

**MINISTRY OF CHEMICALS AND FERTILIZERS****DEMAND NO. 8****Department of Fertilizers**

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

		<i>(In crores of Rupees)</i>								
Major Head	Budget 2004-2005			Revised 2004-2005			Budget 2005-2006			
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
Revenue	26.35	12669.85	12696.20	22.71	15669.85	15692.56	18.04	16261.82	16279.86	
Capital	103.82	28.15	131.97	74.55	28.15	102.70	93.78	25.18	118.96	
<b>Total</b>	<b>130.17</b>	<b>12698.00</b>	<b>12828.17</b>	<b>97.26</b>	<b>15698.00</b>	<b>15795.26</b>	<b>111.82</b>	<b>16287.00</b>	<b>16398.82</b>	
1. Secretariat-Economic Services	3451	...	6.17	6.17	...	6.17	6.17	...	6.43	6.43
<b>Crop Husbandry</b>										
2. Subsidy on imported fertilizers	2401	...	473.00	473.00	...	473.00	473.00	...	943.53	943.53
3. Payment to manufacturers/ Agencies for concessional sale of decontrolled fertilizers	2401	...	4046.00	4046.00	...	5046.00	5046.00	...	5200.00	5200.00
<b>Fertilizer Industries</b>										
4. Subsidy on indigenous fertilizers	2852	...	8143.15	8143.15	...	10143.15	10143.15	...	10110.37	10110.37
5. Indo-UK fertilizers development Programme - Grant to KRIBHCO for Dryland Farming Project	2852	23.64	...	23.64	20.00	...	20.00	14.95	...	14.95
6. <i>Other research scheme for fertilizers Development S &amp; T programme</i>	2852	1.50	...	1.50	1.50	...	1.50	2.00	...	2.00
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	...	28.12	28.12	...	28.12	28.12	...	25.15	25.15
<i>Total</i>		...	28.15	28.15	...	28.15	28.15	...	25.18	25.18
8. Lumpsum provision for Projects/ Schemes for the benefit of the North Eastern Region and Sikkim	4552	14.00	...	14.00	14.00	...	14.00	14.00	...	14.00
9. Investment in Public Enterprises	4855	26.50	...	26.50	36.42	...	36.42	23.49	...	23.49
	6855	63.32	...	63.32	24.13	...	24.13	56.29	...	56.29
<i>Total</i>		89.82	...	89.82	60.55	...	60.55	79.78	...	79.78
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	3475	...	...	...	...	0.01	0.01	...	0.01	0.01
Write off matched by receipts	1475	...	...	...	...	...	...	...	...	...
<i>Net</i>		...	...	...	...	0.01	0.01	...	0.01	0.01
10.02 Other programmes	2852	1.21	1.52	2.73	1.21	1.52	2.73	1.09	1.47	2.56
10.03 Post closure adjustment liabilities of PPL	3475	...	0.01	0.01	...	...	...	...	0.01	0.01
<i>Total</i>		1.21	1.53	2.74	1.21	1.53	2.74	1.09	1.49	2.58
<b>Grand Total</b>		<b>130.17</b>	<b>12698.00</b>	<b>12828.17</b>	<b>97.26</b>	<b>15698.00</b>	<b>15795.26</b>	<b>111.82</b>	<b>16287.00</b>	<b>16398.82</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	10.14	...	10.14	10.14	...	10.14	40.00	...	40.00
9.02 National Fertilizers Ltd.	12855	...	69.00	69.00	...	25.00	25.00	...	55.00	55.00
9.03 Projects and Development (India) Ltd.	12855	...	1.50	1.50	...	3.28	3.28	...	3.26	3.26

**No.8/ Department of Fertilisers**

	Head of Dev.	Budget, 2004-2005			Revised, 2004-2005			(In crores of Rupees) Budget, 2005-2006			
		Budget Support	I.E.B.R	Total	Budget Support	I.E.B.R	Total	Budget Support	I.E.B.R	Total	
		9.04	Rashtriya Chemicals and Fertilizers Ltd.	12855	...	120.82	120.82	...	159.59	159.59	...
9.05	Madras Fertilizers Ltd.	12855	12.68	...	12.68	12.68	...	12.68	16.29	...	16.29
9.06	Brahmaputra Valley Fertilizer Corporation Ltd.	12855	67.00	...	67.00	51.73	...	51.73	37.49	...	37.49
9.07	Krishak Bharti Cooperative Ltd.	12855	...	171.00	171.00	...	158.50	158.50	...	542.00	542.00
<b>Total</b>			<b>89.82</b>	<b>362.32</b>	<b>452.14</b>	<b>74.55</b>	<b>346.37</b>	<b>420.92</b>	<b>93.78</b>	<b>905.48</b>	<b>999.26</b>
<b>C. Plan Outlay :-</b>											
1.	Fertilisers Industries	12855	116.17	362.32	478.49	83.26	346.37	429.63	97.82	905.48	1003.30
2.	North Eastern Areas	22552	14.00	...	14.00	14.00	...	14.00	14.00	...	14.00
<b>Total</b>			<b>130.17</b>	<b>362.32</b>	<b>492.49</b>	<b>97.26</b>	<b>346.37</b>	<b>443.63</b>	<b>111.82</b>	<b>905.48</b>	<b>1017.30</b>

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

2. As indigenous production is not adequate to meet the demand for fertilisers, imports are arranged to make up the shortfall. The cost involved is broadly the price of imported fertilisers plus the cost of handling and distribution of the fertilisers. The selling price of imported fertilisers to farmers is controlled under the Fertiliser 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 fertilisers to farmers and the import costs to Government represents the subsidy on fertiliser imports.

3. Provision is for payment to the manufacturers/agencies under the scheme of sale of decontrolled Phosphatic and Potassic fertilisers at concession to the farmers. The concession would lead to balanced use of fertilisers (NPK) nutrients for better soil health and productivity.

4. This provision relates to subsidy under Fertiliser Retention Price Scheme including freight subsidy for production of urea. The subsidy scheme is intended to make fertilisers available to the farmers at reasonable prices and to give producers of fertilisers a reasonable return on their investment. The fertilisers are sold at issue prices, fixed from time to time under the Fertilisers 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-fertilisers.

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 IEBR are given in Expenditure Budget Vol.I.

9.01 **Fertilisers and Chemicals Travancore Ltd.(FACT)** is engaged in production of nitrogenous and phosphatic fertilisers, 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 Fertilisers 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 fertiliser 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 fertilisers and is assisting the fertiliser 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 fertiliser industry.

9.04 **Rashtriya Chemicals and Fertilisers Ltd (RCFL)** is engaged in the production of nitrogenous and phosphatic fertilisers 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 Fertilisers 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 fertilisers.

9.06 **Brahmaputra Valley Fertilisers Corporation Ltd.** Operating units of HFC, i.e. Namrup-I, Namrup-II and Namrup-III, have been segregated and incorporated into a new company Brahmaputra Valley Fertilisers 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.

10. This includes Non-Plan provision for the Office of Fertiliser Industry Coordination Committee, an attached Office of the Department of Fertilisers, grant in the field of Management Information Technology, grant for Productivity Award in the field of fertiliser industry and write off of Govt. of India's loans, interest and penal interest due from HFC, FCI, PDIL MFL and FACT.