

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

STARRED QUESTION NO:254

ANSWERED ON:21.03.2005

MISAPPROPRIATION OF SUBSIDY FUNDS

Adsul Shri Anandrao Vithoba;Singh Shri Sugrib

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether there has been the cases of misappropriation of subsidy funds by several fertilizer companies in the country during each of the last three years;
- (b) if so, the details thereof, State-wise;
- (c) whether gross irregularities have been detected in the accounts of fertilizers sold to the farmers in such States;
- (a) if so, the details thereof;
- (b) whether any investigation has been made by the Government in this regard;
- (c) if so, the outcome thereof;
- (d) the extent of losses suffered by the Government as a result thereof; and
- (e) the steps taken by the Government to check recurrence of such incidents in future?

Answer

THE MINISTER OF CHEMICALS & FERTILIZERS & MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) to (h): A Statement is laid on the table of the house.

STATEMENT REFERRED TO IN REPLY TO PART (a) to (h) of LOK SABHA STARRED QUESTION NO.254 FOR ANSWER ON 21.3.2005 REGARDING MISAPPROPRIATION OF SUBSIDY FUNDS

(a) to (f): The year-wise details regarding misappropriation/wrongful claims brought to the notice of the Government pertaining to sales made during the last three years by the fertilizer companies in the matter of drawal of concession under the Concession Scheme for decontrolled fertilizers are given in the Annexure.

(g) In two cases out of the above referred three cases the allegations of misappropriation/irregularities with regard to concession claims could not be substantiated in the enquiry conducted through Technical Audit and Inspection Cell (TAC). As regards extent of loss to the Government arising from the alleged misappropriation/irregularities, if any, in such cases can be ascertained only after completion of investigation. However, the amount of wrongful claim of concession so ascertained is recovered by the Government from pending/future concession claims of the claimant.

(h) In order to check wrongful claims and other malpractices in manufacturing and sale of decontrolled fertilizers, Government has taken further steps. The salient ones are:-

i) To ensure that SSP units are indeed using notified grades of rock phosphate, a Technical Audit and Inspection Cell (TAC) has been constituted to conduct inspection of the SSP units.

ii) Under the present guidelines on Concession Scheme issued on 5.8.2002, it is mandatory for the SSP units to undergo first time technical inspection by TAC. Only those units, which according to TAC, after taking into consideration the plant and infrastructure facilities, are capable of producing SSP meeting FCO norms, are eligible to claim concession.

iii) The periodical (six monthly) audit inspection of SSP units by TAC to check the use of notified grades of rock phosphate and production and sales of SSP is also mandatory for continuing under the Scheme.

iv) Government has entrusted to TAC the annual audit inspection of DAP and complex fertilizers manufacturing plants to check production and first point sale of fertilizer beginning 2001-02.

Annexure referred to in reply to part (a) to (f) of Lok Sabha Starred Question No. 254 for 21.3.2005

Year Manufacturer Product Nature of complaint Outcome of inquiry

2002-03 TEDCO Granite SSP False purchase of rock and The allegations were not substantiated fictitious SSP production as rock purchase from RSMML was proved in Books, etc. for the years in the inquiry conducted through 2001-02 and 2002-03. Technical Audit and Inspection Cell (TAC) set up under the aegis of Projects and Development India Limited in pursuance of guidelines on Concession Scheme dated 17.5.2001.

Rama Phosphates Ltd. SSP For the period 1.7.2001 The allegations were not substantiated to 30.6.2002, the unit by inquiry conducted through TAC. showed inflated production of SSP and discrepancies in its Annual Report figures.

2003-04 Madras Fertilizers Ltd. Urea Intentionally claimed subsidy The matter is still under investigation. and on sub-standard fertilizers.
Complex
ferti-
lizers

2004-05
up to Nil Nil Nil Nil
28.2.05