

**MINISTRY OF CHEMICALS AND FERTILISERS****DEMAND NO. 8****DEPARTMENT OF FERTILISERS**

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

		<i>(In crores of Rupees)</i>								
Major Head	Budget 2006-2007			Revised 2006-2007			Budget 2007-2008			
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
Revenue	18.95	17261.82	17280.77	18.14	22461.82	22479.96	13.50	22461.82	22475.32	
Capital	79.86	25.18	105.04	79.86	25.18	105.04	31.50	25.18	56.68	
<b>Total</b>	<b>98.81</b>	<b>17287.00</b>	<b>17385.81</b>	<b>98.00</b>	<b>22487.00</b>	<b>22585.00</b>	<b>45.00</b>	<b>22487.00</b>	<b>22532.00</b>	
1. Secretariat-Economic Services	3451	...	7.43	7.43	...	8.39	8.39	...	9.38	9.38
<b>Crop Husbandry</b>										
2. Subsidy on imported fertilizers	2401	...	1093.53	1093.53	...	2703.54	2703.54	...	2703.54	2703.54
3. Payment to manufacturers/ Agencies for concessional sale of decontrolled fertilizers	2401	...	5749.00	5749.00	...	8348.10	8348.10	...	8347.10	8347.10
<b>Fertilizer Industries</b>										
4. Subsidy on indigenous fertilizers	2852	...	10410.37	10410.37	...	11400.37	11400.37	...	11400.37	11400.37
5. Indo-UK Fertilizers Development Programme- Grant to KRIBHCO for Dryland Farming Project	2852	12.95	...	12.95	12.14	...	12.14	1.50	...	1.50
6. Other research scheme for fertilizers Development S & T Programme	2852	4.97	...	4.97	4.97	...	4.97	5.50	...	5.50
7. <i>Non-plan loans to public sector undertakings</i>										
7.01 Hindustan Fertilizer Corporation Ltd.	6855	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01
7.02 Fertilizer Corpn. of India Ltd.	6855	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01
7.03 Pyrites, Phosphates & Chemicals Ltd	6855	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01
7.04 Brahmaputra Valley Fertilizer Corporation Ltd.	6855	...	25.15	25.15	...	25.15	25.15	...	25.15	25.15
<b>Total</b>		...	<b>25.18</b>	<b>25.18</b>	...	<b>25.18</b>	<b>25.18</b>	...	<b>25.18</b>	<b>25.18</b>
8. Lumpsum provision for Projects/ Schemes for the benefit of the North Eastern Region and Sikkim	4552	10.00	...	10.00	10.00	...	10.00	...	...	...
	6552	...	...	...	...	...	...	4.49	...	4.49
<b>Total</b>		<b>10.00</b>	...	<b>10.00</b>	<b>10.00</b>	...	<b>10.00</b>	<b>4.49</b>	...	<b>4.49</b>
9. Investment in Public Enterprises	4855	30.86	...	30.86	30.86	...	30.86	...	...	...
	6855	39.00	...	39.00	39.00	...	39.00	27.01	...	27.01
<b>Total</b>		<b>69.86</b>	...	<b>69.86</b>	<b>69.86</b>	...	<b>69.86</b>	<b>27.01</b>	...	<b>27.01</b>
10. <i>Other Programmes</i>										
10.01 For write off of loan, interest and penal interest on Govt. of India loan outstanding against HFCL, MFL, FACT, FCI & PDIL Write off matched by receipts	3475	...	0.01	0.01	...	670.37	670.37	...	0.01	0.01
	1475	...	...	...	...	-670.37	-670.37	...	...	...
<b>Net</b>		...	<b>0.01</b>	<b>0.01</b>	...	...	...	...	<b>0.01</b>	<b>0.01</b>
10.02 Other programmes	2852	1.03	1.47	2.50	1.03	1.41	2.44	1.50	1.41	2.91
10.03 Capital subsidy for conversion of 4 existing FO/LSHS Plants to NG/LNG	2852	...	...	...	...	...	...	5.00	...	5.00
10.04 Post closure adjustment liabilities of PPL	3475	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01
<b>Total</b>		<b>1.03</b>	<b>1.49</b>	<b>2.52</b>	<b>1.03</b>	<b>1.42</b>	<b>2.45</b>	<b>6.50</b>	<b>1.43</b>	<b>7.93</b>
<b>Grand Total</b>		<b>98.81</b>	<b>17287.00</b>	<b>17385.81</b>	<b>98.00</b>	<b>22487.00</b>	<b>22585.00</b>	<b>45.00</b>	<b>22487.00</b>	<b>22532.00</b>
<b>B. Investment in Public Enterprises</b>	Head of Dev	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total
9.01 Fertilizers & Chemicals Travancore Ltd.	12855	30.00	...	30.00	30.00	...	30.00	15.00	...	15.00
9.02 National Fertilizers Ltd.	12855	...	59.02	59.02	...	407.00	407.00	...	477.91	477.91
9.03 Projects and Development (India) Ltd.	12855	...	2.00	2.00	...	1.50	1.50	...	2.50	2.50
9.04 Rashtriya Chemicals and Fertilizers Ltd.	12855	...	237.70	237.70	...	304.40	304.40	...	302.41	302.41
9.05 Madras Fertilizers Ltd.	12855	9.00	...	9.00	9.00	...	9.00	9.00	...	9.00
9.06 Brahmaputra Valley Fertilizer Corporation Ltd.	12855	40.86	...	40.86	40.86	...	40.86	4.50	...	4.50

No.8/ Department of Fertilisers

	Head of Dev.	Budget 2006-2007			Revised 2006-2007			(In crores of Rupees) Budget 2007-2008		
		Budget Support	I.E.B.R	Total	Budget Support	I.E.B.R	Total	Budget Support	I.E.B.R	Total
9.07 Krishak Bharti Cooperative Ltd.	12855	...	586.00	586.00	...	65.00	65.00	...	210.00	210.00
9.08 Fertilizer Corporation of India (FAGMIL)	12855	...	1.50	1.50	...	2.92	2.92	...	0.14	0.14
9.09 Fertilizer Corporation of India Ltd.	12855	...	...	...	...	...	...	1.00	...	1.00
9.10 Hindustan Fertilizer Corporation Ltd.	12855	...	...	...	...	...	...	1.00	...	1.00
9.11 Pyrites, Phosphates & Chemicals Ltd.	12855	...	...	...	...	...	...	1.00	...	1.00
<b>Total</b>		<b>79.86</b>	<b>886.22</b>	<b>966.08</b>	<b>79.86</b>	<b>780.82</b>	<b>860.68</b>	<b>31.50</b>	<b>992.96</b>	<b>1024.46</b>
<b>C. Plan Outlay</b>										
1. Fertilizers Industries	12855	88.81	886.22	975.03	88.00	780.82	868.82	40.51	992.96	1033.47
2. North Eastern Areas	22552	10.00	...	10.00	10.00	...	10.00	4.49	...	4.49
<b>Total</b>		<b>98.81</b>	<b>886.22</b>	<b>985.03</b>	<b>98.00</b>	<b>780.82</b>	<b>878.82</b>	<b>45.00</b>	<b>992.96</b>	<b>1037.96</b>

1. Provision is for expenditure on Secretariat of the Department.

2. As indigenous production is not adequate to meet the demand for fertilizers, imports are arranged to make up 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. Provision is for payment to the manufacturers/agencies under the scheme of sale of decontrolled Phosphatic and Potassic fertilizers at concession to the farmers. The concession would lead to balanced use of fertilizers (NPK) nutrients for better soil health and productivity.

4. This provision relates to subsidy under Fertilizer Retention Price Scheme 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 fertilizers are sold at issue prices, fixed from time to time under the Fertilizers Control Order.

5. The provision is for rain-fed farming project being implemented by KRIBHCO under ODA grant from the U.K.(EAP).

6. The provision is for S&T work, and for development of essential know-how for production of bio-fertilizers.

7. The provision for Non-Plan loans to HFC, FCI, PPCL and BVFCL are intended to enable the companies to meet shortfall in resources. FCI and HFC are sick companies, having been referred to BIFR under SICA. PPCL has stopped all its activities.

8. The provision is for the projects/schemes for the benefits of North Eastern Area and Sikkim.

9. **Investment in public enterprises:** The equity and loanwise breakup of the Budgetary support to these enterprises and the IEER are given in Expenditure Budget Vol.I.

9.01 **Fertilizers and Chemicals Travancore Ltd.(FACT)** is engaged in production of nitrogenous and phosphatic fertilizers, ammonium sulphate, ammonium chloride, sulphur dioxide, etc. The Company has three operating units - one at Udagamandal and the other two units at Cochin. All the three units have an installed capacity each of 3.26 lakh tonnes of nitrogen, 1.27 lakh tonnes of P<sub>2</sub>O<sub>5</sub> and 0.50 lakh tonnes of Caprolactum.

9.02 **National Fertilizers Limited (NFL)** has five units namely, Nangal-I and Nangal-II, Bhatinda, Panipat and Vijaypur with a total installed capacity of 14.88 lakh tonnes of nitrogen per annum. The company has commissioned captive power plants at its fertilizer plants at Bhatinda, Panipat and Nangal Modernisation Plant Phase-I at Nangal. The Vijaypur Expansion Project at Guna, MP at an estimated cost of Rs.1071.00 crores, creating an additional

capacity of 7.26 lakh tonnes per annum, was commenced in 1997.

9.03 **Projects and Development (India) Ltd.(PDIL)** has a design engineering and consultancy service unit, a research and development division and fabrication workshop of equipment and vessels in the field of fertilizers and is assisting the fertilizer companies in the field of design engineering, technical procurement, supervision, construction and commissioning etc. The company is also engaged in the manufacture of catalysts for the fertilizer industry.

9.04 **Rashtriya Chemicals and Fertilizers Ltd (RCFL)** is engaged in the production of nitrogenous and phosphatic fertilizers and some industrial products like methanol and ammonium nitrate, etc. At present, the Company has four operating units namely, Trombay, Trombay IV, Trombay V and Thal with a total installed capacity of 9.55 lakh tonnes of nitrogen and 1.20 lakh tonnes of P<sub>2</sub>O<sub>5</sub> and 0.45 lakh tonnes of K<sub>2</sub>O.

9.05 **Madras Fertilizers Limited (MFL)** was a joint sector company with participation of Government of India, National Iranian Oil Company and AMOCO India incorporated in USA. The shares of AMOCO India have been purchased partly by Government of India and partly by the National Iranian Oil Company. The company is engaged in the manufacture of urea and complex fertilizers.

9.06 **Brahmaputra Valley Fertilizers Corporation Ltd. (BVFCL)** Operating units of HFC, i.e. Namrup-I, Namrup-II and Namrup-III, have been segregated and incorporated into a new company Brahmaputra Valley Fertilizers Corporation Ltd. with production capacity of 5.5 lmt of urea per annum.

9.07 **Krishak Bharati Cooperative Ltd.(KRIBHCO):** A large size ammonia/urea complex has been set up in the cooperative sector at Hazira in Gujarat by the Krishak Bharati Cooperative Ltd. Based on natural gas, the project has an installed capacity of 6.68 lakh tonnes of nitrogen.

9.08 **Fertilizer Corporation of India (FAGMIL):** FCI Aravali Gypsum and Minerals India Ltd. (FAGMIL) incorporated under Companies Act, 1956 as a public sector undertaking on 14.2.2003, after hiving off the Jodhpur Mining Organisation (JMO) of Fertilizer Corporation of India (FCI), has come into force w.e.f. 1.4.2003 after approval of the Demerger Scheme between FCI and FAGMIL by the Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 17.5.2004.

9.09 The provision is for Fertilizer Corporation of India Ltd.

9.10 The provision is for Hindustan Fertilizer Corporation Ltd.

9.11 The provision is for Pyrites, Phosphates and Chemicals Ltd.

10. This includes Non-Plan provision for the Office of Fertilizer Industry Coordination Committee, an attached Office of the Department of Fertilizers, grant in the field of Management Information Technology, and write off of Govt. of India's loans, interest and penal interest due from HFC, FCI, PDIL MFL and FACT. This also includes a provision for capital subsidy for conversion of 4 existing FO/LSHS Plants to NG/LNG.