

No. 16015/1/2019-PMI  
Government of India  
Ministry of Chemicals & Fertilizers  
Department of Fertilizers  
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Shastri Bhawan, New Delhi  
Dated : 26<sup>th</sup> August, 2019

**OFFICE MEMORANDUM**

**Subject : Monthly Summary to the Cabinet for the month of July 2019-reg.**

The undersigned is directed to circulate herewith the Monthly Summary pertaining to the Department of Fertilizers for the month of July 2019, for information.

This issues with the approval of competent authority.



(Johan Topno)  
Deputy Secretary to the Govt. of India  
Tel. 011-23388064

To,

1. All members of Council of Ministers

Copy to :

1. Secretaries to the Govt. of India, All Ministries/Departments
2. Director, Cabinet Secretariat, Rashtrapati Bhawan, New Delhi-110004.
3. Sr. PPS to Secretary (F)
4. NIC for uploading on DoF website.

**Subject : Monthly Summary of Dept. of Fertilizers for the month of July 2019.**

**1. Overall production performance during the month :**

(Fig. in 'LMT')

Product Name	Production during the month	Cumulative production upto the month
Urea	19.99	75.70
DAP	3.51	15.18
Ammonium Sulphate (A/S)	0.62	1.82
Complex Fertilizers	7.92	26.84
Single Super Phosphate	4.03	14.96

Source mfms.nic.in as on 06.08.2019

**2. Assessed Requirement, Availability and Sales of fertilizers during the month :**

(Fig. in 'LMT')

Product Name	Assessed Requirement	Availability(Est.)	Sales (Est.)
Urea	31.57	34.86	28.84
DAP	9.55	25.22	5.85
MOP	4.21	7.55	2.56
Complex	11.48	26.24	8.26

Source of data is iFMS

**3. Details of Imported Finished Fertilizers during the month:**

Product Name	Quantity in 'LMT'
Urea	3.26
MOP for Agriculture use	4.08
DAP	4.67
NPK	0.59

**4. Status of revival of closed units of FCIL/HFCL**

**(a) Revival of 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. As on 15<sup>th</sup> July, 2019, 97.6% of physical progress of the project has been made. The project is likely to be commissioned in Dec, 2019.
- The project activities are being monitored closely by Department of Fertilizers through monthly review meetings being held under the chairmanship of Secretary (Fertilizers). The last such review meeting was held on 06.08.2019.
- With regard to gas connectivity, GITL informed that hydro-testing of whole pipeline will be completed by 15.08.2019 and pre-commissioning activities would be completed in next 15 days i.e. by 31.08.2019 and gas would be available at RFCL plant by 1<sup>st</sup> week of September, 2019.
- A Committee has been constituted under the chairmanship of Sh. Dharam Pal, Addl. Secretary, DoF vide OM dated 23.07.2019 to examine the pending issues between GITL & RFCL pertaining to compression cost, amendments to Gas Transmission Agreement (GTA) dated 08.07.2016, signing of Gas Supply Agreement (GSA) and assignment of capacity to GAIL enabling them to deliver gas on delivered basis at RFCL Ramagundam.
- Regarding utility boiler & GTG and HRSG, BHEL has regularly defaulted its commitment to complete these packages within stipulated deadline. Substantial amount of work relating to these packages is pending. In this regard, Secretary (Fertilizers) has taken up the matter with Secretary, Department of Heavy Industries vide DO letter dated 01.08.2019. BHEL has now planned to complete all work by August, 2019 end.
- Simplex is another company which has repeatedly failed in achieving the programmed progress. Simplex has awarded civil & structural work. Now, it plans to complete all works by 31.08.2019.

**(b) Revival of Talcher Unit:**

- Talcher unit is being revived through 'Nomination Basis' by forming a JV of nominated PSUs. JV company has been named as Talcher Fertilizers Ltd. (TFL). Equity of GAIL, RCF & CIL in TFL is 29.67% each & FCIL's 10.99 %. New Ammonia Urea plant of 1.27 MMTPA capacity based on Coal Gasification Technology is being set up. TFL is in process of awarding the LSTK contract for Coal Gasification and Ammonia Urea Unit.

- The project activities are being monitored closely by Department of Fertilizers through monthly review meetings being held under the chairmanship of Secretary (Fertilizers). The last review meeting was held on 02.07.2019. The next review meeting is scheduled to held on 13.08.2019.
- CEO, NITI Aayog vide DO letter dated 16.07.2019 has written to Secretary, DoF raising serious viability issues in respect of Talcher Fertilizer project due to its revised cost @Rs. 14,745 crore after opening of coal gasification bid and the negotiation with L1 bidder did not yielded any results. Further, it was conveyed that, price realization of urea from Talcher project with 12% post tax IRR is Rs. 37,663 (USD 544) per MT, which is 49% higher than earlier expected urea realization price i.e. Rs. 25,285 (USD 389) per MT and also far higher than current cost of imported urea (USD 300 per MT). In fact, annual subsidy outgo from Talcher plant alone is expected to go from 2,545 crore estimated earlier to Rs. 4,117 crore i.e. an increase of about 60%. He, therefore, requested that a presentation may be made before Principal Secretary to PM by DoF. Accordingly, a meeting was held under the chairmanship of PS to PM on 27.07.2019 to review the Talcher Fertilizer project realistic figures of Talcher project as per revised Detailed Feasibility Report were presented by Secretary (Fertilizers) during the meeting.
- During the meeting held in PMO, following important points emerged out:-
  - The project cost of urea quoted by NITI Aayog are based on interim figures and the project cost as per final DFR approved for the project stands at Rs. 13,277 crores.
  - The realization price of urea is Rs. 31,465/- per MT (US \$455) which is comparable to the realization price of urea at Rs. 30,746 per MT (US \$423) produced in Gadepan-III, which is gas based.
  - Member, NITI Aayog stated that the technology chosen for the Talcher unit was done carefully and with lot of deliberation and expressed full confidence of the technology chosen and also added that the structuring of the bid in which first the technology was specified and then bids were invited based on the chosen technology was the right procedure as if the technology had not been frozen before invitation of the bids, evaluation and comparison of the bids wouldn't have been possible. He expressed satisfaction that the project costs have been worked out realistically and a reasonable job has been done on that front.
  - After detailed deliberation, following decisions were taken:-
    - Secretary, DoF to monitor the project on regular basis and expedite the physical progress of the project.

- If need be, examine the feasibility of having an exclusive subsidy regime for urea produced from this unit considering the unique technology adopted for the unit.

**(c) Revival of Gorakhpur, Sindri, and Barauni units:**

- Gorakhpur, Sindri and Barauni units are being revived through a joint Venture company by name Hindustan Urvarak & Rasayan Limited (HURL) of Public Sector Undertakings, namely, National Thermal Power Corporation, Coal India Limited, Indian Oil Corporation Limited and Fertilizer Corporation of India Limited / Hindustan Fertilizer Corporation Limited by setting up gas based fertilizer plants of 1.27 MMTPA capacity each. Status of these projects is as under:-
- As on 25.07.2019 the overall LSTK works progress at Gorakhpur, Barauni and Sindri Projects of HURL are 63.6 %, 41.6 % and 40.7 % respectively, which are largely as per schedule.
- All major Long Lead Items have been ordered for all three Projects.
- The progress reports of Non LSTK packages and EPCM non packages for all three projects are under preparation by PDIL-PMC. Action plan for award of balance Non LSTK packages and post award works of critical Non LSTK packages has been finalized and being monitored on regular basis.
- In pursuance of CCEA decision to grant IFL to HURL, Department of Fertilizers prepared a draft Loan Agreement, as per rule 253(2) (i) GFR, 2017, which is to be executed between Department of Fertilizers and HURL. Comments of D/o Economic Affairs on the same are awaited. In the meanwhile, HURL vide letter dated 15.07.2019 has stated that they have received approval from SBI which is also Lenders Agent for ceding first Pari Passu charge on Project Assets of all the three projects i.e. Gorakhpur, Sindri and Barauni in favour of Govt. of India to the extent of Interest Free Loan to be received from Govt. of India. Further, HURL has informed that they have received sanctions from 4 banks namely SBI, BoI, Canara Bank and Andhra Bank out of 10 banks and also following up with the other Lenders.
- These Projects are likely to start production by 2021. The project activities are being monitored closely by Department of Fertilizers through monthly review meetings being held under the chairmanship of Secretary (Fertilizers). The last review meeting was held on 06.08.2019.

**5. Expenditure position:**

As against an available budget of Rs. 83476.00 Crore for F.Y. 2019-20, expenditure on administration of fertilizer subsidy during July 2019 was Rs. 3681.84 Crore (P&K : Rs. 1576.12 Crore, Urea: 2104.71 Crore, City Compost : 0.73 Crore & Exp. On DBT professional 0.28 Crore). Progressive expenditure upto 31<sup>st</sup> July 2019 was

32882.41 Crore (P&K : 11174.3 Crore, Urea : 21698.05, City Compost : 8.73 Crore and Exp. On DBT professional 1.33 Crore) i.e. 39.39 % of the total allocation.

**6. Submission of Cabinet Note:**

(i). **Non revival of Haldia unit:** Final copies of the CCEA Note were forwarded to the Cabinet Secretariat on 26.07.2018. The proposal for handing over of HFCL land at Haldia to KoPT was delinked from the CCEA Note as per the directions of Cabinet Secretariat and has been taken up separately. Cabinet Secretariat's guidelines dated 25.05.2009 & 04.06.2019 stipulates that the requirement of inter-ministerial consultation was dispensed with in all cases where consultations were held during six months prior to formation of the new Government. Accordingly, the proposal will be initiated for fresh inter-ministerial consultation.

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