

EvSum308

INDIA: AN EVALUATION OF INDIAN EXPLOSIVE LTD'S EXPANSION OF FERTILISER PRODUCTION AT KANPUR

[The Project](#) - [The Evaluation](#) - [The Main Findings](#) - [Lessons](#)

The Project

The project involved assistance both for capital goods imports and local costs for the expansion by 50% of Indian Explosive Limited's (IEL) existing urea manufacturing plant at Kanpur, Uttar Pradesh. The estimated cost to the ODA was £8.5m.

The Evaluation

The evaluation was carried out by Dr G Haley, ODA Economic Adviser and Mr S Hesling, McLellan and Partners. It is based on a field visit in May 1985.

The Main Findings

With the exception of the captive power plant the project is an outstanding success likely to show an economic rate-of-return of at least 18%.

Technology choice for urea production was sound for the company, the location and the feedback available.

Problems with the operation of the captive power plant derived from both the poor quality of coal available and the domestic production of an unfamiliar turbine.

Project implementation of the Ammonia-urea stream was excellent.

The project should have no problems of sustainability given a stable policy environment, high demand for fertiliser, and first class management and operation. Only the unreliability of the public electricity supply endangers sustained operations.

Lessons

- Equally detailed consideration should be given to services and utilities as is given to major production plant.
- Investigation in-depth is desirable prior to the local manufacture of new or unusual designs.
- Coal combustion equipment in India must be designed to operate with widely varying coal quality. Fluidised bed combustion would be a possible alternative technique.

- ODA should look actively for other private sector aid opportunities in India.
- ODA might look for opportunities to promote captive power plants and co-generation within existing continuous process industries.