

GAIL shuts Pata petrochemical plant on demand, offtake issues

NEW DELHI: State-owned gas utility GAIL India Ltd has shut its petrochemical plant at Pata in Uttar Pradesh, joining a host of petchem makers who have been forced to shut units as the unprecedented nationwide lockdown evaporated demand and created transportation hurdles.

GAIL first cut capacity of the 400,000 tonnes a year polyethylene plant at its Pata complex by half as two-thirds

of trucks that used to transport finished products to users stopped operations soon after the lockdown was imposed, sources privy to the development said.

But with polymers it produces filling every inch of space in its godowns, GAIL last week shut the plant, they said, adding the company continued to operate the LPG production unit at Pata to meet the cooking fuel demand in the country.

Polymers/polypropylene finds usage in a broad range



of industries such as textiles, packaging, stationery, plastics, aircraft, construction, rope and toys. The firm had previously shut the 210,000 tonnes a year high density/linear low density

polyethylene swing plant since March 25.

Several petrochemical plants in India have been forced to shut down since a nationwide lockdown was imposed from March 24 until April 14 to fight the fast spreading coronavirus outbreak.

The lockdown shut factories that made plastics products and packing material using polymers produced at plants such as GAIL's Pata unit. Also, the petchem units faced labour

shortage as migrant labourers returned home.

The lockdown has also hit trucking operations, hampering transportation of finished goods.

Major producers including Indian Oil Corp (IOC), Bharat Petroleum Corp Ltd (BPCL), and Haldia Petrochemical Ltd (HPL) have reduced production or shut units in an effort to balance inventory against the sharp drop in domestic demand.

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While IOC is on the verge of shutting down its 800,000 tonnes a year cracker at Panipat in Haryana due to low demand, HPL has closed its steam cracker and polymer units, sources said.

BPCL has reduced operating rates at its refinery-linked petrochemical units in Kochi and Mumbai to less than a third.

GAIL shuts petrochemical plant in UP on demand, offtake issues

PRADEEP GAUR/MINT



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