

No.12012/2/2008-FPP
 Government of India
 Ministry of Chemicals & Fertilizers
 (Department of Fertilizers)

Shastri Bhawan, New Delhi.
 Dated the 17th July, 2008.

To

CMD/MDs

RCF/MFL/BVFCL/NFL/KRIBHCO/IFFCO/GSFC/GNVFC/SFC/NFCL/
 CFCL/TGL/ZIL/INDO-GULF/SPIC/KSFL/MCFL/FACT/FCIL/HFCL/IPL

SSP Manufacturers as per List annexed.

Subject: Policy for uniform freight subsidy on all fertilizers under the fertilizer subsidy regime.

Sir,

I am directed to convey the approval of the Government for a separate uniform freight subsidy policy on all subsidised fertilizers covered under the New Pricing Scheme Stage-III (NPS-III) for indigenous urea and the Concession Scheme on P&K fertilizers being administered by the Department. The policy will also be applicable on imported Urea subject to contractual obligations, if any. The salient features of the policy are as below:

- a) The rail freight expenditure for transportation of fertilizers will be paid as per the actual expenditure based on actual lead.
- b) The road freight towards transportation of fertilizers from nearest railway rake point to block, or from manufacturing unit /port directly by road to block, consists of two elements- lead distance and per KM rate. This element of subsidy will be paid as below:
 - i) The lead distance for each block in the district will be based on the average district lead (average of leads from nearest rail rake point to block headquarters).
 - ii) The per KM road freight will be paid on the basis of average of existing per KM rate for each State in the country, being adopted by FICC for reimbursement of freight subsidy for indigenous urea, under NPS-III.
 - iii) It will be implemented retrospectively w.e.f. 1.4.08.
 - iv) The normative per KM rate will be annually escalated/de-escalated based on a composite road transport index (weighted average of the WPIs of HSD oil, Motor Tyres, Truck Chassis and All Commodities) as already being done under NPS-III.
 - v) The manufacturing units (especially the SSP units) not having railway siding facilities, will also be reimbursed the road transportation costs from their unit to the

nearest rail rake point based on actual leads and the per tonne per KM rate, as computed in paras above.

e) The freight subsidy will be paid on actual movement of fertilizers up to the block level based on monthly district-wise/block movement plans. The subsidy will be released only after the fertilizer reaches the District/Block as per the monthly plan. Any additional supply beyond 10% of the monthly plan will be eligible for subsidy only after 120 days of its receipt in the district, provided it is accounted for in the subsequent month's plan.

f) The State Governments will be responsible for confirming the receipts of fertilizers as indicated in the movement plan in the FMS. They are required to either confirm or deny the receipts of fertilizers within 30 days, whereafter the final freight subsidy will be released to the manufacturers/importers. However, in case of any report of any non-receipt/shortfall, the difference in freight subsidy will be suitably recovered.

g) The policy is proposed to be implemented from 1st April, 2008. Where the concession price of a fertilizer includes a fixed freight subsidy, payments so made from 1st April, 2008 till the date of Notification will be adjusted against the freight subsidy to be paid under this policy. For SSP, the first stage is proposed to be implemented from 1st October, 2008.

h) The special freight re-imburement scheme for J&K and North Eastern States stands withdrawn as the freight will be now based on actual leads.

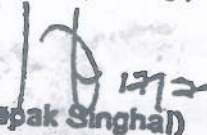
The manufacturers/importers will make separate claims for freight subsidy on monthly basis in the prescribed proformas which will be separately circulated along with guidelines for the same. A freight module under FMS, for generation of freight claims are separately worked out and will be put in place shortly. In the interim, it is proposed to pay the freight on the basis of average per tone rates indicated below.

Indigenous Urea	-	Rs.616 per MT
Imported Urea	-	Rs.850 per MT
Indigenous DAP/MAP	-	Rs.770 per MT
Imported DAP/MAP/TSP	-	Rs.850 per MT
MOP	-	Rs.623 per MT
Complex Fertilizers	-	Rs.616 per MT
SSP (w.e.f. 1.10.08)	-	Rs.616 per MT

The base concession rates and final concession rates for P&K fertilizers will be of freight element from 1st April, 2008 onwards and for SSP, from 1st October, 2008 onwards. The provisions of New Pricing Scheme Stage-III for freight subsidy on indigenous urea will stand amended w.e.f. 1st April, 2008.

4. The manufacturers/importers will have to ensure provision of details of movement and receipts of fertilizers in various districts/blocks in the country, on the Fertilizer Monitoring System (FMS), in order to be eligible for freight subsidy.
5. The above will be applicable till further orders.

Yours faithfully,



(Despak Singhal)
Joint Secretary to the Government of India
Tel No 23381204

Copy to:

1. Chief Secretaries of all State Governments and Union Territories
2. Secretaries of the Department of Expenditure, Department of Revenue, Department of Economic Affairs, Department of Agriculture & Cooperation, Department of commerce, Department of Industrial Policy & Promotion, Planning Commission.
- Director General, Fertilizer Association of India, 10, Shaheed Jit Singh Marg, New Delhi - 110 067
- All Officers/Sections in the Department of Fertilizers and Office of FICC.

Copy also to:

mt. Vini Mahajan, Joint Secretary, Prime Minister's Office, South Block, New Delhi.

Annexure

List of SSP Manufacturers under Concession Scheme

- Phosphate Company Ltd., West Bengal
- Tata Chemicals Ltd., West Bengal
- Jubilant Organosis Ltd., U.P.
- Coromandal Fertilizers Ltd., Tamil Nadu
- Khaitan Chemicals & Fertilizers Ltd., M.P.
- Rama Phosphates Ltd., M.P.
- BEC Fertilizers Ltd., Chhatisgarh.
- Dharamsi Morarji Chemicals Ltd., Maharashtra.
- Rama Krishi Rasayani, Maharashtra.
- Liberty Phosphates & Fertilizers Ltd., Rajasthan.
- Teesta Agro Ltd., West Bengal.