	60.00	30.52	29.49	125.00	84.22	80.23	27.50	5.63	5.24
	2014-15	315.00	318.67	316.19	45.00	37.30	33.42	125.00	78.71	67.46	10.00	12.70	11.26
	2015-16	307.90	334.06	331.76	46.75	48.71	40.41	121.55	68.97	64.42	9.35	15.51	13.53
Bihar	2012-13	2150.00	2109.99	2100.87	500.00	564.60	541.29	230.00	115.07	114.01	365.00	303.00	300.37
	2013-14	2150.00	1876.68	1870.63	525.00	378.96	360.15	153.75	146.39	139.99	375.00	179.88	172.08
	2014-15	1900.00	1942.90	1940.40	460.00	365.62	352.71	155.00	176.58	153.71	275.00	287.42	265.70
	2015-16	1845.00	2219.09	2144.62	490.00	565.38	484.30	182.50	164.74	145.36	315.00	376.45	351.46
Chandigarh	2012-13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.00	0.00	0.00
	2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chattisgarh	2012-13	690.00	725.72	706.25	311.84	250.43	233.17	127.00	68.42	66.46	175.00	116.63	103.92
	2013-14	700.00	643.10	634.47	310.00	252.44	243.46	105.75	66.86	56.20	190.00	79.91	74.67
	2014-15	675.00	632.09	627.82	275.00	237.05	232.50	85.00	69.95	60.79	180.00	78.19	70.89
	2015-16	660.00	788.83	737.85	295.00	320.01	282.04	104.50	82.22	62.87	147.00	78.52	68.32
Dadra & Nagar Haveli	2012-13	1.26	0.83	0.82	1.17	0.79	0.79	0.10	0.00	0.00	5.00	0.05	0.04
	2013-14	1.36	0.83	0.83	1.24	0.77	0.77	0.20	0.00	0.00	1.05	0.02	0.02
	2014-15	1.04	1.27	1.25	0.91	1.21	1.19	0.07	0.00	0.00	0.00	0.15	0.15
	2015-16	1.02	0.77	0.76	0.90	0.76	0.73	0.06	0.00	0.00	0.00	0.11	0.10
Daman & Diu	2012-13	0.34	0.19	0.19	0.13	0.01	0.01	0.06	0.00	0.00	0.08	0.00	0.00
Daman & Diu	2013-14	0.34	0.19	0.19	0.13	0.01	0.01	0.03	0.00	0.00	0.02	0.00	0.00
Daman & Diu	2014-15	0.28	0.28	0.28	0.06	0.04	0.04	0.02	0.00	0.00	0.09	0.00	0.00
	2015-16	0.50	0.15	0.15	0.16	0.05	0.05	0.02	0.00	0.00	0.16	0.00	0.00
Delhi	2012-13	7.20	2.40	2.40	5.00	0.15	0.15	2.00	0.00	0.00	2.58	0.00	0.00
Delhi	2013-14	7.20	7.79	7.79	4.00	0.00	0.00	2.00	0.00	0.00	0.60	0.00	0.00
Delhi	2014-15	8.00	9.09	9.09	4.50	0.00	0.00	2.00	0.00	0.00	2.60	0.00	0.00
	2015-16	9.00	9.93	9.93	5.40	0.91	0.91	2.00	0.00	0.00	2.60	0.03	0.03
GOA	2012-13	6.50	4.37	4.37	3.60	2.16	2.16	1.25	0.73	0.73	7.50	2.57	2.57
GOA	2013-14	4.70	4.40	4.40	2.80	2.23	2.20	0.60	0.71	0.71	6.90	2.95	2.95
GOA	2014-15	4.82	3.57	3.57	2.90	1.33	1.31	1.17	0.71	0.71	4.60	2.86	2.84
	2015-16	4.67	3.56	3.56	2.40	1.71	1.69	1.15	0.78	0.78	4.95	2.51	2.50
Gujarat	2012-13	2375.00	1935.33	1924.25	880.00	420.55	395.18	200.00	83.05	79.41	555.00	469.22	458.41
Gujarat	2013-14	2225.00	2082.06	2077.78	540.00	400.10	382.47	130.00	125.42	110.84	473.00	477.37	459.93
Gujarat	2014-15	2200.00	2274.84	2269.56	540.00	430.75	404.39	140.00	136.17	133.17	520.00	594.05	561.20
	2015-16	2000.00	2012.66	1953.54	480.00	497.84	447.10	168.00	119.23	108.28	480.40	575.97	536.42
Harayana	2012-13	2000.00	2100.60	2034.25	720.00	723.40	687.02	75.00	21.45	21.45	97.50	26.49	26.47
Harayana	2013-14	1950.00	1855.05	1844.77	350.00	314.13	307.67	35.00	23.59	23.59	55.00	11.08	10.01
Harayana	2014-15	1860.00	2005.03	2001.75	450.00	427.01	411.97	25.00	58.89	51.46	45.00	35.64	34.60

ANNEXURE-II

<Figures in 000 MT>

Cumulative Requirement, Availability and Sales of Fertilizers during the year 2012-13 to 2015-16 (UPTO FEBRUARY 2016)

States	Year	Urea			DAP			MOP			NPK		
		Require-ment	Availability	Sales	Require-ment	Availability	Sales	Require-ment	Availability	Sales	Require-ment	Availability	Sales
	2015-16	1760.00	2031.85	1971.95	590.00	671.03	639.12	43.00	50.98	37.20	63.00	25.97	21.83
Himachal Pradesh	2012-13	64.50	64.64	64.63	0.00	0.00	0.00	6.50	6.57	6.57	45.50	17.46	17.45
Himachal Pradesh	2013-14	63.00	63.93	63.93	0.00	0.00	0.00	7.10	8.80	8.80	30.00	22.60	22.49
Himachal Pradesh	2014-15	70.00	67.43	67.36	0.00	0.00	0.00	8.60	10.08	9.88	31.00	20.85	20.82
	2015-16	69.50	67.94	66.10	0.00	0.00	0.00	8.70	6.73	6.73	30.00	32.11	32.10
J&K	2012-13	145.50	150.42	144.36	85.00	54.88	49.82	35.00	17.56	16.24	0.02	0.00	0.00
J&K	2013-14	145.50	135.41	125.88	74.75	60.48	54.14	20.44	18.53	17.73	0.00	1.80	1.54
J&K	2014-15	138.00	116.70	115.93	72.00	73.31	63.71	25.00	30.31	24.53	0.00	2.03	2.03
	2015-16	114.85	124.29	120.67	68.50	51.99	49.30	21.48	10.93	10.68	0.00	2.17	2.16
Jharkhand	2012-13	270.00	198.43	198.38	125.00	54.23	54.13	35.00	2.52	2.52	128.50	26.01	26.00
Jharkhand	2013-14	260.00	167.54	162.54	90.00	29.36	28.77	21.00	3.28	3.28	75.00	16.41	15.83
Jharkhand	2014-15	225.00	180.17	180.17	75.00	27.08	27.08	16.00	0.63	0.63	55.00	26.26	26.19
	2015-16	220.50	220.51	211.73	104.50	60.92	52.58	16.00	3.21	2.96	85.00	35.14	28.11
Karnataka	2012-13	1500.00	1464.42	1446.32	890.00	419.21	404.00	565.00	276.02	267.30	1440.00	967.27	939.54
Karnataka	2013-14	1550.00	1500.62	1479.12	700.00	485.86	456.45	490.00	263.38	253.71	1450.00	1170.18	1071.33
Karnataka	2014-15	1400.00	1542.23	1532.42	600.00	524.06	509.69	325.00	394.48	362.86	1200.00	1261.34	1210.36
	2015-16	1305.75	1418.77	1293.37	550.00	568.59	530.47	361.20	263.92	236.26	1048.00	1171.58	1066.71
Kerala	2012-13	205.00	136.22	135.99	45.00	29.72	24.68	194.00	88.71	87.55	251.00	161.34	153.16
Kerala	2013-14	200.00	143.92	143.90	27.70	30.87	26.86	187.00	95.83	95.79	243.15	157.51	137.72
Kerala	2014-15	170.00	135.80	135.80	25.00	35.01	31.07	163.00	115.33	114.10	230.00	149.63	139.70
	2015-16	162.00	142.60	134.71	32.50	27.45	22.32	170.00	87.54	82.39	215.00	123.91	111.68
Lakshadweep	2012-13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lakshadweep	2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lakshadweep	2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Madhya Pradesh	2012-13	1850.00	1947.90	1891.27	1150.00	1174.14	1107.91	140.00	85.51	84.75	434.00	250.59	232.52
Madhya Pradesh	2013-14	1925.00	2300.66	2284.43	1150.00	893.02	843.90	100.00	59.65	50.54	420.00	220.33	199.48
Madhya Pradesh	2014-15	2000.00	2072.97	2070.35	1000.00	917.44	902.77	90.00	99.19	83.06	345.00	249.64	225.01
	2015-16	2750.00	2389.61	2283.73	1175.00	1023.58	812.21	107.00	104.84	76.07	370.00	313.60	256.04
Maharashtra	2012-13	2800.00	2342.23	2294.12	1560.00	700.72	662.81	625.00	323.86	313.76	1900.00	1327.83	1280.39
Maharashtra	2013-14	2700.00	2654.38	2641.96	1400.00	584.73	582.62	492.30	357.50	325.90	1750.00	1591.72	1543.23
Maharashtra	2014-15	2650.00	2577.51	2567.96	850.00	549.36	559.39	400.00	489.75	448.02	2000.00	1701.95	1617.14
	2015-16	2550.00	2192.33	2068.86	791.65	628.48	604.26	441.65	328.23	266.47	1933.34	1776.75	1606.05
Manipur	2012-13	48.06	20.99	20.99	12.01	0.00	0.00	6.91	0.00	0.00	0.00	0.00	0.00
Manipur	2013-14	39.60	17.83	17.83	10.00	0.00	0.00	4.65	0.00	0.00	0.00	0.00	0.00
Manipur	2014-15	29.00	22.94	22.94	7.00	0.00	0.00	5.50	0.00	0.00	2.50	0.00	0.00
	2015-16	31.47	19.32	19.32	7.39	0.00	0.00	5.03	0.00	0.00	0.00	0.00	0.00
Megalaya	2012-13	8.45	5.96	5.96	5.70	0.30	0.30	1.05	0.31	0.31	0.04	0.00	0.00
Megalaya	2013-14	11.10	5.50	5.50	8.00	0.40	0.40	2.30	0.00	0.00	0.00	0.00	0.00
Megalaya	2014-15	3.35	6.02	6.02	1.05	0.25	0.25	0.55	0.00	0.00	0.00	0.20	0.20
	2015-16	3.35	1.72	1.72	0.80	0.15	0.15	0.55	0.00	0.00	0.00	0.80	0.80
Mizoram	2012-13	11.01	3.55	3.55	6.28	0.15	0.15	6.42	0.25	0.25	0.20	0.00	0.00
Mizoram	2013-14	9.00	6.05	6.05	4.50	0.31	0.31	3.50	0.49	0.49	0.00	0.00	0.00
Mizoram	2014-15	9.00	3.75	3.75	5.50	0.03	0.03	4.50	0.38	0.38	0.00	0.00	0.00
	2015-16	8.70	3.00	3.00	5.50	0.05	0.05	4.26	0.10	0.10	0.00	0.00	0.00
Nagaland	2012-13	2.11	0.70	0.70	1.39	0.00	0.00	0.55	0.00	0.00	0.39	0.00	0.00
Nagaland	2013-14	1.85	0.74	0.74	1.25	0.03	0.02	0.50	0.00	0.00	0.30	0.01	0.01
Nagaland	2014-15	1.74	0.64	0.64	1.25	0.01	0.01	0.60	0.00	0.00	0.62	0.00	0.00
	2015-16	1.74	0.49	0.49	1.23	0.00	0.00	0.64	0.00	0.00	0.64	0.00	0.00
Orissa	2012-13	650.00	540.78	525.57	275.00	149.61	144.11	200.00	74.68	74.61	397.49	238.52	231.09
Orissa	2013-14	680.00	533.02	520.64	245.00	150.15	139.81	160.00	93.51	88.57	380.00	184.63	174.91
Orissa	2014-15	600.00	506.39	504.09	160.00	149.03	147.37	125.00	93.87	89.76	325.00	232.78	229.34

ANNEXURE-II

<Figures in 000 MT>

Cumulative Requirement, Availability and Sales of Fertilizers during the year 2012-13 to 2015-16 (UPTO FEBRUARY 2016)

States	Year	Urea			DAP			MOP			NPK		
		Require-ment	Availability	Sales	Require-ment	Availability	Sales	Require-ment	Availability	Sales	Require-ment	Availability	Sales
	2015-16	640.00	567.03	550.33	230.00	159.02	147.96	150.00	88.90	79.81	360.00	234.35	214.15
Pondicherry	2012-13	30.50	18.74	18.74	9.20	1.64	1.64	9.20	2.06	2.06	30.06	12.83	12.67
Pondicherry	2013-14	26.50	22.15	22.14	4.65	1.45	1.45	4.30	2.35	2.33	19.05	8.98	8.95
Pondicherry	2014-15	22.00	14.95	14.95	2.05	1.54	1.48	3.00	2.60	2.47	10.30	6.93	6.20
	2015-16	20.00	11.87	11.87	2.10	1.26	1.25	3.05	2.02	2.02	11.07	5.09	5.05
Punjab	2012-13	2640.00	2904.86	2842.92	880.00	910.43	871.44	106.00	35.18	35.18	147.50	43.86	42.19
Punjab	2013-14	2640.00	2620.56	2617.75	915.00	487.11	468.13	70.00	41.59	34.56	120.00	29.43	28.02
Punjab	2014-15	2480.00	2735.30	2734.22	900.00	735.74	714.97	50.00	75.14	64.69	45.00	46.34	45.49
	2015-16	2600.00	2860.81	2804.02	890.00	840.06	776.76	63.00	74.40	51.78	33.50	41.73	35.53
Rajasthan	2012-13	1725.00	1890.89	1846.05	760.00	633.01	595.39	48.15	15.50	15.50	166.10	83.98	83.54
Rajasthan	2013-14	1800.00	1850.27	1844.65	604.00	487.05	470.29	23.20	4.49	2.61	120.70	32.69	31.85
Rajasthan	2014-15	1850.00	1848.65	1846.61	500.00	570.52	565.52	16.00	15.95	11.97	96.00	67.62	66.32
	2015-16	1855.00	1996.81	1971.87	645.00	774.12	746.15	15.40	15.18	14.01	87.00	72.31	61.70
Sikkim	2012-13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sikkim	2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sikkim	2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tamil Nadu	2012-13	1150.00	936.07	928.23	455.00	243.19	232.61	555.00	217.71	216.85	682.00	589.46	570.81
Tamil Nadu	2013-14	1050.00	911.63	911.26	400.00	220.81	217.72	391.00	256.14	246.32	693.30	505.38	470.87
Tamil Nadu	2014-15	1000.00	990.32	989.64	375.00	241.76	238.44	400.00	301.45	293.05	650.00	537.14	515.69
	2015-16	993.00	1064.24	1004.85	324.00	291.02	270.45	350.00	300.71	276.08	605.30	558.52	540.13
Telangana	2012-13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Telangana	2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Telangana	2014-15	1423.00	1246.70	1236.15	323.40	168.20	164.77	130.75	116.58	108.47	766.40	783.02	758.60
	2015-16	1286.50	1206.25	1131.54	330.00	191.79	182.53	165.00	106.13	89.37	850.00	790.08	747.59
Tripura	2012-13	51.07	19.33	17.17	5.90	1.64	1.64	16.83	6.46	6.46	0.00	0.32	0.32
Tripura	2013-14	53.00	21.74	19.58	6.00	0.99	0.98	11.00	5.21	5.21	0.00	0.63	0.63
Tripura	2014-15	35.00	21.80	21.80	5.50	0.44	0.44	13.50	2.58	2.58	2.50	0.57	0.56
	2015-16	33.25	16.90	15.53	5.00	1.30	1.24	13.95	5.21	5.21	0.00	0.73	0.44
Uttar Pradesh	2012-13	6000.00	6331.28	6255.84	1815.00	2167.27	2085.62	350.00	147.00	131.01	1147.50	672.85	661.80
Uttar Pradesh	2013-14	6200.00	5938.30	5876.25	1865.00	1569.00	1403.62	180.00	113.35	109.54	1100.00	422.72	393.18
Uttar Pradesh	2014-15	6200.00	6313.85	6253.57	1950.00	1684.01	1617.01	175.00	235.86	203.54	900.00	657.22	628.52
	2015-16	5662.00	5665.24	5176.17	1900.00	2205.22	1765.03	195.00	228.36	206.34	920.00	679.39	512.80
Uttaranchal	2012-13	245.00	250.63	244.77	35.00	27.51	27.19	10.00	3.82	3.82	57.00	33.37	32.10
Uttaranchal	2013-14	250.00	280.41	275.57	35.00	22.03	21.81	4.50	1.42	1.42	54.00	39.77	34.36
Uttaranchal	2014-15	250.00	281.71	279.85	35.00	25.97	25.53	4.50	1.96	1.95	50.00	41.87	38.50
	2015-16	238.00	339.68	328.44	39.00	31.62	27.70	9.00	3.27	3.18	49.00	30.70	28.31
West Bengal	2012-13	1350.00	1401.77	1387.44	525.00	433.71	425.22	425.00	218.02	215.77	828.21	803.67	792.27
West Bengal	2013-14	1450.00	1250.11	1238.72	550.00	256.40	243.84	287.00	214.68	207.54	950.00	725.52	681.80
West Bengal	2014-15	1320.00	1313.10	1312.08	375.00	262.77	254.65	240.00	288.05	236.38	850.00	920.94	870.06
	2015-16	1214.90	1339.07	1276.29	405.55	329.58	284.22	340.00	245.24	206.78	931.40	958.81	866.85
West Bengal	2012-13	31543.28	30711.39	30160.89	12358.72	9681.39	9229.82	4782.08	2206.80	2133.96	11152.27	7970.29	7732.91
West Bengal	2013-14	31690.15	30675.23	30454.20	10985.67	7290.44	6903.04	3513.32	2332.37	2192.25	10735.57	7963.46	7515.98
West Bengal	2014-15	30670.57	31042.07	30873.89	9593.52	7780.43	7557.14	3026.07	3072.28	2779.86	9981.21	9057.05	8598.46
	2015-16	30036.53	30592.12	29047.62	9854.53	9657.73	8510.83	3390.15	2584.81	2238.79	9802.36	9051.27	8200.77

ANNEXURE -III					
State-wise Production of *Urea* from 2012-13 to 2015-16 (upto Feb 16)					
		<Figures in LMT>			
Sr.No.	**Name of State**	**2012-13**	**2013-14**	**2014-15**	**2015-16 (upto Feb.2016)**
1.	Andhra Pradesh	15.65	14.27	9.31	12.31
2.	Karnataka	3.80	3.79	2.51	3.47
3.	Tamil Nadu	9.19	7.73	8.21	9.34
4.	Goa	3.86	3.76	3.63	4.00
5.	Madhya Pradesh	19.32	21.69	20.88	19.59
6.	Maharashtra	23.36	23.46	26.02	23.48
7.	Gujarat	37.89	38.29	38.79	36.13
8.	Rajasthan	24.77	23.44	22.49	23.09
9.	Assam	3.91	3.06	3.59	2.85
10.	Haryana	4.14	5.11	5.12	5.18
11.	Punjab	8.66	9.55	10.39	9.93
12.	Uttar Pradesh	71.22	73.00	74.92	75.31
	GRAND TOTAL	**225.75**	**227.15**	**225.85**	**224.67**

ANNEXURE-IV					
State-wise production of DAP from 2012-13 to 2015-16 (upto Feb 16).					
		<Figures in LMT>			
Sr.No.	**Name of State**	**2012-13**	**2013-14**	**2014-15**	**2015-16 (UPTO FEB.,2016)**
1 .	ANDHRA PRADESH	2.2	5.9	2.4	2.3
2 .	KARNATAKA	1.2	1.2	1.4	1.0
3 .	TAMIL NADU	1.5	1.5	2.3	2.4
4 .	GOA	0.6	0.5	1.6	1.1
5 .	GUJARAT	14.2	11.4	9.6	11.7
6 .	ORISSA	14.7	13.3	16.3	14.8
7 .	WEST BENGAL	2.0	2.4	0.8	0.6
	GRAND TOTAL:	**36.5**	**36.1**	**34.4**	**33.9**

ANNEXURE-V					
STATE/ZONE-WISE PRODUCTION OF COMPLEX FERTILIZERS FOR THE YEAR 2012-13 to 2015-16(upto Feb 16)					
		<Figures in LMT>			
Sr.No.	**Name of State**	**2012-13**	**2013-14**	**2014-15**	**2015-16 (UPTO FEB.,2016)**
1.	ANDHRA PRADESH	13.49	14.88	19.36	17.60
2.	KERALA	5.38	6.60	6.03	4.82
3.	KARNATAKA	0.46	0.37	0.29	0.76
4.	TAMIL NADU	4.41	3.84	5.08	4.32
5.	GOA	1.95	4.36	4.82	4.76
6.	MAHARASHTRA	7.78	7.58	6.96	6.72
7.	GUJARAT	16.19	16.30	18.53	20.65
8.	ORISSA	9.56	12.70	11.52	12.90
9.	WEST BENGAL	2.58	2.50	5.73	4.14
	GRAND TOTAL:	**61.80**	**69.13**	**78.32**	**76.66**

MINUTES OF THE THIRTEENTH SITTING OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2015-16)

The Committee sat on Tuesday, the 29 March, 2016 from 1130 hrs. to 1300 hrs. in Room No. G-074, Parliament Library Building, New Delhi.

PRESENT

Shri Anandrao Adsul - Chairperson

MEMBERS

LOK SABHA

2. Shri B. N. Chandrappa
3. Shri Shankar Prasad Datta
4. Smt. Veena Devi
5. Shri R. Dhruvanarayana
6. Shri Kamalbhan Singh Marabi
7. Shri Chhedi Paswan
8. Smt. Kamla Devi Patle
9. Shri S. Rajendran
10. Dr. Kulamani Samal
11. Shri Tasleem Uddin
12. Smt Rekha Arun Verma
13. Shri Innocent
14. Shri George Baker

RAJYA SABHA

15. Dr. M. S. Gill
16. Shri Narayan Lal Panchariya
17. Shri Palvai Govardhan Reddy
18. Shri Abdul Wahab

SECRETARIAT

1.	Smt. Rashmi Jain	-	Joint Secretary
2.	Shri A. K. Srivastava	-	Director
3.	Shri Nishant Mehra	-	Under Secretary

LIST OF WITNESS

DEPARTMENT OF FERTILIZERS

1.	Shri Anuj Kumar Bishnoi	Secretary
2.	Shri V. K. Thakral	Special Secretary & Finance Advisor
3.	Shri Dharam Pal	Joint Secretary
4.	Dr. A. K. Padhee	Joint Secretary
5.	Shri Sushil Kumar Lohani	Joint Secretary, (SKL) & CMD of FCIL & HFCL

PSU/ AUTONOMOUS INSTITUTIONS

1.	Dr. S.K. Das	CMD, FCI Aravali Gypsum & Minerals India Ltd. (FAGMIL)
2.	Sh. R.G. Rajan	CMD, Rashtriya Chemicals and Fertilizers Limited (RCF)
3.	Sh. A. B. Khare	CMD, Madras Fertilizers Limited (MFL)
4.	Sh. Manoj Mishra	CMD, National Fertilizers Limited (NFL)
5.	Sh. S. Venketeshwar	CMD, Projects and Development India Ltd. (PDIL)
6.	Sh. B. C. Tripathi	CMD, Gas Authority of India Limited (GAIL)
7.	Dr. Vandana Dwivedi	ADC (INM), M/o Agriculture and Farmers Welfare
8.	Shri Manoj Kumar Akhouri	Executive Director (TTF), Railway Board

2. At the outset, Hon'ble Chairperson welcomed the Members of the Committee and representatives of the Ministry of Chemicals & Fertilizers (Department of Fertilizers) and other officials to the sitting. Their attention was invited to the provisions contained in Direction 55(1) of the Directions by the Speaker regarding confidentiality of the Committee's proceedings.

3. After the witnesses introduced themselves, the Joint Secretary of the Department of Fertilizers made power point presentation to the Committee. During the discussion, the Hon'ble Chairperson and Members of the Committee raised queries on several issues such as shortage of Plan budgetary allocation, subsidy expenditure and carryover liabilities, non-availability of gas to the fertilizer plants, Direct Benefits Transfer (DBT), revival of sick and closed PSUs, Research and Development, soil health testing etc.

4. The Chairperson thanked the witnesses for appearing before the Committee as well as for furnishing valuable information to the Committee.

5. A copy of the verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2015-16)

The Committee sat on Tuesday, the 26 April, 2016 from 1500 hrs. to 1600 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

Shri Anandrao Adsul - Chairperson

Members

Lok Sabha

2. Smt. Anju Bala
3. Shri Sankar Prasad Datta
4. Smt. Veena Devi
5. Shri K. Ashok Kumar
6. Shri Kamalbhan Singh Marabi
7. Smt. Kamala Devi Patle
8. Shri S. Rajendran
9. Shri Chandu Lal Sahu
10. Dr. Kulamani Samal
11. Smt. Rekha Arun Verma
12. Shri George Baker

Rajya Sabha

13. Shri Biswajit Daimary
14. Shri Narayan Lal Panchariya
15. Shri Palvai Govardhan Reddy
16. Shri Abdul Wahab

Secretariat

1.	Smt. Rashmi Jain	-	Joint Secretary
2.	Shri A.K. Srivastava	-	Director
3.	Shri H. Ram Prakash	-	Additional Director

2. At the outset, the Hon'ble Chairperson welcomed the members of the Committee.

3. The Committee thereafter took up for consideration the following draft Reports:

a) Demands for Grants (2016-17) of the Ministry of Chemicals and Fertilizers (Department of Fertilizers)

b) xxxx xxxx xxxx xxxx

c) xxxx xxxx xxxx xxxx

4. The draft Reports were adopted by the Committee without any amendment.

5. The Committee authorised the Chairman to make consequential changes, if any, arising out of the factual verification of the Reports by the Department of Fertilizers, Department of Chemicals and Petrochemicals and Department of Pharmaceuticals of the Ministry of Chemicals and Fertilizers and present the same to both the Houses of Parliament.

6. xxxx xxxx xxxx xxxx

The Committee then adjourned.

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xxxx Matters not related to this Report.