

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

UNSTARRED QUESTION NO:3541
ANSWERED ON:26.04.2012
AUCTION OF OLD UREA AND AMMONIA PLANT
Joshi Shri Mahesh

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

- (a) whether it is a fact that wide publicity in national newspaper of the auction of old ammonia and urea plant of the Fertilizers and Chemicals Travancore Ltd., Cochin was not made;
- (b) if so, the details thereof and the action taken against the guilty officials;
- (c) the details of complaints received against the auction of the said plant;
- (d) whether it is a fact that after receiving these complaints the implementation of the contract already finalized in favour of one party was kept in abeyance;
- (e) if so, the details in this regard;
- (f) whether this party filed writ petition in the High Court of Kerala;
- (g) if so, the details thereof;
- (h) whether it is also a fact that number of parties filed writ petition/ impleading applications in the High Court of Kerala offering higher prices of this plant; and
- (i) if so, the outcome after receiving direction from the Hon'ble High Court of Kerala?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a) & (b): FACT had engaged M/s. MSTC Limited, a Government of India Undertaking, for disposal of the old ammonia-Urea plants at its Cochin division. This was based on an agreement in force executed between FACT and MSTC for disposal of material on total responsibility basis. MSTC published an advertisement for the e-auction for the sale and disposal of old ammonia-Urea plant at Cochin Division in Business Standard (list of editions attached at Annexure) and Auction News Journal published from New Delhi.

(c): There were two complaints, one dated 24.1.2011 from M/s. Padma Cargos & Fertilisers & dated 22.2.2011 from M/s. J3 Vision & Exports (P) Ltd. against the auction of the said plant.

(a) & (e): Yes, Madam. On the basis of the complaint dated 24.1.2011 received from M/s. Padma Cargoes & Fertilisers, Cochin, the implementation of the sale order in favour of M/s Annam Steels was put on hold by the company on 28.1.2011.

(f) & (g): Yes, Madam. M/s Annam Steels filed a Writ Petition before the Hon'ble High Court of Kerala, with a prayer to quash the decision of putting the sale order under hold and for a direction to proceed with the sale order granted to them.

(h) & (i): Yes, Madam. Various parties filed writ petitions/impleading application in the High Court of Kerala. In the writ petition filed by M/s. Annam Steels, the Hon'ble High court of Kerala, directed FACT to take a final decision on the question of proceeding with further steps pursuant to the tender confirmed in favour of M/s. Annam Steels, through a decision of Board of Directors or through a decision of any other competent authority. The Board of Directors of FACT at its meeting held on 9.3.2012 considered the directive issued by the Hon'ble High court of Kerala, offers submitted by various impleading petitioners and all other relevant facts. An opportunity was also given to M/s. Annam Steels Pvt. Ltd., Chennai for a personal hearing. The Board decided to cancel the tender finalized in favour of M/s. Annam Steels (P) Ltd. for the sale/disposal of old ammonia-Urea plant of FACT Cochin division and directed to float an open tender for sale/ disposal of the scrapped plant after carrying out a proper due diligence exercise to arrive at fair value of the Ammonia-Urea plant. However, the Hon'ble High Court of Kerala passed an interim order injuncting the company from re-tendering the scrapped Ammonia-Urea plants till 21.5.2012. The case is posted for further hearing on 21.5.2012.