31

STANDING COMMITTEE ON

CHEMICALS & FERTILIZERS

(2016-17)

SIXTEENTH LOK SABHA

MINISTRY OF CHEMICALS AND FERTILIZERS

(DEPARTMENT OF FERTILIZERS)

DEMANDS FOR GRANTS (2017-18)

THIRTY-FIRST REPORT

LOK SABHA SECRETARIAT

NEW DELHI

March, 2017/ Phalguna, 1939 (Saka)

CC&F.No.31

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STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2016-17)

(SIXTEENTH LOK SABHA)

MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF FERTILIZERS)

DEMANDS FOR GRANTS (2017-18)

Presented to Lok Sabha on 20 March 2017

Laid in Rajya Sabha on 20 March 2017

LOK SABHA SECRETARIAT
NEW DELHI
March, 2017/ Phalguna, 1939 (Saka)

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Shri Anandrao Adsul - Chairperson

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LOK SABHA

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3. Smt. Anju Bala
4. Shri B.N Chandrappa
5. ShriSankar Prasad Datta
6. Smt. Veena Devi
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19. Shri Kirti Vardhan Singh
20. Shri Pankaj Chaudhary
21. $ Dr. (Smt.) Ratna De (Nag)

RAJYA SABHA

22. Shri Biswajit Daimary
23. Shri Prem Chand Gupta
24. Shri Sanjay Dattatraya Kakade
25. Shri Surendra Singh Nagar
26. Shri Narayan Lal Panchariya
27. Shri K Parasaran
28. Shri Palvai Govardhan Reddy
29. Dr. Sanjay Sinh
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31. Smt. Roopa Ganguly

SECRETARIAT

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

$ Dr. (Smt.) Ratna De (Nag) MP, (LS) has nominated as a member of the Committee w.e.f 2.1.2017 in *lieu* of Sh. Shri Dasrath Tirkey MP, (LS)

INTRODUCTION

I, the Chairperson, Standing Committee on Chemicals and Fertilizers (2016-17) having been authorised by the Committee to present the Report on their behalf, present this Thirty First Report on Demands for Grants of the Ministry of Chemicals and Fertilizers (Department of Fertilizers) for the year 2017-18.

2. The Committee examined the Demands for Grants (2017-18) pertaining to the Ministry of Chemicals and Fertilizers (Department of Fertilizers) which were laid in Lok Sabha and Rajya Sabha on 07 February, 2017.

3. The Committee took evidence of the representatives of the Ministry of Chemicals and Fertilizers (Department of Fertilizers) at their sitting held on 21st February, 2017.

4. The Report was considered and adopted by the Committee at their sitting held on 17 March, 2017.

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;
17 March, 2017
26 Phalguna, 1938 (Saka)

Anandrao Adsul
Chairperson
Standing Committee on
Chemicals and Fertilizers

CHAPTER-I

INTRODUCTORY

The main functions of the Department of Fertilizers include planning, promotion and development of the fertilizer industry, planning and monitoring of production, import and distribution of fertilizers and management of financial assistance by way of subsidy/concession for indigenous and imported fertilizers.

1.2 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. The target for 2015-16 has been kept 264.10 MT. In meeting the domestic requirement of foodgrains and also generating exportable surpluses, the significant role played by chemical fertilizers is well recognized.

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 besides imports. 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 detailed Demands for Grants (2017-18) of the Ministry of Chemicals and Fertilizers (Department of Fertilizers) were presented to the Lok Sabha on 7 February, 2017. The Demand (No.7) shows a budgetary support of Rs.70032.71 crore [(Rs.0.04 crore (capital) + Rs.70032.67 crore (revenue)]. The Committee have examined in-depth the Demands for Grants of the Department for the year 2017-18. 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.

CHAPTER-II

OVERVIEW OF FERTILIZER INDUSTRY

2.1 The actual production of all the Fertilizers during the year 2015-16 was 413.14 LMT. The estimated Production of all the Fertilizers during the year 2016-17 is expected to 430.99 LMT showing an increase of more than 4% in comparison of the previous year. The installed capacity of DAP & complex fertilizers during 2016-17 have reached a level of 146.00 LMT as against 144.04 LTM in 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. The sector-wise installed capacity during the year 2016-17 is given below : -

Sector-wise, capacity of fertilizer manufacturing 2016-17 is given below

(Fig. in 'LMT')

Sl. No.	Sector	Annual Installed Capacity	
		Urea	DAP & Complex Fertilizers
1.	Public Sector	63.09	21.64
2.	Cooperative Sector	54.19	43.35
3.	Private Sector	90.26	81.01
	Total	207.54	146.00

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:-

" As regards Urea Sector, to attract new investments, New Investment Policy (NIP) – 2008 was notified by this department for Revamp, Expansion, Revival of Brownfield and Greenfield projects in September, 2008. The policy resulted in fructification of a few Revamp projects with an increase in Urea production of about two million tonnes per annum.

However, due to lack of commitment on availability of domestic natural gas by the Government at a pre-determined price formula, no Expansion/Brownfield plants could fructify. Apart from the difficulty in allocation of gas at pre-determined price, the Greenfield units were supposed to go through a bidding route for determination of urea price from these units. The bidder had to initiate the price of urea as a percentage discount below prevailing Import Parity Price (IPP) for urea and the feedstock linkage and price was to be entirely on account of bidder. However, no Greenfield project came up.

Therefore, 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. 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 factors which impeded growth in fertilizer sector are low profitability, delay in payment of subsidy, inadequate gas availability in the country and lack of favourable tax incentives for indigenous manufacturers."

CHAPTER-III

ANALYSIS OF DEMANDS FOR GRANTS FOR THE YEAR 2017-18

3.1 The Demands for Grants (Demand No.7) for the year 2017-18 of the Department of Fertilizers are given in the **Annexure-I**.

3.2 A statement showing the Budget Estimates, Revised Estimates and Actual Expenditure for the last three years (year-wise) and Budget Estimates for the year 2017-18 for Plan and Non-Plan expenditure in gross terms is given below:

(Rs in crore)

	2014-15			2015-16			2016-17			2017-18#
	BE	**RE**	**Actuals**	**BE**	**RE**	**Actuals**	**BE**	**RE**	**Actuals***	**BE**
Plan	100.00	2.32	2.04	50.00	1002.80	1002.71	10.00	0.00	0.00	
Non Plan	77100.00	75092.73	75089.67	77097.80	76562.47	76561.65	74129.37	74130.85	65923.65	74264.71
Total	77200.00	75095.05	75091.71	77147.80	77565.27	77564.36	74139.37	74130.85	65923.65	74264.71

#From 2017-18, the distinction between Plan and Non-Plan expenditure has been done away
* The Figures of Actuals for 2016-17 are up to 31st December 2016.

3.3 The Department has submitted a note on BE 2017-18 proposed by the Department for different schemes and approved by Ministry of Finance indicating IEBR/GBS (Internal and Extra Budgetary Resources/Gross Budgetary Support along with their comments as under:-

"The IEBR/GBS provisions are meant for CPSUs. The IEBR are generated by CPSU itself whereas the GBS is provided by the Government from the budget allocation. The GBS is provided as loans to PSUs for Renovation, Replacement and maintenance of critical equipments to keep their units in operation. For the year 2017-18 the following information for IEBR/GBS in respect of CPSUs of this Department has been sent to Ministry of Finance :-

(Rs. in Crore)

S.No.	Name of the CPSU	IEBR/ GBS	Proposal for BE 2017-18
1	RCF	IEBR	759.50
2	FAGMIL	IEBR	25.80
3	PDIL	IEBR	7.50
4	NFL	IEBR	863.25
5	BVFCL	IEBR	37.56
	Total IEBR		**1693.61**
6	FACT	GBS	60.00
7	MFL	GBS	20.00
	Total GBS		80.00
	Total (IEBR + GBS)		**1773.61**

3.4 When the Committee asked about the reasons for variations in BE, RE and AE for the years 2014-15, 2015-16 and 2016-17, 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:-

2014-15

Plan: The Budget provision for 2014-15 under Plan Section was Rs.100.00 Crore. The main component of the plan allocation has been 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 these PSUs in conformity with the instructions of 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, which was meant for Loans to Public Sector Undertakings (PSUs). At 2nd Supplementary stage a loan of Rs. 1000.00 Crore was provided to FACT. Thus, at RE stage an amount of Rs. 1002.80 had been available including an allocation Rs. 2.80 Crore for MIT Head. A sanction of Plan loan amounting Rs. 1000 Cr to FACT had been issued on 21.03.2016, which was later released to the company in the same financial year. Against the allocation of Rs.2.80 Crore for MIT head, an amount of Rs. 2.71Crore has been spent.

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. 76561.65 Crore has been spent

At the close of Financial year 2015-16, the Department had a carry over liability of Rs.43356.23 Crore.

2016-17

Plan: The Budget provision for 2016-17 under Plan Section has been Rs.10.00 Crore, which was meant for Loans to Public Sector Undertakings (PSUs). However, at RE stage no amount has been provided as loans to PSUs.

Non-Plan: Against the projected requirement of Rs. 100945.66 Crore (gross), the Department has been allocated an amount of Rs. 74129.37 Crore (Gross). The Gross allocation under Non Plan Section has been slightly increased to Rs.74130.85 Crore under Revised Estimates (RE) stage. Against this an amount of Rs. 65923.65 Crore has been spent till 31.12.2016.

The carry over liabilities of 2016-17 would be known only at the close of Financial Year 2016-17.

3.5 **SUBSIDY EXPENDITURE AND CARRYOVER LIABILITIES (ACTUALS) (RS. CRORE)**

Sl. No.	Year	Subsidy Expenditure	Carryover liability
1.	2011-12	74570	22201
2.	2012-13	70592	26417
3.	2013-14	71280	40341
4.	2014-15	75067	31831
5.	2015-16	76538	43356
6.	2016-17	66870 Exp. Till 31.01.2017	This will be known after the close of financial year

3.6 When the Committee enquired about the reason for keeping BE an RE less for freight subsidy, the Secretary, Department of Fertilizers during the oral evidence of the Department responded as under :-

"The reasons for keeping the BE and RE less for freight subsidy is that, as you have seen in the presentation, we roughly get about Rs.75,000 crore. That is a ballpark figure. Approximately, we get Rs.75,000 crore and we have been getting that for the last few years for subsidy. But, the backlog is fairly high. Now, this year there has been a very conscious attempt to make a special banking arrangement possible and as we speak, the money is being and has been passed on to industry. This has reduced the carryover load but temporarily because in April, this loan is liquidated and to that extent, the subsidy reduces. But, this is a carryover which happens and the Government of India and the Ministry of Finance in their wisdom, has only 'x' amount of money to distribute which has to be distributed to various Ministries. We are getting a very large share which is Rs.75,000 crore and the requirement is nearly a lakh. So, we never get exactly how much we want, though we always plead with the Finance Ministry that they should give us how much we want."

3.7 On being enquired by the Committee regarding increase of Rs.20232 crores under the head of Nutrient Based Subsidy for BE 2017-18 , the Department in its written replies stated as under :

"As on 31.03.2016 an amount of Rs. 16517.95 Crore was carry over liabilities under the head of Nutrient Based Subsidy the allocation at BE 2017-18 has been increased to 20232.00 Crore to accommodate the carry over liabilities mentioned above."

3.8 **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 feedstocks 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)

S.No.	Year	Fund allocation (RE)
1	2012-13	1.95
2	2013-14	1.50
3	2014-15	0.25

From 2016-17 onwards, S&T Scheme has been merged under Secretariat Economic Services (MH 3451). The charges for S&T are debitable to Professional Services Head under Secretariat Economic Services (MH 3451).

3.9 The Details of expenditure incurred on R&D during the last three years are as under:

(Rs. in Crore)

S.No.	Financial Year	Actual Expenditure
1	2013-14	0.19
2	2014-15	0.24
3	2015-16	0.00

3.10 On being asked by the Committee to furnish evaluation studies/reviews of the schemes, if any, made by the Ministry of Chemicals & Fertilizers, to determine their continued relevance during the last three years, the Department in its written replies stated as under :

"Evaluation studies by NITI Aayog is done for Plan fund allocation of the Department. Very small provision for the S&T Scheme was made during 2012-13 to 2014-15. No plan funds were allocated during 2014-15 to 2016-17. For MIT Scheme, no plan fund was allocated in 2016-17 and no fund was allocated under the JV Scheme from 2014-15 to 2016-17, therefore, no evaluation studies have been carried out."

3.11 On being asked by the Committee regarding the allocation made for MIT scheme and for Science and Technology, etc., out of Rs.32.66 Crores BE 2017-18 and details of S&T scheme for which proposals were invited, the Department in its written replies stated as under :

"Due to rationalisation of schemes in 2016-17, the schemes for MIT and Science and Technology were merged into Secretariat Economic Services Head (Major Head 3451). The expenditure, if any, for these schemes is debitable to object head Professional Services under Secretariat Economic Services Head (Major Head 3451). An amount of Rs 4.22 Crore and Rs 4.50 Crore have been allocated at RE 2016-17 and BE 2017-18 stage respectively. During the current Financial year no new proposal has been received so far."

3.12 Due to rationalization of schemes in 2016-17, the schemes of MIT and Science and Technology (S&T) were merged into Secretariat Economic Services Head. In this regard, when the Committee asked the reason for not receiving any new proposal under S&T scheme during the current financial year, the Department in its written replies stated as under :

"R&D in fertilizer Sector should primarily be driven by the industry. However, D/o Fertilizers has taken a major initiative by setting up an exclusive institution for promotion of research, S&T etc. in the fertilizer sector. The Indian Council of Fertilizer & Nutrient Research (ICFNR) has been set up on 16.09.2016. ICFNR has a Governing Council under the Chairmanship of Hon'ble Minister of Chemicals and Fertilizers and an Executive Council under the Chairmanship of Secretary (Fertilizers), The terms of reference of ICFNR are as under: -

i. To undertake/promote research in the area of fertilizer manufacturing technology, use of raw material and innovation in fertilizer products through partnership ad collaboration with various research institutions, fertilizer industry and other stakeholders.
ii. To examine and comprehensively deliberate R&D project proposals submitted by various R&D organizations/Academic institutions, for suitable recommendations for funding.
iii. To play a supportive role for identifying and formulating long range technology plans and working out suitable mechanism for adoption of indigenous processes.
iv. To identify and promote eco-friendly micro nutrients and pesticide coated slow release fertilizers and also to ensure reduction of Carbon Footprint of fertilizer sector and energy efficient operation.
v. To undertake and promote research in bio fertilizer and its derivatives with appropriate coating or blending so as protect and increase soil fertility.
vi. To undertake and promote research in organic fertilizer and its derivatives with suitable coating or blending so as to protect and increase the soil fertility.
vii. To promote dissemination of information on latest developments in Fertilizer sector and also to support new ideas and changes for effecting improvements in fertilizer industry.
viii. The centre will work in close collaboration with other research institutions/centres/institutes and will also decide and disseminate the research work already undertaken by them.
ix. To undertake all such activities which, will promote the core idea of ICFNR.

3.13 Further, on the issue of low allocation of funds for Research and Development and Science and Technology (S&T) the Secretary, Department of Fertilizers during the oral evidence of the Department responded as under :-

"Regarding R&D and S&T you have correctly observed that allocation for Department of Fertiliser seems to be low. As you would fully appreciate, this is an industry driven Ministry whether it is in the public sector, cooperative sector or private sector. An agency has recently been created within the Ministry which will take care of fertiliser and nutrient research. It is called The Indian Council of Fertilizer & Nutrient Research (ICFNR). It is still in the process of being grounded. But from the industry side the Ministry constantly emphasises as well as the Department of Public Enterprises keeps providing guidance to the public sector enterprises that they must allocate a certain proportion of their expenditure to research in their subject area. So, currently, the Government is not spending. It is essentially an industry driven exercise where they identify the problem areas, the areas of research and create the necessary facilities or get it executed by the academic institutions or whatever."

CHAPTER-IV

DIRECT SUBSIDY TO FARMERS

4.1 Task Force by the Finance Ministry was constituted to recommend an implementable solution for direct transfer of subsidies on kerosene, LPG and Fertilizers to the intended beneficiaries. In June 2011, the Taskforce submitted its Interim Report to the Finance Ministry, proposing an IT-driven Core Subsidy Management System (CSMS) to leverage the 'Aadhaar' unique identity numbers for distribution of subsidy.

4.2 In the interim report, the taskforce recommended a phased approach for direct disbursement of fertilizer subsidy to the intended beneficiaries. Based on the recommendations of the task force, the Department of Fertilizers decided to follow a phased approach to achieve the goal of transfer of direct fertilizer subsidy (to the end user i.e. buyer). These phases are as follows:

1. 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 (Mobile Fertilizers Management System)
2. Phase II: Part subsidy payment to the manufacturers on the basis of the information of retailer sales of fertilizers captured in mFMS.
3. Phase III: Subsidy payment to the retail customer on the basis of fertilizer sales made to him/her.
4. Phase IV: Subsidy payment to the farmer on the basis of details of sales made to him/her.

4.3 IMPLEMENTATION OF DIRECT BENEFIT TRANSFER (DBT) IN FERTILIZER SUBSIDY

The Government decided in 2016-17 to introduce Direct Benefit Transfer (DBT) system for fertilizer subsidy payments. Under the proposed fertilizer DBT system, 100% subsidy on various fertilizer grades shall be released to the fertilizer companies instead of the beneficiaries, on the basis of actual sales made by the retailer to the beneficiaries. Sale of all subsidized fertilizers to farmers/buyers will be made through Point of Sale (PoS) devices installed at each retailer shop and the beneficiaries will be identified through Aadhaar Card, KCC, Voter Identity Card etc. Initially, the modified subsidy procedure under DBT system will be introduced on pilot basis in 16 select districts. After implementation of DBT, it is expected that diversion/smuggling of fertilizers will be reduced to a large extent and the

Government will save subsidy to the that extent. Active participation of State Agriculture Departments and District Administration in each districts are key to the implementation of DBT pilot project.

4.4 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:-

" The Government has decided to introduce Direct Benefit Transfer (DBT) system for fertilizer subsidy payments in 16 districts on pilot basis in 2016. The list of pilot districts is as under

Sr. No	District	Sr. No	District
1	Krishna (AP)	9	Kurukshetra (HR)
2	West Godavari (AP)	10	Nasik (Maharashtra)
3	Una (HP)	11	Raigarh (Maharashtra)
4	Hoshangabad (MP)	12	Tumkur (Karnataka)
5	Pali (Rajasthan)	13	Narmada, (Gujarat)
6	Rangareddy (Telangana)	14	Thrissur, (Kerala)
7	Kishanganj (Bihar)	15	Malda, (WB)
8	Karnal (HR)	16	South 24Parganas,WB)

Three more districts, Dhanbad in Jharkhand, Begusarai in Bihar and Gorakhpur in Uttar Pradesh have been included in the pilot project.

2. The proposed DBT in fertilizer subsidy at present is slightly different from the conventional DBT being implemented in other Government Welfare schemes such as LPG. Under the proposed fertilizer DBT system, 100% subsidy on various fertilizer grades shall be released to the fertilizer companies instead of the beneficiaries, on the basis of actual sales made by the retailers to the beneficiaries. Sale of all subsidized fertilizers to farmers/buyers will be made through Point of Sale (PoS) devices installed at each retailer shop and the beneficiaries will be identified through Aadhaar Card, KCC, Voter Identity Card etc.

3. Implementation of the DBT Scheme requires deployment of PoS devices at every retailer's shop, training of retailers & wholesalers for operating PoS device. The present status the pilot project is as under:

i. A Project Monitoring Cell has been created in the Department to oversee implementation of DBT exclusively.

ii. District Consultants have been appointed in 14 pilot districts.

iii. Trainings to master trainers have been conducted and a national workshop have been conducted by the Department.

iv. Deployment of PoS devices at retailers and training of retailers on use of PoS devices have almost completed in the pilot districts.

v. In 11 districts the pilot has been put on 'go live' mode and 3 districts are on dry run for making the project on live mode from 1st March 2017.

4. Expected outcomes:

i. Aadhaar seeded database of beneficiaries has been created and provision has been made for integration between Soil Health Data and DBT workflow, as per system recommendation. This would lead to optimal use of nutrients and subsidy savings as reported in the pilot districts of Krishna and Rangareddy.

ii. The levels of acceptance of new technology intervention by retailers and farmers have increased.

iii. Setting up a PoS device at 1.8 lakh retailers (approx) will create a channel which will provide unlimited opportunities for the Government to reach out to Rural India. This could become service delivery channel for other ministries as well. Digitizing transactions will create purchase history of farmers/buyers, which can be used by Financial Institutions to provide credit to farmers based on transaction history at retail outlets. The data also helps to understand the consumption patterns of buyers & can be used as a Key decision making tool."

4.5 When the Committee raised the query regarding issue of expeditious implementation of DBT, Secretary, Department of Fertilizers during the oral evidence of the Department responded as under:

> "As far as DBT in fertilizer subsidy is concerned, it is slightly different from the beneficiary directed subsidy administered in LPG or under the scholarship scheme and so on. The reason is, because traditionally subsidy in the fertilizer sector has always been given to the industry. It was always felt that the cost of production and the margin of profit that was to be passed on was very high and could not be easily passed on to the farmers. Therefore, the price at which the farmer was sold the product was a reduced price and the difference between the cost of production and the price at which it is sold to the farmer is really the subsidy which goes to the fertilizer industry.
>
> Also, the fertilizer industry has been organized in a cost plus model, exactly what I have explained to you. So, when we actually implement the DBT through POS or through an integrated movement system which is very carefully tracked, when the farmer buys his subsidy he gets a receipt which clearly indicates that he has paid only so much but below that will be a statement that so much of subsidy has been contributed to making this fertilizer available to him. That subsidy will go directly to the industry because the farmer is getting it at a reduced cost."

4.6 The Secretary, Department of Fertilizers, further added that "the cost of urea production is Rs.16000 to Rs.17000 per MT. The farmers is provided urea @Rs.5360 MT. It is evident that after reducing Rs.5360 from Rs.17000 the rest amount is given as subsidy to the companies. If urea is to be sold at Rs.17000 to the farmers, then they would have to give the same amount either in as cash or in credit. If the farmer does not have the requisite money he will not be able to purchase urea. This system was essentially implemented to facilitate the farmers."

4.7 On the issue of Soil Health Card the Chairperson Standing Committee, on Chemicals and Fertilizers stated that "all particulars are there in the Soil Health Card like the name of the farmer, land holding of the farmer, how much is irrigated, how much is not irrigated and other things. When the name of village, farmers' name and other things are mentioned in the Soil Health Card then where is the problem using these details to implement DBT scheme. We have being talking about the scheme for so many years and till date the Department has not been able to formulate any concrete policy.

4.8 When the Committee enquired about providing direct subsidy to the farmers' the Secretary, Department of Fertilizers, during the sitting of the Committee stated that "releasing the subsidy into the farmers' bank account is a complicated system. It involves many issues over which we don't have any control. Even 100% Soil Health Cards have not been issued to the farmers. Land titling and land record also are not 100% linked. Till the complete data base matures, we can't think further. Till the time Government is of the view that the farmers have the capability of upfront purchase of fertilizer then only we could take a concrete decision in this regard."

CHAPTER-V

NEW INVESTMENT POLICY 2012

New Investment Policy – 2012 and amendment thereof

5.1 The Government had announced New Investment Policy – 2012 on 2ndJanuary, 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.

5.2 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, Panagarh	Greenfield/Brownfield Ammonia-Urea 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

This Department vide its letter dated 21st April, 2015 and 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 the 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. On achieving the first milestone of the project, Rs 100 Crores has been released to CFCL.
2.	KFCL-Greenfield project at Jabalpur	The request of KFCL, Jai Prakash Associates Limited 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 was taken up with MoP&NG. In this regard, GAIL informed that they are presently carrying out detailed route survey of Dhamra- Ang ul-Durg Section of Surat-Paradip-Dhamra Pipeline along with a spurline to Balaghat/Jabalpur. GAIL has requested to provide the indicative schedule/ plan for setting up a fertilizer plant at Balaghat/Jabalpur. In response to the above letter of GAIL, KFCL has communicated that the acquisition of the desired land is under process by the state government, pending which, it would be difficult for them to communicate the indicative schedule. Subsequent to the land allotment, they will be starting the process for environment clearance. KFCL has indicated that the project for setting up a Greenfield fertilizer unit will take 36 months from receipt of Environment clearance. The same has been informed to 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. 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).

Vide letter dated 29th February, 2016 and 11th January, 2017, Department of Fertilizers has advised the project proponents to provide the present status of the project and furnish the Bank Guarantee 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.

5.3 Out of the 6 companies only Chambal Fertilizers & Chemicals Limited (CFCL) has furnished the bank guarantee of Rs.300 crore to the Government of India as per the provision of NIP-2012 and its amendment. In this regard, when the Committee further enquired about reason for not furnishing the Bank guarantee by the other 5 companies, the Department in its written replies 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. 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. As per the terms of the NIP Policy, CFCL has furnished the Bank Guarantee of Rs. 300 crores to the Government of India. On achieving the first milestone of the project, Rs 100 crores has been released to CFCL.
>
> The other 5 project proponents, vide letter dated 29th February, 2016 and 11th January, 2017, have been advised to provide the present status of the project and also furnish the Bank Guarantee as per the provisions of NIP-2012 and its amendment. However, the reply is still awaited from rest 5 project proponents."
>
> ''The Secretary during the sitting held on 21.02.2017, further added that as far as Matrics Fertilizers & Chemicals Limited is concerned, they have been requesting for exemption from bank guarantee. To this effect PDIL has been deputed to see the level of execution of the project as MFCL are ready for commissioning. ''

CHAPTER-VI

REVIVAL OF CLOSED/SICK PSUs

6.1 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)	Gwahati	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

6.2 A note on revival of sick/closed PSUs under the Department;

"**1. Financial Restructuring of Sick Fertilizers Units**

There are two fertilizers Public Sector Undertakings which are sick. These PSUs are Madras Fertilizers Limited (MFL) and The Fertilizers And Chemicals Travancore Limited (FACT). Government is considering proposal for the financial restructuring of both of these PSUs. Details of proposed financial restructuring are as below:

Financial restructuring of Madras Fertilizers Limited (MFL):

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. IFD has concurred in the proposal and the file is under submission. Accordingly, MFL was asked to initiate process for engagement of an external expert agency. MFL engaged PDIL as expert agency on 02.06.2016. PDIL has submitted its study report. The Board of MFL has approved the study report and the same is under consideration in the Department of Fertilizers.

Financial restructuring of Fertilizers & Chemicals Travancore Limited (FACT):

- For revival of the FACT the Department has circulated a draft Cabinet note on 18.6.2015 for inter-ministerial consultation seeking approval for waiver of Gol loans and interest on GoI loan, granting one time compensation for use of LNG and issuance of sovereign guarantee so as to come out of BIFR. 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. Comments of all stakeholders have been received except Department of Expenditure.

- Further to above to avert immediate crisis Department of Fertilizers has requested Department of Expenditure on 2.12.2015 to approve one time LNG compensation of Rs.140 Crore and a loan of Rs. 860 Crore at G-Sec rate against mortgaging of part of FACT surplus land to GoI.
- Ministry of Finance has approved a plan loan of Rs. 1000 Crores to FACT under RE 2015-16 vis-a-vis BE 2015-16.
- Department of Economic Affairs vide letter dated 12.01.2016 requested DoF that after the release of this Rs. 1000 Crore loan to FACT, the total outstanding liability of FACT would become Rs. 1836.72 Crore as on 31.03.2017. DoF may enter a legally binding MoU/Agreement with FACT for mortgaging its free-hold land to Government of India FACT to make provision for mortgage of land worth Rs. 1836.72 Crore 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.
- An agreement duly vetted by Department of Economic Affairs has been signed between DoF and FACT on 03.03.2016 for mortgaging FACT's free-hold land to GoI. A sanction of Plan loan amounting Rs. 1000 Cr to FACT has been issued on 21.03.2016.
- DoF has asked FACT vide letter dated 30.05.16 to furnish the updated status on mortgaging of land of FACT in favour of GoI as per the agreement signed for release of Rs 1000 Crore loan. FACT has been reminded at JS level on 28.06.16 to furnish the status.
- A meeting was held on 13.07.2016 under chairmanship of Secretary (F) with the representatives of FACT & BPCL. Both the companies were advised to reach a negotiated settlement.
- The matter of mortgaging of 408 Acres of FACT land to Government of India was heard in the proceedings of BIFR held on 27.07.2016.
- FACT approached DoF on 06.09.2016 with a fresh proposal which inter-alia contains the waiver of GoI loan & interest thereon, onetime compensation for the use of high cost LNG, approval for sale of its land and waiver of income tax on profit on sale of land. In its proposal FACT has submitted to repatriate the Plan loan of Rs 1000 Crore by the money generated from the sale of land.
- FACT has been asked on 15.11.2016 to submit details for preparing of Cabinet Note in the matter.

2. Revival of closed fertilizers units of the HFCL and FCIL:

Government has decided to revive closed fertilizer units of Fertilizer Corporation of India Limited (FCIL) and Hindustan Fertilizer Corporation Limited (HFCL). At present five units which include Talcher, Ramagundam, Gorakhpur and Sindri units of FCIL and Barauni unit of HFCL are being revived. Details for the revival of these units are as under:

Eight fertilizer units of HFCL & FCIL are lying closed at present. Out of these five closed units are of FCIL and three are of HFCL.

CCEA in its meeting held on 4.8.2011 had approved revival of Sindri, Talcher & Ramagundam Units of FCIL through nomination route and revival of Gorakhpur, Korba unit of FCIL and Barauni, Durgapur &Sindri units of HFCL through bidding route. CCEA in its meeting held on 9.5.2013, inter-alia, approved waiver of Government of India loan and interest to facilitate FCIL to arrive at positive net worth. This enabled FCIL to get de-registered from the purview of Board for Industrial and Financial reconstruction (BIFR). This paved to revive closed units of FCIL. CCEA also decided that Proposal/action plan on revival of HFCL units to be taken up once revival of FCIL units is on track. Unit wise progress made on revival of the closed units of FCIL & HFCL is as under:

A) Gorakhpur, Sindri& Barauni Units:

Cabinet in its meeting held on 25.05.2016 has approved Financial Restructuring of HFCL by way of waiver of the GoI loans and the outstanding interest thereon. This decision of the Cabinet helped in making net-worth of HFCL positive and resulted into discharge of HFCL from the purview of BIFR. Therefore, it has been decided to revive Barauni unit of HFCL also.

In terms of poor response during bidding process in respect of Gorakhpur and Sindri, it was considered that it is not feasible to revive these units on 'bidding route' as decide earlier by the Union Cabinet. Therefore, for the timely revival of these units, the Union Cabinet in its meeting held on 13.07.2016 approved to revive Gorakhpur, Sindri& Barauni units by means of a Special Purpose Vehicle of Public Sector Units namely, National Thermal Power Corporation, Coal India Limited, Indian Oil Corporation Limited and Fertilizer Corporation India Limited/Hindustan Fertilizer Corporation Limited, through "nomination route". In pursuance to the decision of the Government of India, a SPV by name Hindustan Urvarak&Rasayan Limited (HURL) has been formed by a consortium of PSUs namely NTPC, CIL, IOCL and FCIL/HFCL. Pre-project activities to revive Gorakhpur, Sindri& Barauni Unitsare under progress.

B) Revival of Talcher and Ramagundam units Progress so far:

Talcher Unit:

- Talcher Unit of FCIL is being revived on 'Nomination basis' by a Consortium of PSUs namely RCF, GAIL, CIL and FCIL by setting up a coal based fertilizer plant of 1.27 MMTPA capacity.
- JV Company named "Talcher Fertilizers Limited (TFL)" has been formed.
- Selection of Coal Gasification Technology is under progress.

Ramagundam Unit:

- Ramagundam unit of FCIL is being revived on nomination basis by consortium of PSUs namely Engineers India Limited (EIL), National Fertilizers Limited (NFL) and FCIL by setting up a gas based fertilizer plant of 1.27 MMTPA capacity.
- JV Company named "Ramagundam Fertilizers & Chemicals Limited" has been formed.
- Project activities are in progress. The project likely to be commissioned by 30.9.2018.

6.3 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:-

" Out of nine CPSEs under administrative control of the Department of Fertilizers one PSU namely PDIL is a loss making PSU, two PSUs namely MFL and FACT are sick and two PSUs namely FCIL and HFCL having all of their units closed.

Govt. of India has decided to disinvest its 100% shareholding in PDIL through strategic sale. RFP for selection of Asset Valuer has been floated and pre-bid meeting is scheduled for 14th Feb, 2017.

Department of fertilizers is deliberating for the financial restructuring of the FACT and MFL to make them able to start earning profits making their financial performance better. These companies are not earning profits because of high amount of GOI loan and Interest thereon. The Financial Restructuring proposal is being prepared to waive off the GoI loan and interest thereon to make the net worth of these companies positive.

So far FCIL and HFCL are concerned, Government has decided to revive four closed units of FCIL namely Gorakhpur, Sindri, Talcher and Ramagundam and one closed unit of HFCL namely Barauni. Each of these units are to be revived by installing 1.27 Million Metric Ton per annum capacity Urea Plant."

6.4 On being asked by the Committee reasons for non allocation of GBS under BE 2017-18 with respect to FACT & MFL and how does Department propose to carry on the work of renovation and modernization of FACT and repair and construction of MFL in the absence of funds, the Department in its written replies stated as under :

"MFL and FACT had approached the Department of Fertilizers with a financial and business restructuring proposal, which is under consideration in the department. On implementation of the restructuring proposal, MFL and FACT would come out of losses and will be able to provide funds for their renovation and modernization/repair and construction activities."

6.5 During the oral evidence of the Department, when the Committee raised the concern regarding repayment of loan of Rs.1000 crore and interest charged at the rate of 13.5% on the total outstanding loan given to FACT, the Secretary, Department responded as under:

"the loan of Rs.1000 crore has been given against the mortgage land and the agreement in this regard is yet to be signed. A sum of Rs.1,000 crore has been transferred to FACT, and FACT has taken a decision that it would monetise its land in order to liquidate Government loan. They are in active discussions with the Government of Kerala and with BPCL. They will sell the land, and the money that they get will liquidate the Government of India loan and after that it would be able to emerge as profitable enterprise"

CHAPTER-VII

FEEDSTOCK POLICY/ ALLOCATION OF GAS TO FERTILIZER INDUSTRY

7.1 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 of Urea. After gas pooling, all urea units get gas at uniform rate irrespective of the gas allocation to the unit. It ensures better utilization of available domestic gas to urea sector. The provisions of gas pooling also ensures that Natural Gas 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 envisages the constitution of an Empowered Pool Management Committee (EPMC) to monitor implementation of gas pooling and procurement of RLNG through a competitive and transparent manner. Department of Fertilizers regularly takes up the matter of allocation and regular supply of natural gas to the urea units with MoP&NG and also during the EPMC meetings.

7.2 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), Goa
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

7.3 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, Tamilnadu,

(ii): Southern Petrochemicals Industries Corporation (SPIC) – Tuticorin, Tamilnadu; and

(iii): Mangalore Chemicals & Fertilizers Limited (MCFL), Mangalore, Karnataka.

SPIC and MCFL has conveyed that they have converted from Naphtha based to Gas based urea units and are awaiting gas pipeline connectivity. MFL has conveyed that 50 % gas conversion has been completed by them and complete conversion is expected by 2018.

DoF regularly reviews the progress of infrastructure for supply of gas and readiness of these three Naphtha based urea units to receive gas with Ministry of Petroleum & Natural Gas. As per the feedback received from the MoP&NG, the latest status of Gas Pipeline Connectivity to Naphtha based Urea units is as follows:

1. <u>Southern Petrochemicals Industries Corpporation</u>

SPIC is about 142.5 Km away from ONGC's Ramanad gas field. ONGC has informed the availability of non-APM gas for allocation from Kanjirangudi (KJR) field, Ramnad under Cauvery Assets in Tamil Nadu. 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 and as per recommendations of DoF, 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.

SPIC, Tuticorin is proposed to be connected with ONGC's Ramnad gas field by laying a 142.5 Km pipeline by M/s IOCL as a part of its authorized pipeline Ennore-Thiruvallur- Bengaluru-Puducherry- Nagapattinam- Madurai- Tuticorin Natural Gas Pipeline (ETBPNMTPL). This pipeline has been awarded in Dec. 2015. IOCL has provided the updated status as under:

i. Joint meeting between ONGC, SPIC and IOCL held in April 2016 & August 2016 and modalities for gas supply finalized.

ii. Detailed Engineering Route Survey of Ramnad- Tuticorin, pipeline section has been completed and pipeline alignment finalized.

iii. Right of users (RoU) acquisition under Petroleum & Minerals Pipelines, Act 1962 initiated and 3(i) notifications for entire pipeline section (142.5 Km) have been prepared and submitted to MoP&NG for publishing.

iv. Appointment of Engineering Consultant for compressor station at Ramnad has been awarded.

v. Application submitted for obtaining Environment clearance. Terms of Reference (ToR) have been received from MoEF & CC and the EIA & RA study is currently in progress.

vi. Coastal Regulatory Zone (CRZ) mapping work is awarded to Anna University for obtaining CRZ clearance, which has been completed.

vii. Application for obtaining crossing permissions across rivers/nala, NH/SH, Railway etc submitted and follow up is being maintained.

viii. Wild Life clearance permission has been applied and follow up is being maintained.

ix. Detailed Design & Engineering of pipeline is in progress.

x. Target for completion of Ramnad- Tuticorin section is June 2018. However, the same would be dependent on receipt of Wild Life Clearance/ Environment Clearance as well as permissions from state government for laying this pipeline as per the finalized pipeline alignment.

2. <u>Madras Fertilizers Ltd (MFL)- Manali:</u>

Option1: MFL, Manali is proposed to be connected with IOCL's proposed LNG Terminal at Ennore by Ennore-Thiruvallur- Bengaluru-Puducherry-Nagapattinam-Madurai-Tuticorin Natural Gas Pipeline (ETBPNMTPL) through 18"OD spur pipeline. Ennore LNG terminal is likely to be commissioned by June 2018. This plant is only 22 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 ETBPNMTPL. This, MFL, Manali may be connected in synchronization with the commissioning of Ennore LNG terminal. IOCL has provided the updated status as under:

i. Detailed Engineering Route Survey for spur pipeline from Ennore LNG terminal to MFL Manali has been completed and pipeline alignment has been finalized.

ii. The spur pipeline to MFL, Manali would be laid in common corridor between Ennore port to Manali. Common corridor acquisition (outright purchase/lease basis) in Govt. Land is in progress for which support of State Administration has been sought.

iii. 3(i) notification published in Gazette of India for RoU Acquisition in Private land.

iv. Coastal Regulatory Zone (CRZ) mapping work completed for obtaining CRZ clearance.

v. Application for obtaining crossing permissions across rivers/nala, NH/SH, Railway etc. submitted to respective authorities and follow up in hand.

vi. Detailed Design & Engineering of pipeline is in progress.

vii. EIA & RA study work has been awarded and the same is in progress.

viii. Pipeline will be commissioned in synchronization with commissioning of Ennore LNG terminal i.e. by June 2018.

Option2: 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 2017-18. MFL is yet to execute the necessary agreements.

3. <u>Mangalore Chemicals and Fertilizers Ltd. (Mangalore)</u>

GAIL planned to connect this plant with Kochi LNG terminal laying Kochi-Koottannad- Bengaluru-Mangalore Pipeline (KKBMPL). GAIL has taken up KKBMPL is phases. KKBMPL (Phase-I) involving the first 17 Km Pipeline section of Kochi-Koottannad – Mangaluru section in Kochi city was commissioned in Aug'13 in synchronization with commissioning of Kochi LNG Terminal. Balance Pipeline section of Kochi – Koottannad- Mangaluru Pipeline is being taken up as part of KKBMPL (Phase-II). Construction works of KKBMPL (Phase-II) were started initially in Feb' 12. However, due to stiff resistance from farmers in the state of Kerala and Tamilnadu, the Koottannad – Mangalore pipeline section and Koottannad- Bangalore pipeline section are getting delayed in execution.

With the active involvement of Government of Kerala since Jun'15, the survey and panchnama activities for RoU acquisition resumed in Kerala. As on date, Survey and Panchnama Works are completed in all other districts enroute Kochi- Koottannad-Mangaluru section except Malappuram & Kozhikode Districts. Out of 130 Km RoU in

Malappuram & Kozhikode Districts, Survey & Panchnama is completed for 55Km till date. Looking into the progress of Survey & Panchnama works, GAIL resumed construction works of Kochi- Koottannad- Mangaluru Pipeline Section which will connect MCFL, Mangaluru. This pipeline Section is targeted to be completed by Dec'18, subject to availability of hindrance free RoU in Malappuram & Kozhikode Districts by March 2017."

7.4 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:-

" During the meeting of Empowered Group of Ministers (EGoM) on Gas Pricing and Commercial Utilization of gas decision dated 23.08.2013, it has been decided that the supply of domestic gas to the fertilizer sector to be maintained at 31.5 mmscmd. The details of supply of domestic gas to urea manufacturing units during the months of November, December 2015 and January, 2016 as against the allocation of 31.5 MMSCMD of gas in tabular form is as under:

(in MMSCMD)

Domestic Gas	September, 2016	October, 2016	November, 2016
Requirement of daily gas	48.728	48.728	48.756
Supply of domestic gas	22.202	20.622	21.138

It is evident from the above table that as against the requirement of approximately 49 MMSCMD of gas, the urea sector is getting approximately 21 MMSCMD of domestic gas and the gap of 28 MMSCMD is being filled up by RLNG. It may be noted that out of 31.5 mmscmd of domestic gas as allocated by CCEA, only 21 mmscmd of domestic gas is being supplied to urea sector. Vide D.O letters dated 22nd June, 2016, and 26th September, 2016, Secretary (Fertilizers) has written to Secretary (MoP&NG) to ensure the supply of domestic gas atleast to the extent of 31.5 mmsmcd to the urea sector as per EGoM decision dated 23.08.2013.

7.5 When the Committee raised concern regarding availabity of gas to the fertilizers producing units, the Secretary, Department of Fertilizers, during the oral evidence of the Department replies as under:

"Our requirement is 49 MMCMD and 31.5 MMCMD is being allocated to us. As against that, what is coming to us is 21 MMCMD of domestic gas and balance 28 MMCMD is coming as RLNG which is given at pooled price. Pooled gas is nothing but a combination of the weight of the domestic gas plus the weight of the RLNG average out. It is pertinent to mention that the more we get the domestic gas the more the price would be cheaper.

Only 40 per cent of our gas requirement is being met from domestic gas and the rest is all RLNG. The price of gas is that much higher. The more they increase the domestic gas availability for us the better it will be."

CHAPTER-VIII

DEMAND AND AVAILABILITY OF FERTILIZERS

8.1 Statement indicating State-wise/UT wise and year-wise requirement, availability & sales from 2013-14 to 2015-16 and current year i.e. 2016-17 (upto January 2017) is at Annexure-II and State-wise/UT- wise production for Urea, DAP & NPK. State during each of the last three years and current year, State/UT-wise is at **Annexure-II.** The State-wise quantum of production is placed at **Annexure III**.

8.2 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:

> "No, during the last cropping season there was no report of shortage of fertilizers in any part of the country."

8.3 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 its import for direct agriculture use is permitted through State Trading Enterprises (STEs) namely MMTC Limited (MMTC), State Trading Corporation Limited (STC) and Indian Potash Limited (IPL), under the Foreign Trade Policy of the Government. Government is also importing approximately 20 Lakh Metric Tonnes urea from Oman India Fertiliser Company (OMIFCO) under a 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 year-wise quantity and value of urea imported during the last three years and current year (up to January, 2017) are as under:-

Year	From OMIFCO	Through STE	Total Urea Imported	Value
	(LMT)	(LMT)	(LMT)	(Million US$)
2013-14	21.21	49.68	70.89	1,968.36
2014-15	14.63	72.86	87.49	2,477.27
2015-16	20.77	63.96	84.73	2,087.61
2016-17*	16.86	34.79	51.65	999.90

* uptoJanuary, 2017

> Import of fertilizers (other than Urea) is free, commonly known as Open General Licence (OGL). Various companies import these fertilizers as per their commercial judgment. Government does not maintain the value of these imports. The year-wise

details of quantity of P&K fertilizers imported during the last three years and current year (up to January, 2017) are as under:-

(Figures in Lakh MT)

Year	DAP	NPK	MOP#
2013-14	32.61	3.62	31.80
2014-15	38.53	2.91	41.97
2015-16	60.08	6.29	32.43
2016-17*	43.71	4.93	31.99

* upto January, 2017

MOP includes both for use as direct application as well as NPK manufacture.

8.4 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:

"Department of Fertilizers has set up the following institutional mechanism in consultation with the State Government with a view to ensuring proper distribution of adequate quantity of Fertilizers to the farmers in the country: -

The month-wise demand is assessed and projected by the Department of Agriculture & Co-operation and Farmers Welfare (DAC&FW) in consultation with the State Governments before commencement of each cropping season.

On the basis of month-wise & state-wise projection given by DAC&FW, 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 and Farmers Welfare (DAC&FW), 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.

(iv) The gap between demand (requirement) and production is met through import.

Further, as per Essential Commodities Act, 1955, Fertilizer has been declared an essential commodity and State Governments are empowered to take penal and punitive action in accordance with the provisions of Essential Commodities Act,1955. Thus, any artificial scarcity of fertilizers that may be created by some unscrupulous elements in various states including in remote and inaccessible areas of the country are dealt with by the concerned State Governments as per provisions of Essential Commodities Act, 1955. Further, DoFalso issues advisories to the State Governments for taking action as per the provisions of Essential Commodities Act, 1955.

8.5 When the Committee enquired about the steps undertaken by the Department to ensure adequate supply of fertilizers to farmers and reduce the inconvenience caused to farmers due to demonetization, the Department in its written reply stated as under:

"In the backdrop of demonetisation, various arrangements have been made for smooth delivery of fertilizers to farmers by Department of Fertilizers (DoF). The major steps taken are as follows:

1. Adequate availability of Urea, DAP, MOP, NPK and other fertilizers was ensured to every nook & corner of the country in close coordination was done with Companies, State Governments, Ministry of Railways, Ministry of Shipping etc.
2. To ensure that the sales of fertilizers is not hampered due to lack of cash in the system, *Manufacturing Companies* and *Importers* of various fertilizers were directed to provide fertilizers to dealers/wholesalers/retailers on credit and the credit limit was extended by additional 30 days by the Companies.
3. Similarly, Companies were asked to instruct their dealers/ wholesalers/ retailers to use all modes of transaction including sales on credit, debit card, credit card, cheques etc., for sale of fertilizers to the farmers.
4. States were issued an advisory that they should ensure that fertilizers are readily made available to the farmers as per demand without fail and also necessary instructions be issued by State Governments to cooperatives, private retailers/wholesalers to provide fertilizers on credit and accept all modes of payment viz. debit card, credit card, cheques etc.

IMPACT OF THE STEPS TAKEN

1. The availability of all the fertilizers during November'16 and December'16 was more than that in November'15 and December'15.

Requirement, Availability and Sales of Fertilizers during November+December <Figures in LMT>

	Requirement		Availability		Sales*			
Product	Nov+Dec'15	Nov-Dec'16	Nov+Dec'15	Nov-Dec'16	Nov+Dec'15	Nov-Dec'16	% increase in Availability	% increase in Sales
Urea	69.29	62.44	63.86	79.42	57.90	62.33	24.37	7.64
P&K	48.61	45.32	60.01	63.17	35.08	37.31	5.27	6.33
Total	**117.90**	**107.76**	**123.87**	**142.59**	**92.99**	**99.63**	**15.11**	**7.14**

* Sales by companies to Retailers/ dealers.

2. The increase in cumulative Availability and Sales in the months of November'16 and December'16 as compared to last year have been 15.11% and 7.14% respectively.

3. To facilitate cashless transaction about 2494 POS machines were installed at various fertilizer retail outlets.

8.6 On the issue of impact of demonetization on the supply of fertilizers to the farmers, the Chairperson Standing Committee on Chemicals and Fertilizers stated the following during the evidence of the Department of Fertilizers

> "the decision of demonetization had an adverse impact on farmers more than anyone as. This is not restricted to UP only but through out the country. I feel that the data furnished by the Department is not correct. After demonetization farmers neither have money nor credit / debit card nor any other facility. They do not even have the facility of withdrawing money from their bank accounts. Some villages even do not have banking facility and even if banks are available Government has imposed withdrawal limit on such banks. The data regarding supply of fertilizers to 90% to 92% of farmers is incorrect. These figures are wrong. The condition of farmers in entire country is very bad. The data furnished relates to November and December, however, during this period withdrawal of even Rs.1000 to Rs.2000 was very difficult .... most of the members belong to villages and frequently visits villages. They are quite aware of the problems of the farmers faced during demonetization.

OBSERVATIONS AND RECOMMENDATIONS

RECOMMENDATION NO.1

The Committee note that the installed capacity of DAP & complex fertilizers of fertilizer manufacturing units in the country during 2016-17 has reached to the level of 146 lakh MT as against 144.04 lakh MT in 2015-16. The actual production of all the fertilizers during the year 2015-16 was 413.03 Lakh MT. The Committee are glad to note that the estimated production of all the fertilizers during the year 2016-17 is 430.99 Lakh MT showing an increase of more that 4% in comparison of previous year. At present, there are 30 large size urea plants in the country, manufacturing urea annually, 21 units produce DAP and complex fertilizers and 2 units manufacture Ammonium Sulphate as by-product. 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 factors which impeded 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 are of the view that chemical fertilizers are vital for ensuring the country's food security and felt concerned about the low profitability of the sector and also absence of any incentives like low taxes/duties to indigenous fertilizer manufacturers. The Committee, therefore, recommend the Department to evaluate the reasons for the low profitability of the sector and also to look into the tax structure and work out and send a proposal for exemption of taxes for indigenous fertilizer manufacturers to Ministry of Finance to boost their profitability. The Committee would like to be apprised of the action taken in this regard.

RECOMMENDATION NO.2

The Committee note that the projected requirement of the Department under Non-plan section for the year 2014-15 was Rs.156420.48 crore (gross) against which RE allocation was Rs.75092.73 crore and the actual expenditure was Rs.75089.67 crore, although the actual requirement was much higher as the Department had to carry over liabilities of Rs.31830.77 crore at the end of the year. Against the

projected requirement of Rs.108691.44 crore (gross) for the year 2015-16, the Department was allocated an amount of Rs.76562.47 crore at RE stage and the actual expenditure during the year was Rs.76561.65 crore. The Department has carry over liabilities of Rs.43356.23 crore at the end of the year. Against the projected requirement of Rs.100945.66 crore for the year 2016-17, the Department was allocated an amount of Rs.74130.85 crore at RE stage. Even BE 2017-18 is kept at Rs.74264.71 crore.

In view of the forgoing, the Committee strongly feel that the funds allocated to the Department by the Ministry of Finance is abysmally low in comparison to their projected requirement. 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. During the course of evidence, the Secretary of the Department had also accepted the fact that the Department never gets exactly what is being demanded. The Committee are of the view that unpaid arrears of subsidy are affecting the fertilizers companies adversely. This delay in payment of subsidy is also one of the factors which has impeded growth in the fertilizers sector. The Committee, therefore, recommend that the Department of Fertilizers should make concerted efforts to get its budgetary allocation of subsidy increased by Ministry of Finance to commensurate with its requirement. The Committee would like to be apprised of the progress made in this regard.

RECOMMENDATION NO.3

R&D IN FERTILIZER SECTOR

The Committee note that the Science & Technology (S&T) Programme of Department of Fertilizers primarily lays emphasis at research & development of processes and equipments. The 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 feedstocks for manufacturing fertilizers. The Committee further, note that Department of Fertilizers has taken a major initiative by setting up an exclusive institution for promotion of research, S&T etc., in the fertilizer sector. The Indian

Council of Fertilizer & Nutrient Research (ICFNR) has been set up on 16.09.2016. ICFNR has a Governing Council under the Chairmanship of Hon'ble Minister of Chemicals and Fertilizers and an Executive Council under the Chairmanship of Secretary (Fertilizers), The terms of reference of ICFNR *inter alia* include to undertake/promote research in the area of fertilizer manufacturing technology, use of raw material and innovation in fertilizer products through partnership ad collaboration with various research institutions, fertilizer industry and other stakeholders, etc. R&D is primarily driven by the industry. The ICFNR, agency which has been recently created within the Ministry is still in the process of being grounded.

Further, for the industry side, the Department of Public Enterprises keeps providing guidance to the public sector enterprises that they must allocate a certain proportion of their expenditure to research in their subject area. It is essentially an industry driven exercise where they identify the problem areas, the areas of research and create the necessary facilities or get it executed by the academic institutions etc.

In view of the above, the Committee are perturbed to note that a very small provision for S&T scheme was made during 2012-13 to 2014-15 and no funds were allocated during 2014-15 to 2016-17. Further, the actual expenditure capital during the year 2013-14, 2014-15, 2015-16 were Rs.0.19 crore, Rs.0.24 crore and nil respectively. The Committee are of the view that for the growth and development of the Chemicals and Fertilizers industries, there is a need to increase expenditure under the R&D. The Committee, expect the Department to ensure that the new agency which has recently been created within the Ministry of Chemicals and Fertilizers is operationalized expeditiously so that latest fertilizers and nutrient research can be provided to the Chemicals and Fertilizers industries. The Committee therefore, recommend the Department to make full utilization of the allocated funds for the purpose and also ensure that the Fertilizer PSUs allocate their certain proportion of expenditure towards research in fertilizer sector as mandated by the Department of Public Enterprises. The Committee would like to be apprised of the action taken in this regard.

RECOMMENDATION NO.4

The Committee have time and again emphasized the need for expeditious implementation of Direct Benefits Transfer (DBT) system which was conceptualized in 2011 on the recommendation of Task Force constructed by the Ministry of Finance

to recommend implementable solution for direct transfer subsidy on kerosene, LPG and fertilizers. The Task Force has suggested four phase approach for direct disbursement of fertilizer subsidy to the intended beneficiaries. In the 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 (Mobile Fertilizers Management System), 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 fertilizer sales made to him/her, Phase IV: Subsidy payment to the farmer on the basis of details of sales made to him/her.

In divergence from the above the Committee have been informed that 100% subsidy on various fertilizer grades shall be released to the fertilizer companies instead of the beneficiaries, on the basis of actual sales made by the retailer to the beneficiaries. Initially, the modified subsidy procedure under DBT System will be introduced on pilot basis in 16 select districts. Three more districts, Dhanbad in Jharkhand, Begusarai in Bihar and Gorakhpur in UP have been included in the pilot project. The Committee are also given to understand that the DBT in fertilizer subsidy is slightly different from the beneficiary directed subsidy administrated in LPG, etc. as traditionally subsidy in the fertilizer sector has been given to industry and the difference of cost of production and margin of profit is passed on to the farmers in the form of subsidized rates.

The Committee are not satisfied with the performance of the Department in implementing DBT Scheme, and are of the view that the Department has not been able to implement the Scheme in a time bound manner which was conceptualized in 2011. The Committee are unhappy regarding modification made in the subsidy procedure under DBT System, wherein, 100% subsidy on various grades is to be released to the fertilizers companies instead of the beneficiary. The Committee expect that after implementation of DBT, divergence or smuggling of fertilizer will be reduced to a large extent and the Government will save subsidy eventually. The Committee believe that the soil Health Card which contains particulars like name of the farmer, land holding, irrigated area, bank details etc., may be beneficial in disbursing subsidy directly in the farmer's bank account. The Committee, therefore, recommend that the Department to reconsider its decision and disburse subsidy to farmer directly. The Committee also, reiterate its earlier recommendation that the Department of fertilizer in coordination with the Ministry of Agriculture may make

earnest efforts towards expeditions implementation of Soil Health card scheme and ensure that every farmers is provided with a Soil Health card having bank details for direct transfer of subsidy to them. The Committee would like to be apprised of the progress made in this regard.

RECOMMENDATION NO.5

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 letters to the Department in respect of their proposals. However, no communication has been received from Indo-Gulf Fertilizers Limited and Nagarjuna Fertilizers & Chemicals Limited. As far as Matrics Fertilizers & Chemicals Limited is concerned, they have been requesting for exemption from bank guarantee. To this effect PDIL has been deputed to see the level of execution of the project as MFCL are ready for commissioning. Further, vide letter dated 29th February, 2016 and 11th January, 2017, the Department of Fertilizers has advised the other project proponents to provide the present status of their projects and furnish the Bank Guarantee as per the provisions of NIP-2012 and its amendment.

The Committee are dismayed to note that apart from issuing the reminders, no progress has been made since the last year 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. 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 reiterates its earlier recommendation that the Department of Fertilizers should make more sustained and proactive efforts to review periodically the progress made by the project proponents in a time bound manner and take corrective measures to ensure their timely execution. The Department may also take

up the matter to furnish the Bank Guarantee regularly with the project proponents & also to take all necessary further steps as per the provisions of NIP-2012. Further, the Department is also expected to take decision regarding MFCL expeditiously and press upon PDIL to come out with a report without any delay. The Committee would like to be apprised of the progress made in this regard.

RECOMMENDATION NO.6

The Committee note that out of 9 public sector fertilizer companies under administrative control of the Department of Fertilizers, one PSU namely Project Development India Ltd. (PDIL) is loss making and 2 PSUs 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 not that MFL and FACT had approached the Department of Fertilizers with a financial and business restructuring proposal, which is under consideration in the Department. Further, a sum of Rs.1000 crore has been transferred to FACT, which would monetise its land in order to liquidate Government loan.

The Committee note with deep concern that the proposals for financial restructuring of the two sick companies MFL and FACT is pending with the Department since last year. The Committee are of the strong view that loan given to sick companies like FACT should have been a soft loan so that such companies are not forced to sell of their precious assets in order to repay loan. Further, the Committee are of the view that due to delay in finalization of the proposal for financial restructuring FACT and MFL are not able to carry out renovation and modernization/repair and construction activities. The Committee, therefore, recommend that the Department should make earnest efforts to expedite the implementation of financial restructuring proposal of FACT and MFL without any further delay. The Committee would like to be apprised of the progress made in this regard.

RECOMMENDATION NO.7

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. The Talcher Unit of FCIL is being revived on 'Nomination basis' by a Consortium of PSUs namely RCF, GAIL, CIL and FCIL by setting up a coal based fertilizer plant of 1.27 MMTPA capacity. JV Company named "Talcher Fertilizers Limited (TFL)" has been formed. Selection of Coal Gasification Technology is under progress. The Ramagundam unit of FCIL is being revived on nomination basis by consortium of PSUs namely Engineers India Limited (EIL), National Fertilizers Limited (NFL) and FCIL by setting up a gas based fertilizer plant. JV Company named "Ramagundam Fertilizers & Chemicals Limited" has been formed.

As regards Sindri, Gorakhpur and Barauni units of FCIL the Union Cabinet in its meeting held on 13.07.2016 approved to revive these units by means of a Special Purpose Vehicle of Public Sector Units namely, National Thermal Power Corporation, Coal India Limited, Indian Oil Corporation Limited and Fertilizer Corporation India Limited/Hindustan Fertilizer Corporation Limited, through "nomination route". In pursuance to the decision of the Government of India, a SPV by name Hindustan Urvarak & Rasayan Limited (HURL) has been formed by a consortium of PSUs namely NTPC, CIL, IOCL and FCIL/HFCL. Pre-project activities to revive Gorakhpur, Sindri & Barauni Units are under progress. Considering 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.8

The Committee note that the inadequate availability of gas is one of the major limiting factors to the growth of urea industry in the country. Presently, against the requirement of approximately 49 MMSCMD of gas, the urea sector is getting approximately 21 MMSCMD of domestic gas and the gap of 28 MMSCMD is being filled up by RLNG. It may be noted that out of 31.5 MMSCMD of domestic gas as allocated by CCEA, only 21 MMSCMD of domestic gas is being supplied to urea sector. The availability of domestic natural gas is not even sufficient to meet the demand of existing gas based urea units. Considering pricing and firm availability of natural gas for existing and new units of fertilizer companies vital to increase their indigenous production, the Committee, therefore, recommend the Department to vigorously take up this issue with the Ministry of Petroleum and Natural Gas and ensure that the

existing and new fertilizer plants are supplied domestic gas at least to the extent of 31.5 MMSCMD as allocated to the urea sector. The Committee would like to be apprised of the progress made in this regard.

RECOMMENDATION NO.9

The Committee note 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. With regards gas pipeline connectivity to (SPIC)-Tuticorin, the Committee were informed that SPIC is about 142.5 Km away from ONGC's Ramanad gas field. It is proposed to be connected with ONGC's Ramnad gas field by laying a 142.5 Km pipeline by M/s IOCL as a part of its authorized pipeline Ennore- Thiruvallur- Bengaluru-Puducherry- Nagapattinam- Madurai-Tuticorin Natural Gas Pipeline (ETBPNMTPL). Target for completion of Ramnad-Tuticorin section is June 2018. However, the same would be dependent on receipt of Wild Life Clearance/ Environment Clearance as well as permissions from State Government for laying this pipeline as per the finalized pipeline alignment. With regards Madras Fertilizers Ltd (MFL)- Manali, it is proposed to be connected with IOCL's proposed LNG Terminal at Ennore by ETBPNMTPL. Ennore LNG terminal is likely to be commissioned by June 2018. Further, 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 pipeline. With regard Mangalore Chemicals and Fertilizers Ltd., the Committee were informed that due to stiff resistance from farmers in the state of Kerala and Tamilnadu, the Koottannad – Mangalore pipeline section and Koottannad- Bangalore pipeline section are getting delayed in execution. Malappuram & Kozhikode Districts, Survey & Panchnama is completed for 55Km till date. Looking into the progress of Survey & Panchnama works, GAIL resumed construction works of Kochi- Koottannad- Mangaluru Pipeline Section which will connect MCFL, Mangaluru. This pipeline Section is targeted to be completed by December 18, subject to availability of hindrance free right of way in Malappuram & Kozhikode Districts by March 2017.

The Committee are dismayed to note that Department has not been able to ensure assured supply of gas to these plants so far. The Committee, therefore, recommend the Department to overcome the above cited hindrances to provide pipeline connectivity to these plants and to prepare a road map to complete all related

tasks in a time bound manner. The Committee would like to be apprised of the progress made in this regard.

RECOMMENDATION NO.10

The Committee note that in the backdrop of demonetization, various arrangements have been made for smooth delivery of fertilizers to farmers by Department of Fertilizers (DoF). The Department took various steps like adequate availability of Urea, DAP, MOP, NPK and other fertilizers was ensured to every nook & corner of the country in close coordination done with Companies, State Governments, Ministry of Railways, Ministry of Shipping etc; m*anufacturing Companies* and *Importers* of various fertilizers were directed to provide fertilizers to dealers/wholesalers/retailers on credit and the credit limit was extended by additional 30 days by the Companies; similarly, Companies were asked to instruct their dealers/ wholesalers/ retailers to use all modes of transaction including sales on credit, debit card, credit card, cheques etc., for sale of fertilizers to the farmers; States were issued an advisory that they should ensure that fertilizers are readily made available to the farmers as per demand without fail and also necessary instructions be issued by State Governments to the cooperatives, private retailers/wholesalers to provide fertilizers on credit and accept all modes of payment viz. debit card, credit card, cheques etc. As per the Data provided by the Department, the availability of all the fertilizers during November 2016 and December 2016 was more than that in November 2015 and December 2015. During November- December 2016 total requirement of fertilizers was 107.76 LMT, the availability was 142.59 LMT and sales were 99.63 LMT.

However, the Committee are apprehensive about the data furnished by the Department. The Committee would therefore like the Department to recheck the data regarding availability of fertilizers to farmers during November-December 2016. The data furnished relates to November and December, 2016 however, during this period withdrawal of even Rs.1000 to Rs.2000 was very difficult. The Committee are of the view that after demonetization farmers neither had money nor credit / debit card and any other facility. They did not even have the facility of withdrawing money from their bank accounts. Some villages even do not have banking facility and even if banks were available Government has imposed withdrawal limit on such banks. The Committee, therefore, recommend that post demonetization the Department should effectively monitor the situation at district and at the village level and take adequate measures to ensure that the farmers do not suffer due to dearth of cash in hand and

fertilizers are made available to each and every farmer. The Committee would like to be apprised of the action taken in this regard.

New Delhi;
17 March, 2017
26 Phalguna, 1939 (Saka)

Anandrao Adsul
Chairperson
Standing Committee on
Chemicals and Fertilizers

ANNEXURE-I

MINISTRY OF CHEMICALS AND FERTILISERS

DEMAND NO. 7

Department of Fertilisers

(In ` crores)

		Actual 2015-2016			Budget 2016-2017			Revised 2016-2017			Budget 2017-2018		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	Gross	76564.41	1000.00	77564.41	74138.33	1.04	74139.37	74130.85	...	74130.85	74264.67	0.04	74264.71
	Recoveries	*-4537.92*	*...*	*-4537.92*	*-4100.00*	*...*	*-4100.00*	*-4100.00*	*...*	*-4100.00*	*-4232.00*	*...*	*-4232.00*
	Receipts	*...*	*...*	*...*	*...*	*...*	*...*	*...*	*...*	*...*	*...*	*...*	*...*
	Net	**72026.49**	**1000.00**	**73026.49**	**70038.33**	**1.04**	**70039.37**	**70030.85**	**...**	**70030.85**	**70032.67**	**0.04**	**70032.71**
A. The Budget allocations, net of recoveries, are given below:													
CENTRE'S EXPENDITURE													
Establishment Expenditure of the Centre													
1	Secretariat	26.85	...	26.85	29.31	...	29.31	30.84	...	30.84	32.66	...	32.66
Central Sector Schemes/Projects													
2	*Urea Subsidy*												
2.01	Payment for Indigenous Urea	36000.00	...	36000.00	38000.00	...	38000.00	38000.00	...	38000.00	37000.00	...	37000.00
2.02	Payment for Urea Freight Subsidy	2200.00	...	2200.00	2000.00	...	2000.00	2000.00	...	2000.00	3000.00	...	3000.00
2.03	Payment for Import of Urea	16400.00	...	16400.00	15100.00	...	15100.00	15100.00	...	15100.00	14000.00	...	14000.00
2.04	Recovery	-4122.39	...	-4122.39	-4100.00	...	-4100.00	-4100.00	...	-4100.00	-4232.00	...	-4232.00
	Net	*50477.61*	*...*	*50477.61*	*51000.00*	*...*	*51000.00*	*51000.00*	*...*	*51000.00*	*49768.00*	*...*	*49768.00*
3	*Nutrient Based Subsidy*												
3.01	Payment for Indigenous P and K Fertilizers	11969.00	...	11969.00	12000.00	...	12000.00	11985.02	...	11985.02	12317.00	...	12317.00
3.02	Payment for	9968.56	...	9968.56	6999.99	...	6999.99	6999.99	...	6999.99	7900.00	...	7900.00

3.03 Imported P and K Fertilizers Payment for City Compost	...	...	...	0.01	...	0.01	15.00	...	15.00	15.00	...	15.00
Total- Nutrient Based Subsidy	*21937.56*	...	*21937.56*	*19000.00*	...	*19000.00*	*19000.01*	...	*19000.01*	*20232.00*	...	*20232.00*
Total-Central Sector Schemes/Projects	**72415.17**	**...**	**72415.17**	**70000.00**	**...**	**70000.00**	**70000.01**	**...**	**70000.01**	**70000.00**	**...**	**70000.00**
Other Central Sector Expenditure												
Public Sector Undertakings												
4 Assistance to PSUs	...	1000.00	1000.00	9.02	1.04	10.06	...	...	...	0.01	0.04	0.05
Others												
5 Recovery	-415.53	...	-415.53	...	...	...	...	...	...	...	...	...
Total-Other Central Sector Expenditure	**-415.53**	**1000.00**	**584.47**	**9.02**	**1.04**	**10.06**	**...**	**...**	**...**	**0.01**	**0.04**	**0.05**
Grand Total	***72026.49***	***1000.00***	***73026.49***	***70038.33***	***1.04***	***70039.37***	***70030.85***	***...***	***70030.85***	***70032.67***	***0.04***	***70032.71***
B. Developmental Heads												
Economic Services												
1 Crop Husbandry	34199.93	...	34199.93	19000.00	...	19000.00	19000.01	...	19000.01	20232.00	...	20232.00
2 Industries	37804.61	...	37804.61	51000.00	...	51000.00	51000.00	...	51000.00	49768.00	...	49768.00
3 Secretariat-Economic Services	21.95	...	21.95	29.31	...	29.31	30.84	...	30.84	32.66	...	32.66
4 Other General Economic Services	...	...	...	9.02	...	9.02	...	...	...	0.01	...	0.01
5 Loans for Fertilizer Industries	...	1000.00	1000.00	...	0.04	0.04	...	...	...	...	0.04	0.04
Total-Economic Services	**72026.49**	**1000.00**	**73026.49**	**70038.33**	**0.04**	**70038.37**	**70030.85**	**...**	**70030.85**	**70032.67**	**0.04**	**70032.71**
Others												
6 Loans for North Eastern Areas	...	...	...	...	1.00	1.00	...	...	...	...	...	...
Total-Others	**...**	**...**	**...**	**...**	**1.00**	**1.00**	**...**	**...**	**...**	**...**	**...**	**...**
Grand Total	**72026.49**	**1000.00**	**73026.49**	**70038.33**	**1.04**	**70039.37**	**70030.85**	**...**	**70030.85**	**70032.67**	**0.04**	**70032.71**

2.01 & 2.02 These provisions relate to subsidy under Fertilizer New Pricing Scheme (NPS) including Freight Subsidy for production of urea. The subsidy scheme is intended to make fertilizers available to the farmers at reasonable prices and to give producers of fertilizers a reasonable return on their investment. The difference between the concession price so fixed less distribution margin and the statutorily controlled consumers' price is allowed as subsidy. The quantum of subsidy depends on the concession price, the consumer's price and the level of production.

2.03. **Payment for Import of Urea:** As indigenous production is not adequate to meet the demand for fertilizers, imports are arranged to make up for the shortfall. The cost involved is broadly the price of imported fertilizers plus the cost of handling and distribution of the fertilizers. The selling price of imported fertilizers to farmers is controlled under the Fertilizer Control Order and the consumer prices are thus statutorily regulated. This selling price is the same as the selling price for indigenous production. The difference between the amount realised by way of sale of fertilizers to farmers and the import costs to Government represents the subsidy on fertilizer imports.

3.01. **Payment for Indigenous P and K Fertilizers:** Provision is for payment to the manufacturers 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.

3.02. **Payment for Imported P and K Fertilizers:** Provision is for payment to the 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.

3.03. **Payment for City Compost:** Provision has been made for the proposed Market-Development-Assistance to manufacturers of City Compost at the rate of ₹ 1500/- per MT.

4. **Assistance to PSUs:** For write-off of Govt. of India's loans, interest and penal interest due from Hindustan Fertilizer Corporation Ltd., Fertilizer Corporation of India Ltd., Projects and Development (India) Ltd., Madras Fertilizers Ltd. and Fertilizers and Chemicals of Travancore Ltd., for post closure adjustment liabilities of Pyrites, Phosphates & Chemicals Ltd.(PPL), for loans to Hindustan Fertilisers Coorporation Ltd., Fertilisers Coorporation of India, Pyrites, Phosphates & Chemicals Ltd.(PPL) and Brahmputra Valley Fertilizer Corporation Ltd.

Annexure-II
(with respect to reply of Q.28)
<Figures in 000 MT>

Cumulative Requirement, Availability and Sales of Fertilizers during the year 2013-14 to 2016-17 (UPTO January 2017)									
States	Year	Urea		DAP		MOP		NPK	
		Requirement	Availability	Requirement	Availability	Requirement	Availability	Requirement	Availability
Andaman & Nicobar	2013-14	1.00	0.50	1.00	1.00	0.80	0.00	1.00	0.00
	2014-15	1.00	0.60	0.70	1.00	0.80	0.40	1.00	0.00
	2015-16	1.00	0.40	1.20	1.00	0.68	0.00	0.65	0.50
	2016-17	0.83	1.00	1.20	1.00	0.25	0.00	0.50	1.00
Andhra Pradesh	2013-14	3250.00	3511.53	1100.00	630.22	500.00	344.97	2200.00	2076.31
	2014-15	1827.00	1854.33	551.60	312.60	294.25	276.66	1383.60	1339.70
	2015-16	1735.00	1621.06	470.00	388.63	350.00	222.92	1350.00	1249.29
	2016-17	1354.25	1353.52	400.70	345.61	250.63	257.38	1024.85	1073.85
Arunachal Pradesh	2013-14	1.00	0.23	0.65	0.00	0.40	0.00	0.00	0.00
	2014-15	2.34	0.46	0.10	0.00	1.26	0.00	0.00	0.00
	2015-16	1.93	0.00	0.00	0.00	1.06	0.00	0.00	0.00
	2016-17	0.30	0.00	0.08	0.00	0.14	0.00	0.00	0.00
Assam	2013-14	345.00	268.14	60.00	30.52	125.00	84.22	27.50	5.63
	2014-15	315.00	318.67	45.00	37.30	125.00	78.71	10.00	12.70
	2015-16	330.00	393.18	50.00	57.52	130.00	71.61	10.00	15.73
	2016-17	252.20	253.85	37.02	51.34	96.00	74.18	10.00	10.39
Bihar	2013-14	2150.00	1876.68	525.00	378.96	153.75	146.39	375.00	179.88
	2014-15	1900.00	1942.90	460.00	365.62	155.00	176.58	275.00	287.42
	2015-16	1925.00	2383.51	500.00	587.90	190.00	164.74	325.00	386.61
	2016-17	1780.00	1683.22	570.00	519.02	175.00	231.56	380.00	240.50
Chandigarh	2013-14	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
	2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2016-17	0.00	0.49	0.00	0.00	0.00	3.49	0.00	3.99
Chattisgarh	2013-14	700.00	643.10	310.00	252.44	105.75	66.86	190.00	79.91
	2014-15	675.00	632.09	275.00	237.05	85.00	69.95	180.00	78.19
	2015-16	675.00	874.43	300.00	328.43	105.00	82.21	150.00	98.44
	2016-17	538.84	531.37	343.00	280.98	108.00	68.52	144.00	76.95

<Figures in 000 MT>

Cumulative Requirement, Availability and Sales of Fertilizers during the year 2013-14 to 2016-17 (UPTO January 2017)									
States	Year	Urea		DAP		MOP		NPK	
		Requirement	Availability	Requirement	Availability	Requirement	Availability	Requirement	Availability
Dadra & Nagar Haveli	2013-14	1.36	0.83	1.24	0.77	0.20	0.00	1.05	0.02
	2014-15	1.04	1.27	0.91	1.21	0.07	0.00	0.00	0.15
	2015-16	1.05	1.01	0.92	0.76	0.07	0.00	0.00	0.17
	2016-17	0.95	0.65	0.92	0.89	0.05	0.00	0.00	0.10
Daman & Diu	2013-14	0.34	0.19	0.13	0.01	0.03	0.00	0.02	0.00
	2014-15	0.28	0.28	0.06	0.04	0.02	0.00	0.09	0.00
	2015-16	0.53	0.15	0.16	0.05	0.02	0.00	0.16	0.00
	2016-17	0.47	0.32	0.16	0.11	0.02	0.00	0.21	0.00
Delhi	2013-14	7.20	7.79	4.00	0.00	2.00	0.00	0.60	0.00
	2014-15	8.00	9.09	4.50	0.00	2.00	0.00	2.60	0.00
	2015-16	9.20	10.79	5.50	0.91	2.00	0.00	2.60	0.03
	2016-17	8.70	10.78	4.20	0.61	2.00	0.06	2.60	0.00
GOA	2013-14	4.70	4.40	2.80	2.23	0.60	0.71	6.90	2.95
	2014-15	4.82	3.57	2.90	1.33	1.17	0.71	4.60	2.86
	2015-16	4.82	3.64	2.40	1.91	1.15	0.84	5.10	2.74
	2016-17	3.60	3.01	2.00	1.40	1.10	0.63	3.85	1.97
Gujarat	2013-14	2225.00	2082.06	540.00	400.10	130.00	125.42	473.00	477.37
	2014-15	2200.00	2274.84	540.00	430.75	140.00	136.17	520.00	594.05
	2015-16	2050.00	2131.06	500.00	527.63	180.00	119.23	520.00	626.30
	2016-17	1730.00	1830.81	500.00	394.81	130.00	142.57	476.40	529.38
Harayana	2013-14	1950.00	1855.05	350.00	314.13	35.00	23.59	55.00	11.08
	2014-15	1860.00	2005.03	450.00	427.01	25.00	58.89	45.00	35.64
	2015-16	1860.00	2169.57	600.00	679.87	45.00	49.90	65.00	27.77
	2016-17	1650.00	1813.96	600.00	568.28	33.00	64.92	59.20	21.59
Himachal Pradesh	2013-14	63.00	63.93	0.00	0.00	7.10	8.80	30.00	22.60
	2014-15	70.00	67.43	0.00	0.00	8.60	10.08	31.00	20.85
	2015-16	71.00	73.31	0.00	0.00	8.70	7.73	30.00	35.85
	2016-17	53.50	49.79	0.00	0.78	6.21	4.83	30.40	23.66

<Figures in 000 MT>

Cumulative Requirement, Availability and Sales of Fertilizers during the year 2013-14 to 2016-17 (UPTO January 2017)									
States	**Year**	**Urea**		**DAP**		**MOP**		**NPK**	
		Requirement	**Availability**	**Requirement**	**Availability**	**Requirement**	**Availability**	**Requirement**	**Availability**
J&K	2013-14	145.50	135.41	74.75	60.48	20.44	18.53	0.00	1.80
	2014-15	138.00	116.70	72.00	73.31	25.00	30.31	0.00	2.03
	2015-16	132.17	158.65	78.00	61.49	26.00	10.93	0.00	2.56
	2016-17	94.25	76.12	51.06	58.56	17.19	26.60	2.00	0.72
Jharkhand	2013-14	260.00	167.54	90.00	29.36	21.00	3.28	75.00	16.41
	2014-15	225.00	180.17	75.00	27.08	16.00	0.63	55.00	26.26
	2015-16	225.00	239.31	105.00	66.38	16.00	3.21	85.00	35.14
	2016-17	232.00	207.35	95.00	61.92	10.30	3.09	57.50	14.45
Karnataka	2013-14	1550.00	1500.62	700.00	485.86	490.00	263.38	1450.00	1170.18
	2014-15	1400.00	1542.23	600.00	524.06	325.00	394.48	1200.00	1261.34
	2015-16	1370.75	1537.75	590.00	615.20	391.20	263.89	1163.00	1289.83
	2016-17	1120.50	1245.64	489.60	568.63	265.80	244.81	967.30	1074.27
Kerala	2013-14	200.00	143.92	27.70	30.87	187.00	95.83	243.15	157.51
	2014-15	170.00	135.80	25.00	35.01	163.00	115.33	230.00	149.63
	2015-16	168.00	148.04	34.00	27.55	175.00	87.59	225.00	132.00
	2016-17	76.70	104.03	20.60	30.33	48.30	88.56	88.75	112.60
Lakshadweep	2013-14	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
	2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

<Figures in 000 MT>

Cumulative Requirement, Availability and Sales of Fertilizers during the year 2013-14 to 2016-17 (UPTO January 2017)									
States	Year	Urea		DAP		MOP		NPK	
		Requirement	Availability	Requirement	Availability	Requirement	Availability	Requirement	Availability
Madhya Pradesh	2013-14	1925.00	2300.66	1150.00	893.02	100.00	59.65	420.00	220.33
	2014-15	2000.00	2072.97	1000.00	917.44	90.00	99.19	345.00	249.64
	2015-16	2800.00	2483.66	1200.00	1129.61	110.00	104.84	375.00	325.31
	2016-17	2075.00	2249.88	1150.00	916.51	118.00	111.62	385.00	317.90
Maharashtra	2013-14	2700.00	2654.38	1400.00	584.73	492.30	357.50	1750.00	1591.72
	2014-15	2650.00	2577.51	850.00	569.39	400.00	489.75	2000.00	1701.95
	2015-16	2700.00	2401.21	850.00	680.41	475.00	328.07	2100.00	1917.19
	2016-17	2194.35	2129.76	676.40	525.07	415.50	338.80	1888.20	1555.21
Manipur	2013-14	39.60	17.83	10.00	0.00	4.65	0.00	0.00	0.00
	2014-15	29.00	22.94	7.00	0.00	5.50	0.00	2.50	0.00
	2015-16	33.00	19.35	8.00	0.00	5.35	0.00	0.00	0.00
	2016-17	19.00	16.89	7.00	0.00	4.52	0.00	0.00	0.00
Megalaya	2013-14	11.10	5.50	8.00	0.40	2.30	0.00	0.00	0.00
	2014-15	3.35	6.02	1.05	0.25	0.55	0.00	0.00	0.20
	2015-16	3.35	1.72	0.80	0.25	0.55	0.00	0.00	1.20
	2016-17	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00
Mizoram	2013-14	9.00	6.05	4.50	0.31	3.50	0.49	0.00	0.00
	2014-15	9.00	3.75	5.50	0.03	4.50	0.38	0.00	0.00
	2015-16	8.73	3.50	5.52	0.05	4.26	0.10	0.00	0.00
	2016-17	4.40	4.48	3.27	0.02	2.20	0.06	0.00	0.00
Nagaland	2013-14	1.85	0.74	1.25	0.03	0.50	0.00	0.30	0.01
	2014-15	1.74	0.64	1.25	0.01	0.60	0.00	0.62	0.00
	2015-16	1.82	0.54	1.30	0.01	0.68	0.00	0.70	0.00
	2016-17	1.74	0.35	1.23	0.00	0.62	0.00	0.68	0.00

<Figures in 000 MT>

Cumulative Requirement, Availability and Sales of Fertilizers during the year 2013-14 to 2016-17 (UPTO January 2017)									
States	Year	Urea		DAP		MOP		NPK	
		Requirement	Availability	Requirement	Availability	Requirement	Availability	Requirement	Availability
Orissa	2013-14	680.00	533.02	245.00	150.15	160.00	93.51	380.00	184.63
	2014-15	600.00	506.39	160.00	149.03	125.00	93.87	325.00	232.78
	2015-16	660.00	609.68	240.00	171.67	160.00	88.89	380.00	267.25
	2016-17	550.00	463.01	191.00	151.73	134.50	93.28	334.00	180.60
Pondicherry	2013-14	26.50	22.15	4.65	1.45	4.30	2.35	19.05	8.98
	2014-15	22.00	14.95	2.05	1.54	3.00	2.60	10.30	6.93
	2015-16	22.00	13.27	2.40	1.29	3.40	2.02	12.30	5.77
	2016-17	14.50	8.58	1.55	1.48	2.80	2.41	6.13	4.68
Punjab	2013-14	2640.00	2620.56	915.00	487.11	70.00	41.59	120.00	29.43
	2014-15	2480.00	2735.30	900.00	735.74	50.00	75.14	45.00	46.34
	2015-16	2650.00	3152.24	900.00	849.27	63.00	60.93	35.00	45.38
	2016-17	2400.00	2343.70	830.00	691.39	95.00	75.05	64.00	30.24
Rajasthan	2013-14	1800.00	1850.27	604.00	487.05	23.20	4.49	120.70	32.69
	2014-15	1850.00	1848.65	500.00	570.52	16.00	15.95	96.00	67.62
	2015-16	1925.00	2095.64	675.00	800.49	16.00	15.18	95.00	74.39
	2016-17	1642.70	1846.51	435.00	633.02	21.40	16.90	74.67	55.98
Sikkim	2013-14	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
	2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tamil Nadu	2013-14	1050.00	911.63	400.00	220.81	391.00	256.14	693.30	505.38
	2014-15	1000.00	990.32	375.00	241.76	400.00	301.45	650.00	537.14
	2015-16	1050.00	1140.78	350.00	303.13	400.00	300.70	650.00	618.92
	2016-17	738.30	721.66	320.30	231.52	338.70	263.38	513.20	495.23

<Figures in 000 MT>

Cumulative Requirement, Availability and Sales of Fertilizers during the year 2013-14 to 2016-17 (UPTO January 2017)									
States	**Year**	**Urea**		**DAP**		**MOP**		**NPK**	
		Requirement	**Availability**	**Requirement**	**Availability**	**Requirement**	**Availability**	**Requirement**	**Availability**
Telangana	2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2014-15	1423.00	1246.70	323.40	168.20	130.75	116.58	766.40	783.02
	2015-16	1429.00	1334.78	350.00	219.90	175.00	106.09	950.00	877.22
	2016-17	1170.00	1347.16	230.00	221.14	140.00	156.97	820.00	890.94
Tripura	2013-14	53.00	21.74	6.00	0.99	11.00	5.21	0.00	0.63
	2014-15	35.00	21.80	5.50	0.44	13.50	2.58	2.50	0.57
	2015-16	35.00	25.74	5.00	1.30	14.00	5.21	0.00	0.73
	2016-17	21.95	28.10	7.00	2.13	15.30	6.34	0.00	0.87
Uttar Pradesh	2013-14	6200.00	5938.30	1865.00	1569.00	180.00	113.35	1100.00	422.72
	2014-15	6200.00	6313.85	1950.00	1684.01	175.00	235.86	900.00	657.22
	2015-16	5947.00	6013.29	1950.00	2242.76	200.00	228.35	1050.00	729.81
	2016-17	4975.00	4954.50	1800.00	2008.22	230.00	271.22	800.00	474.53
Uttaranchal	2013-14	250.00	280.41	35.00	22.03	4.50	1.42	54.00	39.77
	2014-15	250.00	281.71	35.00	25.97	4.50	1.96	50.00	41.87
	2015-16	245.00	371.50	40.00	31.62	9.00	3.27	50.00	34.52
	2016-17	217.00	323.23	32.00	38.32	4.50	5.38	36.50	28.61
West Bengal	2013-14	1450.00	1250.11	550.00	256.40	287.00	214.68	950.00	725.52
	2014-15	1320.00	1313.10	375.00	262.77	240.00	288.05	850.00	920.94
	2015-16	1264.90	1486.81	419.00	351.05	350.00	242.57	959.00	1002.41
	2016-17	1005.00	987.94	327.50	262.81	237.50	248.72	866.26	877.08
All India	**2013-14**	**31690.15**	**30675.23**	**10985.67**	**7290.44**	**3513.32**	**2332.37**	**10735.57**	**7963.46**
	2014-15	**30670.57**	**31042.07**	**9593.52**	**7780.43**	**3026.07**	**3072.28**	**9981.21**	**9057.05**
	2015-16	**31335.25**	**32899.57**	**10234.20**	**10128.01**	**3608.12**	**2571.02**	**10588.51**	**9803.07**
	2016-17	**25926.02**	**26591.65**	**9127.79**	**8567.72**	**2904.52**	**2801.34**	**9036.19**	**8097.30**

Annexure III

STATE-WISE PRODUCTION OF COMPLEX FERTILIZERS FOR THE YEAR 2013-14 to 2016-17 (UP TO JAN. 2017)

NAME OF ZONE/STATE	Production ('000' MT)			
	2013-14	2014-15	2015-16	2016-17 (Up to Jan.2017)
SOUTH-ZONE				
ANDHRA PRADESH	1487.6	1936.4	1933.6	1626.8
KERALA	660.1	603.3	528.4	578.5
KARNATAKA	37.4	29.2	94.9	100.9
TAMIL NADU	383.8	508.2	461.9	362.6
TOTAL(SZ) :	2568.9	3077.1	3018.8	2668.8
WEST-ZONE				
GOA	436.3	482.4	507.5	374.7
MAHARASHTRA	757.9	695.9	725.5	577.0
GUJARAT	1630.2	1852.5	2218.7	1813.0
TOTAL(WZ) :	2824.4	3030.8	3451.7	2764.7
EAST-ZONE				
ORISSA	1269.6	1151.3	1416.4	1301.3
WEST BENGAL	250.1	572.9	413.8	205.7
TOTAL(EZ):	1519.7	1724.2	1830.2	1507.0
GRAND TOTAL:	6913.0	7832.1	8300.7	6940.5

ANNEXURE -IV

**MINUTES OF THE EIGHTH SITTING OF THE
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS
(2016-17)**

The Committee sat on Tuesday, the 21st February, 2017 from 1500 hrs. to 1700 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Anandrao Adsul - Chairperson

MEMBERS

LOK SABHA

2. Smt. Anju Bala
3. Shri B. N. Chandrappa
4. Smt. Veena Devi
5. Shri R. Dhruvanarayana
6. Shri Innocent
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. Dr. Ratna De (Nag)

RAJYA SABHA

14. Shri Biswajit Daimary
15. Shri Prem Chand Gupta
16. Shri Narayan Lal Panchariya
17. Shri Palvai Govardhan Reddy

SECRETARIAT

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

LIST OF WITNESS

I. *MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF FERTILIZERS)*

1. Smt. Bharathi S. Sihag, Secretary
2. Smt. Meenakshi Gupta, AS & FA
3. Shri Dharam Pal, Joint Secretary & CMD of BVFCL/FAGMIL
4. Smt. Alka Tiwari, Joint Secretary
5. Shri Kuntal Sensarma, Economic Advisor

II. **III.** ***REPRESENTATIVES FROM OTHER MINISTRIES/DEPARTMENT***

1. Ms. Kiran Vasudev, DS, M/o P&NG
2. Dr. P.P. Biswas, Pr. Scientist, ICAR
3. Shri Manoj Srivastava, ED (TTF), M/o Railways

III. ***REPRESENTATIVES FROM PSUs***

1. Shri Manoj Mishra, CMD, NFL/RCF
2. Shri A.B. Khare, CMD, FACT/MFL
3. Shri D.S. Sudhakar Ramaiah, CMD, PDIL
4. Shri P.K. Sarkar, Regional Manager, FACT

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 regarding 'Demands for Grants 2017-18' of the Department of Fertilizers. During the discussion, the Hon'ble Chairperson and Members of the Committee raised queries on several issues such as:-

(i) shortage of Plan budgetary allocation,

(ii) subsidy expenditure and carryover liabilities

(iii) Effects of demonetization on supply of fertilizes to farmers

(iv) Non-availability of gas to the fertilizer plants

(v) Direct Benefits Transfer (DBT) Scheme

(vi) Revival of sick and closed PSUs

(vii) Research and Development, soil health testing etc.

4. The Chairperson, thereafter, thanked the witnesses for appearing before the Committee as well as for furnishing valuable information to the Committee. They were also asked to provide required information not readily available at the earliest.

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

The Committee then adjourned.

ANNEXURE -V

MINUTES

MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2016-17)

The Committee sat on Friday, the 17 March, 2017 from 1500 hrs. to 1530 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

Shri Anandrao Adsul - Chairperson

Members

Lok Sabha

2. Shri George Baker
3. Smt. Anju Bala
4. Shri K. Ashok Kumar
5. Shri Chhedi Paswan
6. Shri Kotha Prabhakar Reddy
7. Smt. Rekha Arun Verma
8. Smt. Pankaj Chaudhary

Rajya Sabha

9. Shri Biswajit Daimary
10. Shri Narayan Lal Panchariya
11. Shri Palvai Govardhan Reddy

Secretariat

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

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 (2017-18) of the Ministry of Chemicals and Fertilizers (Department of Fertilizers); and

b) 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, and Department of Pharmaceuticals of the Ministry of Chemicals and Fertilizers and present the same to both the Houses of Parliament.

The Committee then adjourned.

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xxxx Matters not related to this Report.