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Title: Need to resolve the issue of concession/subsidy claimed by IFFCO on purchase of surplus Ammonia from Oman India Fertilizer Company Limited.

SHRI SUNIL KHAN (DURGAPUR): I draw the attention to the Minister of Chemicals & Fertilizer towards the request pending with the Department of Fertilizers IFFCO for allowing to get the gain accruing on account of the difference between the imported price of Ammonia and the fixed price of Ammonia from Oman at 100 Dollar MT.

As it is known that a Joint Venture Fertilizer Plant in the name of Oman India Fertilizer Co. Limited has been set up at Sur in Oman. The Joint venture partners are IFFCO, KRIBHCO and Oman Oil Company. The equity holdings are 25:25:50 per cent respectively and they have the rated capacity to annually produce 16.32 lakh MT ton of urea and 2.34 lakh ton of surplus Ammonia.

The Government of India has entered into a long-term (15 years) agreement for off-take of 16.5 lakh ton urea annually under a long term price agreement. Similarly, IFFCO has entered into a long-term agreement (10 years) for purchase of surplus Ammonia to the tune of 2.34 lakh MT annually at a fixed price of 100 Dollar per ton.

Ammonia was allowed to be taken by IFFCO on the understanding that it will be bought for indigenous use at Kandla. Since the cost of Oman Ammonia is 100'Dollar MT, IFFCO's concession was rightly fixed at this price. The Government of India supported this Ammonia off-take agreement which assured supply to the country and also due to the advantage side by side the price of 100 Dollar per MT for 10 years would bring to the country. Due to these factors the CCEA had approved the agreement.

But, aggrieved with this, IFFCO has filed a writ petition in Delhi High Court a few months ago, claiming concession/subsidy at market price of Ammonia, which is very high. So, if the Government agrees to this request of IFFCO, there will be extra financial burden on the Government of India to the tune of approximate Rs. 250 crore annually.

Therefore, I urge upon the Government to kindly direct the Department of Fertilizers from reaching to any out of court settlement which will cause loss to the Government of India to the tune of Rs. 250 crore per year.