

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

UNSTARRED QUESTION NO:203
ANSWERED ON:22.11.2012
LNG TO FERTILIZER COMPANIES
Shanavas Shri M. I.

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

- (a) whether the fertilizer companies in North India received Liquefied Natural Gas (LNG) at the rates between US\$ 1.5 and 4 whereas Fertilizers and Chemicals Tranvancore Limited (FACT) was buying Naphtha for as high as US\$ 26 per MMBTU;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether this disparity in price of naphtha caused an extra burden and expense for FACT Cochin compared to its North Indian counterparts;
- (d) if so, the details thereof;
- (e) whether there is a uniform purchase price policy in FACT units;
- (f) if so, whether there has been a violation in purchase price in regard to FACT, Cochin; and (g) if so, the measures being taken by the Government in this regards?

Answer

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

(a) & (b): CIF price at which RLNG has been supplied to some major Urea manufacturing units in North India during 2011-12 is given below:-

Sl.No.	Unit	Basic price per MMBTU as per long term supply contract	Supplier
	Foreign component (US\$/MMBTU)	INR Component (Rs/MMBTU)	
1	IFFCO-Aonla	9.9062 36.42	GAIL
2	IFFCO-Phulpur	9.9062 36.4287.38	GAIL
3	TCL-Babrala	9.5252 36.42	IOCL
4	IGFL-Jagdishpur	9.9062	GAIL

The Fertilizers and Chemicals Tranvancore Limited (FACT), Kochi has reported that fertilizer production at FACT is based on liquefied feedstock Naphtha, as no source of natural gas is available in Kerala as of now. The price of Naphtha is Rs. 55000 per MT as on 1.11.2012 which equates approximately in energy terms to US\$ 25 to US\$26 per MMBTU. Petronet LNG is commissioning an LNG Terminal at Kochi which is expected to be operational by the year 2012 end. The expected price of LNG from this terminal is expected to be \$18 per MMBTU. LNG price is formulae linked to crude price and is costlier compared to Natural Gas. FACT is converting its production units for usage of LNG as feedstock and fuel.

(c) & (d): The price of Naphtha is high compared to Natural Gas. Complex fertilizer NP 20:20:0:13 manufactured by FACT is under the Nutrient Based Subsidy Scheme(NBS). The Government is providing an additional Naphtha compensation to partially offset the high price of feedstock used by FACT. This compensation was valid until 31st March 2012. Proposal of FACT for extension of additional compensation on Naphtha beyond 31st March 2012 is under consideration of Government. FACT is producing Ammonia using high cost Naphtha for manufacture of Ammonium Sulphate a co-product of Calprolactum and due to negative contribution, the

Calprolactum plant is in shutdown condition at present. However, FACT is producing Ammonium Sulphate by direct neutralisation.

(e): Yes, Madam. FACT is following a uniform purchase policy and procedure for its all divisions. FACT is having a Corporate Material Department for procurement of materials required for all divisions. No case of violation in purchase has come to the notice.

(f) & (g): In view of (e) above, question do not arise.