

F.No.15011/17/2011 -MPR
Government of India
Ministry of Chemicals & Fertilizers
Department of Fertilizers

Room No. 407, B-Wing,
Shastri Bhawan, New Delhi.
The 11th May, 2011

To

All the Chief Secretaries of States/UTs,
All Agriculture Production Commissioners/Secretaries/Directors
Department of Agriculture of the State Governments,
All manufacturers/importers including SSP units
Fertilizer Association of India.

Subject : Draft Performance Audit Report on fertilizer subsidy intended for inclusion in the C&AG Audit Report for the year 2009-10 - Outstanding Proforma 'B' sale verification certificates amounting to Rs. 50,587/- crore.

Madam/Sir,

I am directed to say that as per the guidelines dated 5.8.2002 on concession scheme for decontrolled Phosphatic & Potassic fertilizers, Department of Fertilizers has been releasing month-wise 85%/90% "On Account" payment of concession to the manufacturers/importers of P&K fertilizers (except SSP) upto November 2008 based on sale of P&K fertilizers to the dealers/state agencies/NPK mixture fertilizers manufacturers, based on the information regarding sale in prescribed Proforma 'A' duly certified by the authorized signatory as well as the statutory auditor of the company, month-wise. This payment has been settled based on Proforma 'B' issued by the State Governments certifying the sales of the fertilizers in the States. From December 2008, DOF has been releasing "On Account" as well as balance payment of concession to the manufacturers/importers (except SSP) on receipt basis instead of on sales basis as per guidelines dated 12.3.2009. This payment is made to the manufacturers/importers based on the information regarding receipt/sale of fertilizers duly certified by the authorized signatory as well as the Statutory Auditor of the Company in prescribed Proforma. The State Governments are also required to submit Proforma 'B' acknowledging the receipt of fertilizers in the districts. The payment of concession in respect of SSP is still on sales basis. Accordingly, the "On Account" payment of concession released to the units is finally settled based on the Proforma 'B' issued by the State Governments certifying the

quantity and quality of the SSP sold in the State during a particular month.

2. In the draft performance audit report on fertilizer subsidy intended for inclusion in the C&AG's Audit Report for the year 2009-10, it has been observed that the Proforma 'B' certificates for concession claims amounting to Rs.50587/- crore were outstanding for the period 2007-10.

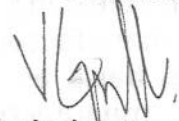
3. Department of Fertilizers has always been encouraging the State Governments as well as the fertilizer companies to submit Proforma 'B' in order to settle the claims of concession finally under the concession scheme/Nutrient Based Subsidy Policy. However, it is observed that the Proforma 'B' are not being received from the State Governments as per the time schedule prescribed under the guidelines for concession scheme/decontrolled Phosphatic & Potassic fertilizers. Resultantly, the DOF is not in a position to settle those claims for which Proforma 'B' are not received.

4. In light of the above-mentioned facts and circumstances including the audit report, all the State Governments are requested to submit Proforma 'B' as per the time schedule mentioned in the guidelines failing which, DOF may invoke the penalty clauses mentioned therein.

5. All the manufacturers/importers including SSP manufacturers and marketers are also requested to make special efforts to submit Proforma 'B' in respect of receipt/sale of fertilizers in the States in a time bound manner as per the prescribed guidelines and procedure, failing which DOF may recover the unadjusted "On Account" payment of concession/subsidy.

6. This issues with the approval of the Competent Authority.

Yours faithfully,



(Varinder Gupta)

Under Secretary to the Government of India

Telefax : 011-23388536

Copy to : Director (FA), with the request to monitor the unadjusted "On Account" payment of concession pending Proforma 'B' from the State Governments.