

File No. 23011/08/2010-MPR
Government of India
Ministry of Chemicals & Fertilizers
Department of Fertilizers

101-B, Shastri Bhawan,
New Delhi, 29th April 2011

To

1. Chairman & Managing Director,
The Fertilizers & Chemicals Travancore Ltd. (FACT),
Udyogamandal, Kerala – 683 501.
2. Chairman & Managing Director,
Madras Fertilizers Ltd. (MFL),
Post Bag No. 2, Manali, Chennai, Tamil Nadu – 600 068.
3. Managing Director,
Gujarat Narmada Valley Fertilizers Company Ltd. (GNVFC),
P.O., Narmadanagar,
Distt.- Bharuch, Gujarat-392 015.

Subject: Additional compensation for cost of captive Ammonia produced through Naphtha/FO/LSHS for a period of two years – revision in the provision rates-regarding.

Madam/Sir,

In continuation of this Department letter of even number dated 22nd October 2010 with regard to additional compensation for cost of captive Ammonia produced through Naphtha/FO/LSHS for a period of two years w.e.f. 1st April 2010, I am directed to say that the Tariff Commission has been requested to undertake the study and provide its recommendations for finalizing the quantum of additional compensation. Tariff Commission has issued questionnaire for eliciting data for the study. The companies are requested to provide all relevant data to the Tariff Commission for the Study, if not provided already.

2. Pending the finalization of quantum of additional compensation based on the final recommendations of the Tariff Commission, Department of Fertilizers vide letter of even number dated 22nd October 2010 announced the amount of additional compensation for different grades w.e.f 1st April 2010 for 2010-11 provisionally. Subsequently, the companies citing increase in the cost of naphtha / FO/LSHS requested



the Department to revise the provisional compensation to enable them to meet their working capital requirements.


3. The matter has been examined in the Department and it has been decided to announce revised rates of additional compensation, provisionally subject to the final recommendations of the Tariff Commission, as follows:

Name of the company	Grade of Fertilizers	Amount of additional compensation (provisional) ₹ per MT	
		Dated 22 nd Oct 2010	Now
FACT, Cochin	20-20-0-13 (APS) (Udyogmandal and Cochin units)	2331	3121
	Ammonium Sulphate (20.6-0-0-23) (Udyogmandal)	2792	3658
MFL, Manali	20-20-0-13 (APS)	4784	5434
	17-17-17-0	4079	4640
GNVFC, Bharuch	20-20-0-0 (ANP)	1914	2534

5. The revised provisional rates are applicable w.e.f 1st April 2010 for 2010-11 and w.e.f 1st April 2011 for 2011-12 (till the rates are finalized). The companies may claim their compensation from the Department accordingly. The companies are eligible to claim additional subsidy for the respective grades as per the provisional amounts mentioned above, in addition to the NBS.

6. As the compensation would be for a maximum period of two years w.e.f 1st April 2010 to 31st March 2012, GNVFC, FACT and MFL, will have to convert to natural gas failing which they would be required to use imported Ammonia thereafter.

7. This issues with the concurrence of the Internal Finance Division of this Department vide dy. no. 128 dated 21 April 2011.


 (H. Abbas)
 Deputy Secretary to the Government of India
 Tel: 2338 3814

Copy to:

1. Secretary (Agriculture), Department of Agriculture & Cooperation, Krishi Bhawan, New Delhi.
2. Secretary (Expenditure), Department of Expenditure, North Block, New Delhi.
3. Joint Secretary (INM), Department of Agriculture & Cooperation, Krishi Bhawan, New Delhi.
4. Joint Secretary (PF-II), Department of Expenditure, North Block, New Delhi.
5. Director (Cabinet), Cabinet Secretariat, Rashtrapati Bhawan, New Delhi
6. Executive Director, FICC, Department of Fertilizers, New Delhi
7. Director of Accounts, Department of Fertilizers, Udyog Bhawan, New Delhi
8. Director (Finance), Department of Fertilizers, New Delhi
9. Director General, FAI, New Delhi
10. All the manufacturers & importers of P&K Fertilizers
11. Chairman, Tariff Commission, Ministry of Commerce and Industry, 7th Floor, Lok Nayak Bhawan, Khan Market New Delhi with reference to this Department letter of even no. dated 22nd October 2010.

Copy also to:

PS to Minister (C&F)/PS to MOS(C&F)/PS to Secretary (Fertilizers)/ AS & FA/ JS(P&P)/ JS(A&M)/ Economic Advisor/ Controller of Accounts/ P&AO/ US(Concession Wing)/ Sr. AD (Accounts) FA Wing/ AD (OL for translation in Hindi)/ Guard File/ Technical Director, NIC for uploading the same on the Department's website.

Copy also to: Ms. Vini Mahajan, Joint Secretary, Prime Minister's Office, South Block, New Delhi.


(H. Abbas)

Deputy Secretary to the Government of India