

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

UNSTARRED QUESTION NO:3498  
ANSWERED ON:11.08.2015  
Revival of PSUs  
Biju Shri Parayamparanbil Kuttappan

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

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

- (a) the efforts being made by the Government to revive the sick or loss making Public Sector Undertakings (PSUs), unit – wise;
- (b) whether there is any proposal for merger of the companies for making them profitable;
- (c) if so, the details thereof;
- (d) whether it is a fact that the Government has undertaken fresh appraisal of each PSU; and
- (e) if so, the details thereof, PSU-wise?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS

(SHRI HANSRAJ GANGARAM AHIR)

(a): The efforts made by the Government to revive sick or loss making PSUs sector/unit -wise are as under:

Fertilizer Public Sector Undertakings (PSUs):

The details of sick/loss making PSUs under Department of Fertilizers which are as under:

(i) Brahmaputra Valley Fertilizers Corporation Limited (BVFCL):

Government in May 2015 approved financial restructuring of BVFCL involving waiver of total cumulative interest on GOI loan and conversion of GoI loans of Rs. 594.71 Crores to interest free loan. Also waiver of loan for Rs. 21.96 Crores taken for revamp of Namrup -I and recognition of capital expenditure of Rs. 79.62 Crores incurred for revamp of Namrup-III for calculating the concession rate of urea under NPS-III. This will make net worth of the company positive.

The Government has also approved setting up a new brown field Ammonia-Urea Plant by phasing out the existing Namrup-II & III plants. This will result in the long term viability of the Company (BVFCL) and also most efficient use of scarce natural resource i.e. Natural Gas (NG).

(ii) The Fertilizers & Chemicals Travancore Limited (FACT):

FACT, which was a profit making organization, went into losses due to various reasons beyond the control of the organization. The earlier supports by the Government of India helped in cleaning up the balance sheet and staying out of the purview of Board for Industrial and Financial Reconstruction (BIFR). Networth of the company became negative during 2012-13 and has further deteriorated to a level of (-) 457 crore by 31-03-2014.

In order to ensure the revival of FACT and help it sustain and grow over the years, short term, medium term and long term plans have been identified. Accordingly, a proposal for the Financial restructuring of FACT was prepared. Meanwhile, Department of Expenditure raised some issues in the matter. Based on discussions with Department of Expenditure to resolve these issues, the proposal for financial restructuring of FACT modified and a revised proposal prepared. At present the revised proposal has been circulated for inter-ministerial consultations on 18.06.2015 and the comments received are being examined.

(iii) Madras Fertilizers Limited (MFL):

MFL started incurring losses in the year 2003-04 and declared Sick in 2009. Though the company has earned operating profit in the last two financial years, however, the net-worth of the company is still negative. To make the net-worth of the company positive a proposal for the financial restructuring of MFL has been prepared which is being proposed to Board for Reconstruction of Public Sector Enterprises (BRPSE).

(iv) Hindustan Fertilizer Corporation Limited (HFCL)

The Company was declared sick by the BIFR in 1992. The Government declared closure of all units namely Barauni, Haldia and Durgapur of HFCL in 2002. Draft Rehabilitation Schemes is under consideration to bring the company out of the purview of BIFR and to revive the company. Also Government on 31.3.2015 approved revival of Barauni unit through bidding route.

Chemicals & Petrochemical PSUs:

Department of Chemicals & Petrochemical has two sick/loss making PSUs. The details of which are as under:

(i) Hindustan Organic chemicals Ltd. (HOCL):

In January, 2014, a consultant viz. M/s FEDO (FACT Engineering and Design Organization) was appointed for conducting a revival study for HOCL. As the FEDO's report did not take into account the present scenario prevailing in the domestic and international market, crashing crude prices, drastic downfall in the prices of phenol and acetone, the Board of Directors of HOCL decided to appoint a new consultant (M/s JPS Associates) for preparing a fresh revival plan. Since HOCL is registered as a sick company with BIFR, the fresh revival plan for HOCL, based on the report of the new consultant, will be submitted for consideration and further decision of BIFR in the next hearing scheduled on 4.11.2015.

(ii) Hindustan Fluorocarbons Ltd. (HFL)-

For revival and growth of HFL, the company has adopted the strategy to develop fluoro-specialty chemicals and switching over from singly product to multi product facility to reduce dependency on PTFE (Poly Tetra Fluoro Ethylene). A Plan loan of Rs. 16.80 crore was provided to HFL in 2014-15 for plant refurbishment schemes and new initiatives. This included Rs. 3.60 Crore for development of modified PTFE, which has higher profit margins. In 2015-16, Plan loan provision of Rs.5 crore has been kept in the Department's budget for the schemes/ projects of HFL.

Pharmaceutical PSUs:

Department of Pharmaceutical has two sick/loss making PSUs namely, India Drugs & Pharmaceuticals Limited (IDPL) and Hindustan Antibiotics Limited (HAL). Draft Rehabilitation Schemes are under consideration to revive the IDPL as well as HAL.

(b) & (c): No, Madam. There is no proposal for merger of any of the PSUs.

(d) & (e): The physical and financial performances of PSUs are reviewed at the Secretary/Joint Secretary level in performance review meeting held with the PSUs from time to time. Performance of the PSUs are also assessed and reviewed on yearly basis during Memorandum of Understanding (MoU) negotiation meetings by the Task Force appointed by Department of Public Enterprises. The above appraisal and monitoring mechanism is an ongoing process.

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