

CHAPTER I: MINISTRY OF CHEMICALS AND FERTILISERS

Department of Fertilisers

1. Implementation of Retention Price Subsidy Scheme on sale of controlled fertilisers

Highlights

The system of reckoning the cost for fixation of retention price, which is the basis for providing the subsidy on indigenous fertilisers, is not satisfactory. The Fertiliser Industry Coordination Committee, which administers the Retention Price Subsidy Scheme, relied entirely on the data furnished by the fertiliser units. FICC paid fertiliser subsidy on urea aggregating Rs 25155 crore during 1992-98 on the basis of cost data furnished by the fertiliser units without independent verification and scrutiny of basic records maintained by them.

FICC allowed pre-tax return on net worth at much higher percentage rather than adjusting on the basis of actual corporation tax paid by fertiliser units since 1991-92. Delay in revision and adjustment of subsidy on reduction in corporation tax of all fertiliser units during 1994-95, 1996-97 and 1997-98 resulted in advance excess payment of subsidy of Rs 408 crore.

Sample checks disclosed that FICC allowed Rs 2731.25 crore to 20 fertiliser units during 1991-97 without ascertaining the actual amount of corporation tax paid by these units.

Provisions made for payment of corporation tax aggregating Rs 1849.21 crore for 1993-98 were transferred to general reserve and in turn treated as part of net worth for computation of RPS, which resulted in extra outgo of subsidy of Rs 459.89 crore.

Contrary to the provisions of the Company Act, 1956, FICC adopted higher rate of depreciation of 6.33 per cent against the prescribed rate of 5.28 per cent. This resulted in excess provision of depreciation of Rs 592.48 crore during 1993-98 which led to payment of excess subsidy.

There were wide variations in various elements of conversion cost in production of fertiliser such as salary and wages, administrative overheads, chemicals and stores, factory overheads, etc. allowed to different fertiliser units for the purpose of computation of retention price.

14 units reported utilisation higher than the installed capacity between 1991-92 and 1996-97, which resulted in undue benefits to the units in the form of extra recovery of cost beyond assessed level of capacity utilisation, reckoned for computing retention price. Rather than rationalising the installed capacity, FICC paid Rs 1885 crore towards retention price due to claim of higher capacity utilisation with reference to the capacity fixed by the Ministry.

Recovery of subsidy was not made on sale of sub-standard fertilisers paid as standard fertilisers.

Outstanding recovery of subsidy of Rs 43.34 crore paid to units during 1986-95 was not made by the FICC.

Delay in finalisation/revision of retention prices in respect of nine fertiliser units had resulted in non-recovery of Rs 677.76 crore of excess subsidy paid to them.

1.1 Introduction

1.1.1 Ministry of Chemicals & Fertilisers introduced the Retention Price Subsidy (RPS) Scheme in November 1977 for indigenous fertilisers to make these available to farmers at reasonable prices and to ensure fertiliser manufacturers a reasonable return on their investments. The scheme was initially applicable to nitrogenous fertilisers and was extended to phosphatic and other complex fertilisers in February 1979 and single super phosphate in 1982. The Ministry de-controlled phosphatic and complex fertilisers and low nitrogenous fertilisers such as ammonium sulphate, calcium ammonium nitrate and ammonium chloride in August 1992 and June 1994 respectively. Since then, only urea manufacturers are covered under RPS scheme.

1.1.2 There are 22 urea units in public, private and cooperative sectors with annual reported installed capacity of 77.19 lakh tonne, 65.90 lakh tonne and 39.45 lakh tonne *per annum* respectively as of March 1997. A list showing details of these units is at **Annex A**.

1.2 The Fertiliser Industry Coordination Committee was constituted by the Government of India in December 1977 to administer and operate the system of retention price¹. The FICC² consists of Secretary, Department of fertilisers as the Chairman and Secretaries to the Government in the Department of Industrial Development, Agriculture and Cooperation and Expenditure and Chairman, Bureau of Industrial Costs & Prices as members. In addition, there are two

FICC is administered by the Secretary Department of Fertilizers and headed by the Executive Directors.

¹ The retention price is the ex-factory price per tonne of Fertilisers determined on assessed cost of production including post-tax return of 12 per cent on net worth (equity and reserves) of the fertilizer plant.

² Fertiliser Industry Coordination Committee.

representatives of the fertiliser industry in the FICC. The Office of Fertiliser Industry Coordination Committee is an attached Office under the Department of Fertilisers. Headed by an Executive Director, it deals mainly with unit-wise fixation and revision of retention prices of fertilisers, fixation of equated freight and payment of subsidy to them.

1.3 Types of subsidy

The subsidies paid by FICC relate to retention price, freight and imported fertilisers.

1.3.1 Subsidy related to retention price

The retention price is fixed product wise and plant-wise with reference to cost of production after allowing post tax return on net worth

The retention price is fixed product-wise and plant-wise. It takes into account cost of variable inputs, conversion cost, selling expenses and capital related charges. Variable costs comprise of feed-stock, utilities like water, electricity, steam and packing materials. Conversion cost consists of salary and wages, contract labour and consumables, repairs and maintenance, catalysts and other overheads. Capital related charges consist of return on net worth, interest on borrowed funds and depreciation on fixed assets.

Retention price per tonne of fertilisers was determined for each plant dividing the total cost of production of fertilisers by production at the normative capacity utilisation fixed by the Ministry.

FICC fixed the retention price through a system of three years pricing period. During the pricing period increase and decrease in retention price was allowed if there was increase or decrease in the price of major inputs.

Subsidy paid to a unit was the difference between the retention price and the statutory sale price per tonne of fertilisers.

1.3.2 Subsidy related to freight

Freight subsidy was allowed from February 1979 to the indigenous fertiliser manufacturers to cover the cost of movement of fertilisers from production point to consumption point. Equated freight rates were fixed annually for each unit on normative basis taking into account the state-wise allocation of fertilisers and the actual distance of movement by rail/road or mix of the two during the preceding year.

1.3.3 Subsidy on imported fertiliser

The expenditure on import, handling and distribution of fertilisers was borne by the Ministry and met from its budget and the receipts from its sale were taken as reduction of expenditure. The difference between the two is the subsidy borne by the Ministry directly.

1.4 Payment of subsidy

1.4.1 The production, payments of subsidy to the manufacturers of fertilisers towards retention price subsidy scheme, freight subsidy and subsidy on imported fertilisers during 1992-98 were as under :

(Rs in crore)

Year	Production of indigenous urea (in lakh tonne of nutrient)	Retention price subsidy on urea	Freight subsidy	Subsidy on imported fertilisers	Total subsidy
1992-93	7430.30	4383.93	416.07	996.11	5796.11
1993-94	7231.30	3365.06	434.94	598.97	4398.97
1994-95	7945.40	3684.87	390.13	1166.00	5241.00
1995-96	8777.00	3656.19	643.81	1935.00	6235.00
1996-97	8599.00	4133.00	610.00	1350.00	6093.00
1997-98	10086.00	5932.00	668.00	729.36	7329.36
Total	50069.00	25155.05	3162.95	6775.44	35093.44

1.4.2 The subsidy to indigenous manufacturers of fertilisers was commented upon in Paragraph 5.2 of the Report of the Comptroller & Auditor General of India for the year ended 31 March 1991 (No.1 of 1992). Some of the significant deficiencies, which were earlier reported related to absence of rigor in scrutiny of cost data, excess payment, non-recovery and avoidable payments of subsidy on various counts by the FICC.

1.5 Scope of Audit

The administration of the retention price subsidy by the Fertiliser Industry Coordination Committee was examined with regard to the records in the Offices of the FICC, Departments of Fertilisers and Agriculture and Cooperation and Registrar of Companies (Ministry of Law, Justice & Company Affairs), New Delhi. The test check covering records relating to fixation of retention price and payment of subsidy on sale of urea for the period 1992-1998 and even for earlier periods, where relevant, was conducted between June 1998 and October 1998. The examination did not cover subsidy paid on distribution of decontrolled fertilisers being administered by Ministry of Agriculture.

1.6 Inadequate verification of cost data by FICC

One of the principal functions of FICC is fixation and review of retention price after detailed costing and disbursement of subsidy to the fertiliser manufacturers on the basis of difference between the retention prices of urea worked out by

FICC and the selling price³ fixed by the Department of Agriculture and Cooperation. FICC paid retention price subsidy of Rs.25155 crore during 1992-98.

FICC relied on cost data as furnished by fertiliser units without independent checks.

Audit scrutiny revealed that FICC continued to rely exclusively on cost data furnished by fertiliser manufacturers as authenticated by the chartered accountants employed by the respective units, despite the fact that the quantum of subsidy paid was determined on the basis of unit-wise cost and the fertiliser units could inflate cost that would permit higher subsidy. The Bureau of Industrial Costs and Prices expressed this apprehension as early as 1992. The Cost Accountancy Records (Fertiliser) Rules, which were notified in 1993 by the Ministry of Law, Justice and Company Affairs had envisaged each fertiliser unit to maintain a proper set of cost records. Non existence of a system of independent verification and detailed scrutiny of cost data on a regular basis to cross check the cost records at the manufacturer's premises rendered verification of correctness of the retention price difficult.

FICC failed to ensure fixation of retention price on the basis of genuine and irrefutable cost data.

As would be evident from the following, FICC has failed in performing its functions to ensure that the fertiliser manufacturers are provided subsidy on the basis of genuine and irrefutable data and the policy of the Government is not used to provide inadmissible assistance.

Ministry stated in January 1999 that FICC was not responsible for maintenance of cost accounting records under the Companies Act and admitted that independent verification of cost data from the original records was not being undertaken due to shortage of manpower. The reply of the Ministry does not address the issue of failure of FICC to verify the correctness of cost data leading to payment of excess subsidy from the Consolidated Fund of India.

1.7 Incorrect determination of corporation tax

1.7.1 One of the elements of costs reckoned by FICC for calculating the retention price is 12 *per cent* post-tax return on the net worth of respective fertiliser unit. In case of companies corporation tax actually payable/paid by the manufacturers should be included while fixing the retention price.

The FICC reckoned amounts towards payment of corporation tax by allowing a pre-tax return on net worth at the rates of 18.46 *per cent* to 24.87 *per cent* assuming that these rates would provide a post-tax return of 12 *per cent*. The FICC never verified actual payment of corporation tax by the fertiliser manufacturers. The corporation tax was reckoned in the retention price to compensate for that expenditure and was certainly not meant as a source of additional income to the fertiliser manufacturers. Despite this irregularity having been pointed out previously in paragraph 5.2 of the Audit Report of the Comptroller and Auditor General of India for the year ended March 1991-

³ Selling price refers to the controlled price at which fertilizers are sold to farmers.

No.1 of 1992, the FICC continued to permit unintended benefit to the fertiliser manufacturers at the cost of the Consolidated Fund of India at a higher rate than 12 *per cent* envisaged, while the 12 *per cent* itself should have been limited to the actual payment of corporation tax.

While the exact amount of undue benefit could not be worked out in audit, the verification of annual accounts of the fertilisers manufacturers, which were available, disclosed large amounts of excess payment as under.

1.7.2 Excess payment of subsidy⁴

FICC paid Rs 2731.25 crore towards element of corporation tax without ascertaining actual payments.

(a) On the basis of Annual Reports of 20 units spread over different years, it was noticed that the FICC paid Rs.2731.20 crore towards element of corporation tax on normative basis which was assumed to have been paid by these units for different accounting years without ascertaining the actual amount of corporation tax paid by each of them on production and sale of urea between 1991-92 and 1996-97 as indicated in **Annex B**. These payments were inadmissible on the following grounds:

- 12* units as detailed in **Annex C** neither made any provision nor paid corporation tax during 1987 -97.
- 11* units as indicated in **Annex D** had made only provision for payment of corporation tax but actual payments were not verified.

* Some units are common in Annex C and D.

13 fertiliser units transferred provision for corporation tax of Rs 1849.21 crore to General Reserve and claimed inadmissible subsidy of Rs 459.89 crore.

(b) Further, sample checks revealed that 13 fertiliser units had transferred the provisions aggregating Rs.1849.21 crore made for payment of corporation tax which were not actually paid, pertaining to 1993-98 to the “General Reserve” in the annual accounts of different years as shown in **Annex E**. The amount in turn was treated as part of net worth for computation of return/retention price for the subsequent years. The total outgo of inadmissible subsidy on this account would work out approximately to Rs.459.89 crore at the rate of return of 24.87 *per cent* allowed up to September 1998. The magnitude of such excess payments of subsidy would be much larger if such transfers in all fertilisers manufacturing companies in all these years are reckoned.

⁴ FICC did not provide copies of Annual Accounts and other relevant financial statements of fertilizer units for verification by Audit. However, annual accounts of some of the fertilizer unit for different years available in the Department of Company Affairs were obtained by Audit. In the absence of working sheets, the exercise of professional judgment of audit was restricted.

1.7.3 Miscellaneous Receipts

Wide variations in the amounts of Miscellaneous Receipts reckoned for computing the retention price by FICC inflated subsidy payment.

Under the scheme, the ‘Miscellaneous Receipts’⁵ of the fertiliser units are sought to be reduced from the retention price of fertiliser. Test check of records and annual accounts of the 11 fertiliser units revealed wide variations between the amounts of ‘Miscellaneous Receipts’ reckoned while computing retention price and that depicted in the annual accounts of respective fertiliser units as shown below:

(Rs in lakh)

	Unit	Year	Miscellaneous receipts as exhibited in annual accounts	Miscellaneous receipts reckoned in the retention price	Difference
1.	IFFCO ⁶	1994-95	1474.07	229.82	1244.25
2.	NFL ⁷	1994-95	468.25	188.43	279.82
3.	RCF ⁸	1994-95	505.00	234.72	270.28
4.	IGFCC ⁹	1994-95	152.00	45.58	106.42
5.	FCI ¹⁰	1994-95	389.14	79.46	309.68
6.	GNFC ¹¹	1994-95	250.76	168.94	81.82
7.	FACT ¹²	1994-95	1000.30	78.96	921.34
8.	SPIC ¹³	1994-95	1239.89	00.00	1239.89
9.	MFL ¹⁴	1994-95	289.00	54.19	234.81
10.	KRIBHCO ¹⁵	1994-95	415.27	302.62	112.65
11.	HFC ¹⁶	1994-95	1157.85	225.40	932.45
	TOTAL		7341.53	1626.16	5715.37

The working sheets of amounts of ‘Miscellaneous Receipts’ reckoned by FICC were called for verifying the correct amount of receipts apportioned to production of urea in the computation of retention price but were not furnished. In the absence of actual figures of ‘Miscellaneous Receipts’ including recoveries on account of loans and advances from staff, apportionment to urea plant could not be ascertained in audit and the quantum of extra outgo of subsidy could also not be determined. The matter needs to be further investigated by FICC.

⁵ “Miscellaneous Receipts” comprise of income other than sale proceeds of Fertilisers and subsidy received by the unit.

⁶ Indian Farmers Fertilisers Cooperative Limited

⁷ National Fertilisers Limited

⁸ National Fertilisers Limited

⁹ Indo-Gulf Fertilisers & Chemicals Corporation

¹⁰ Fertiliser Corporation of India

¹¹ Gujarat Narmada Valley Fertiliser Company Limited

¹² Fertilisers & Chemical Travancore Limited

¹³ Southern Petro Chemicals Industries Corporation Limited

¹⁴ Madras Fertilisers Limited

¹⁵ Krishak Bharati Co-operative Limited

¹⁶ Hindustan Fertilisers Corporation Limited

1.7.4 Delay in revision of retention price on reduction of corporation tax

Delay in revision and adjustment of subsidy on reduction of corporate tax resulted in extra outgo of subsidy of Rs. 408 crore to 22 units

The FICC delayed revision and adjustment of the subsidy on reduction of corporation tax in respect of all the 22 units claiming subsidy. Despite the reduction in corporation tax from 45 *per cent* plus 15 *per cent* surcharge thereon to 40 *per cent* plus surcharge of 7.5 *per cent* during 1994-95, again reduced to corporation tax of 40 *per cent* only during 1996-97 and further reduced to 35 *per cent* during 1997-98, FICC continued to allow pre-tax rate of return on net worth at higher rate of 24.87 *per cent* allowed since 1991-92 against actual pre-tax rate of return of 22.22 *per cent*, 21.05 and 18.46 *per cent* on the basis of reduction in corporation tax for 1994-95, 1996-97 and 1997-98 respectively. This resulted in excess subsidy of Rs 408 crore to all the 22 units.

1.8 Adoption of varying rate

1.8.1 Depreciation charges

In December 1993, by an amendment in Schedule XIV of Companies Act, 1956, the rate of depreciation charge for fixed assets of fertiliser plants was notified at 5.28 *per cent per annum* taking life of plant and machinery as 19 years. Since then, the fertiliser units were preparing accounts on the basis of the above amendment.

FICC made excess provision of depreciation charges of Rs 592.48 crore.

Contrary to the provision of the Companies Act, 1956, FICC allowed depreciation at the higher rate of 6.33 *per cent*. The differential of 1.05 *per cent* in the rate of depreciation charges on the plant and machinery and other assets, excluding cost of land in the retention price, resulted in an excess provision of depreciation charges of Rs. 592.48 crore in respect of 18 fertiliser units for 1993-98 as detailed in **Annex F**.

The FICC stated that it adopted higher rates following representations from the fertiliser industry and had stated that fertiliser industry should not be made to suffer financial hardship unjustifiably by further tightening of norms.

The justification advanced by the FICC is unacceptable. The fertiliser units are preparing annual accounts on the basis of the rate incorporated in the Act itself. Adoption of a higher rate for the determination of the retention price and the subsidy payments is not acceptable, more so when each and every cost is being reimbursed and each unit is getting 12 *per cent* of return on its net worth.

The Ministry stated, in January 1999, that the observations of Audit would be kept in view while deciding the new pricing policy.

1.8.2 Adoption of varying rates for similar elements of cost.

Varying rates adopted by FICC for similar items led to excess subsidy.

Sample-checks disclosed that FICC accepted widely varying rates per tonne selling expenses, administrative overheads, non-plant power and water, etc. A few instances are indicated in the table below, which would reveal inconsistent rates adopted by FICC for similar items in same type of manufacturing units. This has resulted in payment of excess subsidy to the fertiliser units which have claimed higher rates of the miscellaneous expenses.

(Rs per tonne)

	Overheads*	Naphatha based plant		Fuel oil based plant		Gas/Associated Gas based plant	
		Value	Unit	Value	Unit	Value	Unit
1	Selling expenses	79.41 95.00	SFC ¹⁷ Kota FACT, Cochin	80.25 95.00	NFL, Nangal GNFC	72.69 95.00	Indogulf KRIBHCO
2	Administrative overheads	27.58 176.20	IFFCO, Phulpur ZACL Goa	38.19 72.53	NLC Neyveli GNFC, Bharuch	9.27 96.75	HFC, Namrup III Indo-Gulf
3	Chemical & stores	46.68 256.14	FACT, Cochin MFL, Madras	125.67 208.27	FCI, Sindri NLC Neyveli	25.18 125.98	IFFCO, Anola RCF, Trombay I
4	Factory overheads	4.81 121.08	Duncans Industries Limited, Kanpur HFC, Barauni	13.85 120.66	GNFC, Bharuch NLC Neyveli	7.07 51.61	KRIBHCO IFFCO, Kalol
5	Non-Plant power	13.62 53.00	Duncans Industries Limited, Kanpur MCFL, Mangalore	17.23 93.61	NFL, Panipat FCI, Sindri	6.16 54.84	RCF, Thal RCF, Trombay I
6	Non-Plant water	0.35 37.08	NFL, Nangal MFL, Madras	19.59 91.26	GNFC, Bharuch FCI Sindri	2.35 39.17	HFC, Namrup III RCF, Trombay I
7	Salary and wages	137.03 720.48	ZACL, Goa HFC, Durgapur	99.99 1152.95	GNFC, Bharuch NLC, Ngyveli	76.04 498.07	RCF, Thal RCF, Trombay I
8	Catalyst expenses	75.57 181.09	IFFCO, Phulpur SFC, Kota	26.20 62.92	NFL, Panipat GNFC, Bharuch	42.45 219.51	NFL, Vijaypur RCF, Trombay I
9	Social overheads	178.16 248.74	Duncans Industries Limited, Kanpur HFC, Barauni	82.92 141.57	NLC, Neyveli NFL, Panipat	55.18 300.02	RCF, Thal RCF, Trombay I

The Ministry stated in January 1999 that the Government was considering the possibility of fixing norms for many items of expenditure in the new fertiliser pricing policy.

FICC reckoned varying project cost for fixation of retention price

Similarly, FICC was reckoning project cost, capital related charges and return on net worth of various units for the purpose of retention price. Sample check revealed that in respect of three gas-based plants commissioned during 1988,

the actual project cost and project cost reckoned for fixation of retention price varied significantly as shown below:

* In the table for each category of overheads only maximum and minimum unit rate of returns are shown to give indication of range of variations.

¹⁷ Shriram Fertilisers and Chemicals

¹⁸ Zuari Agro Chemicals Limited

¹⁹ Neyveli Lignite Corporation Limited

the actual project cost and project cost reckoned for fixation of retention price varied significantly as shown below:

Table (i)

Unit	Year of commissioning	Sector	Installed capacity (in lakh tonne)	Actual project cost (Rs in crore)	Project cost reckoned for fixation of retention price
NFL, Vijaipur	1988	Public	7.26	507.35	425.42
IFFCO, Aonla	1988	Cooperative	7.26	647.84	520.66
IGFCC, Jagdishpur	1988	Private	7.26	701.52	615.41

In respect of three other gas-based plants, two of the same installed capacity and one with lower installed capacity commissioned during 1992-1994 the project cost varied widely.

Table (ii)

Name of Unit	Year of commissioning	Sector	Installed capacity (in lakh tonne)	Actual capital cost of project (Rs in crore)
NFCL ²⁰ , Kakinada (Andhra Pradesh)	1992	Private	4.95	1185.54
CFCL ²¹ , Kota (Rajasthan)	1993	Private	7.26	1153.15
TCL ²² , Babrala (Uttar Pradesh)	1994	Private	7.26	1479.74

It would be seen from table (i) above that for identical installed capacity, commissioned during the same year i.e. 1988, the FICC reckoned the project cost for fixation of retention price for cooperative and private sector units at much higher rate than that for the public sector units. Further, as would be seen from table (ii) in case of the two private sector plants with identical installed capacity of 7.26 lakh tonne each commissioned during 1993-94, the capital cost reckoned for fixation of retention price varied widely. For CFCL it was Rs.1153.15 crore, while for TCL, Babrala it was Rs 1480 crore. Besides, such steep increase in the project cost of the plant commissioned during 1988 and those during 1992-94 was not examined by FICC for its correctness in a transparent manner. The scheme was thus a device to reward costly and inefficient operations.

The Ministry stated in January 1999 that increase in the project cost was due to Customs duty at the rate of 15 *per cent* in respect of IFFCO and IGFCC.

The reply of the Ministry is not tenable since the Customs duty should be uniformly applicable to all the three plants commissioned during 1988.

²⁰ Nagarjuna Fertilisers Chemicals Limited

²¹ Chemical Fertilisers & Chemicals Limited

²² Tata Chemicals Limited

Besides, Ministry did not offer any explanation for such steep increase in the capital cost of the project within the short span of 4-6 years. It is recommended that ministry should look into the system of reckoning the project cost, which has a significant bearing on payment of subsidy to the fertiliser units.

1.8.3 Variation in other costs

Under the scheme, capital related charges (depreciation, interest and return on net worth) are allowed on the capitalised cost of township. Besides this, the actual expenditure incurred on payment of house rent allowance to employees, not provided with the accommodation, is also considered in the retention price.

Analysis of data relating to accommodation cost per tonne of fertilisers, in respect of six gas based plants revealed wide variations in the range of Rs 45.71 for CFCL to Rs 208.32 for IFFCO, Aonla. Per employee cost *per annum* during 1994-95 varied in the range of Rs.57676 for OCFL to Rs.314458 for TCL, Babrala. The unit wise details were as under:

	Unit	Gross cost of township on date of commercial production (Rs in crore)	No. of employees as of 1994-95	Rs per employee per annum (at the level of 1994-95)	Rs per tonne (at the level of 1994-95)
1.	KRIBHCO (1986)	15.52	1403	80218	83.31
2.	IFFCO, Aonla (1988)	30.08	926	163327	208.32
3.	NFL, Vijaipur (1988)	17.26	773	126295	134.47
4.	CFCL (1994)	9.62	491	67591	45.71
5.	TCL, Babrala (1994)	39.43	358	314458	155.06
6.	OCFL ²³ (1995)	15.74	751	57676	59.66

Annual expenses on house rent allowance per employee during 1994-95 ranged between Rs.2401 for IFFCO, Aonla and Rs.12851 for CFCL, Kota. The average cost of accommodation provided in township per employee during 1994-95 had ranged between Rs.1.10 lakh for KRIBHCO, Hazira and Rs.5.14 lakh for Tata Chemicals Limited, Babrala.

The main reasons for above inter-se variations, according to the FICC, were variations in the average composite cost of a dwelling unit including common facilities like guest house, club building, school, community centre, shopping

²³ Oswal Chemicals & Fertilisers Limited

complex, etc. The average actual cost of a dwelling unit in respect of KRIBHCO, Hazira and NFL, Vijaipur commissioned in 1986 and 1988 was only Rs.1.55 lakh and Rs.1.96 lakh per unit respectively. In respect of IFFCO, Aonla, which was commissioned in 1988, the average cost was Rs.4.56 lakh which was 133 *per cent* higher than NFL, Vijaipur. Similarly the average cost of a single flat in CFCL, Oswal and TCL commissioned in January 1994, 1995 and December 1994 was Rs 4.52 lakh, Rs 4.35 lakh and Rs 10.50 lakh respectively. The cost of township of various units ranged between Rs 962 lakh for CFCL and Rs 3943 lakh for TCL, Babrala.

Thus, the Ministry/FICC did not exercise any check for controlling these cost and allowed all the expenses at varying rates to these units without limiting them.

Similarly, there were variations in per unit cost of township. As higher cost on township conferred substantial benefit through capital related charges in computation of retention price under the scheme, FICC needs to look into these wide variations, as all the costs are considered for determining the retention price.

1.9 Failure to assess actual production capacity of urea and ammonia plants

The RPS scheme provides for fixation of retention price of controlled fertilisers after taking into account the normative capacity utilisation prescribed by the Ministry and a combination of norms and actuals in respect of various cost elements and expenses. The normative capacity of the plant reckoned for computing retention prices since April 1988 was as under:

Feed stock	Plant vintage	Annual capacity utilisation norm (in per centage)
i) Gas based plants	(i) 1st year	80
	(ii) 2nd year to 10th year	90
	(iii) above 10 years	85
ii) Naphtha, Fuel Oil, Low Sulphur Heavy Stock	(i) 1st year	80
	(ii) 2nd year to 10th year	85
	(iii) above 10 years	80
iii) Coal	(i) Up to 10 years	60
	(ii) Over 10 years	55

Capacity utilisation was uniformly shown more than the installed capacity resulting in extra benefits of Rs 1885 crore to the manufacturers.

The fertiliser units were, thus, expected to be recovering the entire cost of production along with reasonable return on net worth at the above assessed/normative production levels. Any production at levels higher than the normative level gives an additional benefit by way of extra recovery of fixed capital related charges on production in excess of the assessed normative production.

The High Powered Review Committee set up by the Ministry had also observed in March 1998 that the FICC accepted the design name plate capacity for assessing the normative capacity. There was, thus, an incentive for the fertiliser units to understate/derate the name plate/designed capacity which enabled them to claim extra fixed cost on the quantity produced in excess of assessed production level. There was, thus, no justification, in principle, for payment of capital related charges above the assessed level as the plant recovers its full investment at this point.

Test-check of records revealed that capacity utilisation of 14 units was reckoned more than installed capacity between 1990-91 and 1996-97, the details of which are indicated in **Annex G**.

These 14 units had thus derived substantial undue benefit. This was also emphasised in the earlier Report of the Comptroller & Auditor General of India for the year ending March 1991.

In October 1994, a two member Committee, constituted to undertake a detailed technical examination of the issue so as to identify the cases of very high production of urea and reassess the plant capacity based on the actual performance of the plant, had identified 12 urea producing units under the category of high capacity utilisation units. The Committee had also observed that average daily plant capacity achievable in actual operation was higher than the declared design daily capacity and the capital related charges of various units were higher due to installation of equipment and standby power plants which added to the existing design capacity

Another Technical Committee, set up in November 1996, had further observed that if a plant is operated at its daily rated capacity beyond 330 days, its capacity utilisation would work out higher than 100 *per cent*. As such the fixation of assessed production of 80 *per cent* in the first year was unjustified and concluded that implication of payment of fixed incentive on urea produced beyond the cut off level of capacity utilisation at the rate of Rs 1000 per tonne and Rs 500 per tonne of urea would result in saving in payment of subsidy of Rs 136.75 crore and Rs 162.53 crore respectively in respect of seven units, whose data were analyzed by the Committee during 1996-97.

Similarly, the High Powered Committee headed by Prof. C.H. Hanumantha Rao had also commented in March 1998 on outgo of extra subsidy through higher capital related charges of units working beyond 100 *per cent* capacity utilisation and had noticed that there was a difference of Rs 1047 per tonne in the weighted average retention price of Rs 6730 and recomputed retention price of Rs 5683, which would result in saving in capital related charges of Rs 1885 crore on 1997-98 production levels.

Despite these recommendations premised on sound empirical basis, FICC did not modify the normative capacity utilisation of each plant for computation of retention price. FICC needs to adopt urgent measures to determine the actual

production capacity and re-examine the normative determination to adequately safeguard against payment of higher subsidy.

1.10 Undue benefits

FICC did not act on the recommendations of an expert committee to revise the consumption norms of utilities which resulted in financial benefit of Rs 115 crore to the units.

(a) In January 1993, FICC had revised the consumption norms of utilities (power, water, steam and packing material) of three gas based fertiliser plants-IFFCO, Aonla, IGFCL, Jagdishpur and NFL, Vijaipur, as these units had made major changes in the existing process, plant capacity and additional provision of captive power plant. The plants had started commercial production in July 1988, November 1988 and July 1988 respectively. The changes in the consumption norms had resulted in reduction of retention price as under:

(Rs per tonne)

Units	Retention price prior to revision		Revised retention price as on January 1993	
	In 1st year	In 2nd year	In 1st year	In 2nd year
IIFCO, Aonla	4811	4416	4585	4320
IGFCC, Jagdishpur	4940	4627	4908	4621
NFL, Vijaipur	4499	4191	4301	4071

Scrutiny revealed that FICC did not act on the recommendation of the Expert Committee to revise the consumption norms of utilities of KRIBHCO, Hazira as it had also made similar changes in the plant and, thus, qualified for reduction in retention price. According to the Committee, *ibid*, the resultant financial benefit that accrued to KRIBHCO was of the order of Rs.115 crore.

FICC stated in September 1998 that the observation of audit would be examined.

Benefits of installation of PGR unit was not worked out and recovered by the FICC.

(b) Similarly the installation of Purge Gas Recovery (PGR) unit and other energy saving devices in the plant could result in saving due to lesser consumption of various feed-stock. Despite this common awareness, FICC, however, had not reckoned the saving accruing to the units which had installed PGR unit for a period of 6 years while fixing the retention price till the 5th pricing period (upto March 1991). From the 6th pricing period (April 1991 onwards) the FICC recognized the investment on the installation of PGR and other devices immediately but the benefits accruing on this account were allowed to be retained by units for three years, after which these were mopped up for fixation to retention price.

A Technical Committee had observed in October 1997 that the five fertiliser plants, which had installed PGR units had carried out revamp, retrofitting, modification, etc. which had resulted in enhancement of production capacity of the plant at least by 10 *per cent*. FICC, however, did not work out and recover

the accrued benefits, which could have avoided payment of subsidy on this count as of October 1998.

1.11 Non-recovery of subsidy

(a) Non-recovery of subsidy paid on non/sub-standard fertilisers.

23953 fertiliser samples were sub-standard.

Under the scheme, the non-standard fertilisers produced by the fertiliser manufacturers/sold by dealers were not entitled for subsidy from the Government. 23953 fertiliser samples analysed by various laboratories were found to be sub-standard during 1992-97.

The quality of sale of fertilisers is sought to be ensured/regulated under the Fertiliser (Control) Order, 1985. The Ministry of Agriculture (Department of Agriculture and Cooperation) and various State Governments had set up 60 Fertiliser Quality Control Laboratories in 18 States and a Central Laboratory at Faridabad. The Central and State Governments were to appoint inspectors for ensuring quality of sale of fertilisers. The State Governments and various laboratories were to submit details of samples of fertilisers found non-standard to the Ministry of Agriculture and FICC for taking action under Fertiliser (Control) Order. FICC was to recover prorata subsidies paid on the total quantity of the lot from which samples were drawn and found non-standard.

Examination disclosed that 11 State Governments of Assam, Bihar, Goa, Himachal Pradesh, Haryana, Madhya Pradesh, Punjab, Sikkim, Tripura, Uttar Pradesh and West Bengal did not furnish such details of sub-standard fertilisers regularly between 1994-95 and 1996-97. Information as to whether the entire lot from which samples were drawn and found non-standard was allowed for sale was not available either in the Ministry of Agriculture or in FICC, this aspect of subsidy reduction and attendant risk to quality control assurance remained unverifiable.

(b) Outstanding recovery of subsidy

The Ministry had issued instructions in September 1980 that amount due from the fertiliser units shall be recovered within a period of 45 days from the last date of the month in question. Delayed credits shall attract penal interest at the rate of 2.5 per cent above the ruling bank rate for working capital loans.

Subsidy of Rs 43.34 crore were pending recovery from various units.

Test check of Demand Register revealed that subsidy aggregating Rs 187.95 crore paid during 1986-95 in 10 cases remained un-recovered due to closing of units, referring the units to Bureau of Industrial Financial Restructure and pending investigation by CBI. On being pointed out by Audit, the FICC recovered Rs. 144.61 crore from one unit. Balance amount of Rs 43.34 crore was yet to be recovered.

(c) Delay in finalisation/revision of retention price/non-recovery of excess subsidy paid.

Recovery of Rs 677.76 crore was pending due to delay in fixation of retention price in nine cases

Significant delays were noticed in fixation/revision of retention prices in nine cases. Besides fixation/revision of 18 cases were pending for want of cost evaluation/technical verification. In the nine delayed cases, Rs 677.76 crore as detailed in **Annex H** were pending recovery by the FICC. The delay in these cases ranged between eight months and 113 months.

(d) Non-recovery of Rs 1.66 crore

Non recovery of depreciation charges of Rs. 1.66 crore on reimbursement of custom duty charges.

Under the scheme for grant of relief/incentives to the new and recently commissioned fertiliser units, Rs 6.99 crore were paid to Chambal Fertilisers & Chemicals Limited, Kota towards refund of custom duty paid in July 1995 on imported plant and machinery. Besides this, Rs 1.27 crore spent by the company towards capital related charges on the above amount of custom duty were also reimbursed. Rs 8.26 crore were capitalized and depreciation charges were paid upto August 1998. The FICC neither recovered nor adjusted the amount of depreciation charges of Rs 1.66 crore allowed at the rate of 6.33 *per cent* of the above cost to the manufacturer upto August 1998.

1.12 Avoidable freight subsidy payment

Lead distance of movements of Fertilisers underline scope for rationalisation.

Freight subsidy is paid to fertiliser manufacturers to cover the cost of transportation from production point to consumption centres under the equated Freight Subsidy Scheme. The Department of Agriculture and Co-operation regulates movement of fertilisers through supply plan drawn up under the Essential Commodities Act (ECA), 1955. The equated freight rates for each unit are worked out on the basis of supply plans and normative lead (distances) fixed for movement by rail and road. The annual freight subsidy payment was in the range of over Rs 416 crore in 1992-93 and Rs 668 crore in 1997-98. The lead distances of movement of fertiliser from 1989-90 to 1996-97 were hovering around 930 km.

Study conducted by RITES in 1995 concluded that the wasteful criss-cross movement could be reduced by 12 *per cent* by streamlining the system of allocation of fertilisers. The High Power Review Committee had also recommended in March 1998 removal of distribution control system, except for movement of fertilisers in the problem areas.

There is, thus, scope for rationalising movement of fertiliser so as to reduce the burden of freight subsidy. The FICC needs to ascertain the amount of actual freight charges incurred by fertiliser units both by road and rail and carry out adjustment of excess/short reimbursement of freight subsidy drawn.

1.13 Failure to verify end use of fertilisers

Independent control on movement of fertiliser out of factory gate and end-use was absent.

Under the scheme payments of subsidy to the fertiliser manufacturers were being made on the basis of quantities of fertilisers moved out of the factory gate for the sale on a monthly basis. The manufacturers were to submit bills in duplicate, duly signed by an officer not below the rank of General Manager or the Finance Director. The monthly details of supplies were to be supplemented by annual certificate from statutory auditors. There was no independent control on movement of fertiliser out of factory gate. Since Central Excise duty on fertiliser had been abolished from June 1980, the inspection parties of the FICC were only checking daily stock register of fertilisers, dispatch/stock transfer advices alongwith gate passes, and dispatch instructions without any verification of the actual consignee's receipt thereof to ensure that it was utilised for agricultural purposes and subsidy was correctly paid. Since subsidy was only to be paid when fertiliser was used for agricultural purposes and not for industrial purposes, the claim of full cost from the consignees using fertiliser for industrial purposes and also subsidy under retention price scheme on the same quantity of fertiliser could not be verified in audit.

Annex-A
(Refers to paragraph 1.1.2)
Details of units/plants producing urea and their production capacity as of
Mach 1997

	Name the factory/location	Sector	End product capacity (000' tonnes)
Private Sector			
1.	Coromandel Fertilisers Ltd. (CFL), Vizag (AP)	Private	--
2.	Chambal Fertilisers, Kota, (Rajasthan)	Private	742.5
3.	Duncans Industries Limited, Kanpur, (UP)	Private	675.0
4.	Gujarat Narmada Valley Fertilisers Company. (GNFC), Bharuch	Private	594.0
5.	Gujarat State Fertilisers Company (GSFC), Vadodara	Private	367.2
6.	Indo Gulf Fertilizer & Chemicals Corporation (IGFCL), Jagdishpur, (UP)	Private	726.0
7.	Mangalore Chemicals & Fertilisers Limited (MCFL), Mangalore (Karnataka)	Private	340.0
8.	Nagarjuna Fertilizers & Chemicals Limited (NFCL), Kakinada (AP)	Private	495.0
9.	Oswal Chemicals & Fertilisers Limited (OSWAL), Shahjahanpur (UP)	Private	726.0
10.	Shriram Fertilisers and Chemicals, (SFC)	Private	330.0
11.	Southern Petro Chemicals Industries Corporation Limited (SPIC), Tuticorin (Tamil Nadu)	Private	512.0
12.	Tata Chemicals Limited (TCL), Babrala	Private	742.5
13.	Zuari Agro Chemicals Limited (ZACL), Goa	Private	340.0
	Total		590.2
	No. of Units		13
	No. of Plants		13
Public Sector			
14.	Fertilisers & Chemicals Travancore Limited (FACT), Cochin II (Kerala)	Public	330.0
15.	Fertilisers Corporation of India (FCI) (i) Gorakhpur (UP) (ii) Sindri (Bihar) (iii) Ramagundam (AP) (iv) Talchar (Orissa)	Public	285.0 330.0 330.0 330.0
16.	Hindustan Fertilisers Corporation Limited (HFC) (i) Barauni (Bihar) (ii) Durgapur (WB) (iii) Namrup I & II (Assam) (iv) Namrup III (Assam)		184 173 190 328
17.	Madras Fertilisers Ltd. (MFL) Manali (TN)	Public	368.0
18.	National Fertilisers Ltd. (NFL) (i) Bhatinda (Punjab) (ii) Nangal I & II (Punjab) (iii) Panipat (Haryana) (iv) Vijaipur (M.P.)	Public	511.5 330.0 511.5 1452.0
19.	Neyveli Lignite Corporation Limited (NLC)	Public	152.0
20.	Rashtriya Chemicals & Fertilisers Limited (RCF), Mumbai (a) Thal (Maharashtra) (b) Trombay (I to IV) Maharashtra	Public	1485.0 99.0

	Name the factory/location	Sector	End product capacity (000' tonnes)
	(c) Trombay (V) Maharashtra		330.0
	Total		7719
	No. of Unit		7
	No. of Plant		18
Cooperative Sector			
21.	Indian Farmers Fertilisers Co-operative Limited (IFFCO) (i) Kalol (Gujarat) (ii) Phulpur (UP) (iii) Aonla (UP)	Co-operative	546.0 495.0 1452.0
22.	Krishak Bharati Co-operative Limited (KRIBHCO), Hazira (Gujarat)	Co-operative	1452.0
	Total		3945.0
	No. of Units		2
	No. of Plants		4

Annex-B

(Refers to paragraph 1.7.2 (a))

Amount of income tax paid to fertiliser unit under RPS

(Rs in lakh)

	Name of Unit	Period	Profit/Loss making units	12.87 per cent element of income tax
1	Duncan Industries Limited, Kanpur	1994-97	Profit	3014.23
2	Mangalore Chemical & Fertiliser Limited, Mangalore	1994-97	Profit	1381.23
3	Neyveli Lignite Limited, Neyveli	1992-97	Profit	13585.40
4	Shriram Fertiliser & Chemicals, Kota	1994-97	Profit	1401.27
5	Zuari Agro Chemicals Limited, Goa	1994-97	Profit	733.50
6	Indo Gulf Fertiliser and Chemical Corporation Limited, Jagdish Pur	1994-97	Profit	6227.91
7	Southern Petro Chemical Industries Corporation Limited	1994-97	Profit	1410.09
8	Madras Fertiliser Limited	1991-97	Profit	544.86
9	Fertiliser & Chemical Travancore Limited	1991-97	Profit	4965.87
10	Rashtriya Chemical & Fertiliser Limited	1991-97	Profit	45,869.12
11	National Fertiliser Limited	1991-97	Profit	40916.22
12	Krishak Bharati Co-operative Limited	1991-97	Profit	39495.81
13	Indian Farmers Fertiliser Co-operative Limited	1991-97	Profit	30485.25
14	Gujarat Narmada Valley Fertilisers Corporation Limited	1994-97	Profit	4462.05
15	Gujarat State Fertilisers & Chemical Limited	1994-97	Profit	1376.01
16	Tata Chemicals Limited	1994-97	Profit	10349.01
17	Fertiliser Corporation of India	1991-97	Loss	16926.38
18	Hindustan Fertiliser Corporation	1991-97	Loss	21936.96
19	Oswal Chemical & Fertiliser Limited	1995-97	Profit	15386.91
20	Chambal Fertiliser & Chemical Limited	1994-97	Profit	12656.44
				273124.52

Annex-C**(Refers to paragraph 1.7.2 (a))****Fertiliser units which had neither paid any corporation tax nor made any provisions in the annual accounts**

	Name of the unit	Period
1	Fertiliser & Chemical Travancore Limited	1990-95
2	Madras Fertiliser Limited	1993-96
3	Chambal Fertiliser & Chemical Limited	1994-97
4	Southern Petro Chemical Industries Corporation Limited	1992-96
5	Fertiliser Corporation of India (3 Plants)	1987-97
6	Hindustan Fertiliser Corporation (4 Plants)	1994-97
7	National Fertiliser Limited (4 Plants)	1990-93
8	Krishak Bharati Co-operative Limited	1985-92
9	Indian Farmers & Fertilisers Co-operative Limited (4 Plants)	1985-92
10	Gujarat State Fertilisers and Chemicals Limited	1992-96
11	Gujarat Narmada Valley Fertiliser Corporation	1994-96
12	Mangalore Chemicals & Fertiliser Limited	1994-97

Annex-D

(Refers to paragraph 1.7.2 (a))

Fertiliser units which had made provisions for payment of corporation tax but had not reflected the payments in annual accounts

	Unit	Period	Provision made
1	Indo Gulf Fertiliser and Chemical Corporation	1.4.91 to 31.3.95 1.4.95 to 31.3.96	1145.00 4950.00
2	Southern Petro Chemical Industries Corporation Limited	1.4.91 to 31.3.92 1.4.96 to 31.3.97 1.4.97 to 31.3.98	5.00 460.00 450.00
3	Madras Fertiliser Limited	1.4.96 to 31.3.97	100.00
4	Fertiliser & Chemical Travancore Limited	1.4.95 to 31.3.96 1.4.96 to 31.3.97	878.00 937.00
5	Rashtriya Chemical and Fertilisers Limited	1.4.93 to 31.3.94 1.4.94 to 31.3.95 1.4.95 to 31.3.96 1.4.96 to 31.3.97	3050.00 15660.00 4800.00 4200.00
6	National Fertilisers Limited	1.4.93 to 31.3.94 1.4.94 to 31.3.95 1.4.95 to 31.3.96	5000.00 8200.00 6306.00
7	Krishak Bharati Co-operative Limited	1.4.92 to 31.3.93 1.4.93 to 31.3.94 1.4.94 to 31.3.95 1.4.95 to 31.3.97 1.4.96 to 31.3.96	8220.00 7200.00 9550.00 8500.00 9950.00
8	Indian Farmers Fertilisers Co-operative Limited	1.4.92 to 31.3.93 1.4.93 to 31.3.94 1.4.94 to 31.3.95 1.4.95 to 31.3.96 1.4.96 to 31.3.97	3961.00 8050.00 14230.00 10745.00 3461.00
9	Gujarat Narmada Valley Fertiliser Company Limited	1.4.96 to 31.3.97 1.4.97 to 31.3.98	2200.00 2600.00
10	Gujarat State Fertilisers and Chemicals Limited	1.4.96 to 31.3.97 1.4.97 to 31.3.98	3082.00 1877.00
11	Tata Chemicals Limited	1.4.94 to 31.3.95 1.4.95 to 31.3.96 1.4.96 to 31.3.97 1.4.97 to 31.3.98	6.00 2200.00 3800.00 4350.00

Annex -E**(Refers to paragraph 1.7.2 (b))****Details of amount transferred to General Reserves****(Rs in crore)**

	Unit	Year					Total
		1993-94	1994-95	1995-96	1996-97	1997-98	
1.	IFFCO	59.43	125.67	124.44	68.41	....	377.95
2.	KRIBHCO	31.31	109.23	98.74	109.69	....	348.97
3.	NFL	87.07	14.68	1.86	51.36	....	163.97
4.	RCF	....	139.54	57.63	55.64	....	252.81
5.	SPIC	....	30.00	35.00	30.00	35.00	130.00
6.	Chambal Fertilisers	....	10.00	35.00	25.00	....	70.00
7.	Indogulf Fertilisers	....	15.00	51.00	....	....	66.00
8.	Tuticorin Alkali	....	1.00	0.60	....	....	1.60
9.	ZACL	....	....	52.00	28.00	....	80.00
10.	MCFL	....	....	0.25	0.25	....	0.50
11.	GNFC	....	....	....	7.00	7.00	14.00
12.	GSFC	....	....	....	127.00	111.41	238.41
13.	Tata Chemical	....	....	....	30.00	75.00	105.00
	Total	177.81	445.12	465.52	532.35	228.41	1849.21

Grand Total : 1849.21 crore

Extra outgo at the rate of 24.87 pre-tax return (Rs 1849.21 x 24.87) = Rs 459.89 crore

Annex-F
(Refers to paragraph 1.8.1)
Gross value of fixed assets excepting land

(Rs in lakh)

	Unit	Total value of fixed assets except land					Total
		1993-94	1994-95	1995-96	1996-97	1997-98	
1.	N.F.L.	131711.05	137653.09	141808.25	229274.32		640446.71
2.	FACT	63227.71	64015.45	65143.20	67073.72		259460.08
3.	KRIHBCO	86347.08	90747.77	92154.40	97423.76		366673.01
4.	FCI	81623.55	82651.25	85850.54	87554.80		337680.14
5.	IFFCO	139173.78	144890.29	149867.52	241001.59		674933.18
6.	RCFL	135838.00	143243.00	103822.40	151145.00		534048.40
7.	Madras Fertilisers Limited	16866.00	16663.00	17178.00	17535.00		68242.00
8.	Chambal Fertilisers and Chemical Limited		122479.48	122618.31	124513.07		369610.86
9.	SPIC		101352.22	135315.22	193554.15	195860.08	626081.67
10.	Indo Gulf Fertilisers & Chemicals Corporation Limited		72268.00	76693.00			148961.00
11.	Tuti Corin Alkali Chemical & Fertiliser Limited		10048.45	11410.27			21458.72
12.	Godavari Fertilisers & Chemical Limited		11230.02	11899.54			23129.56
13.	Hindustan Fertilisers Corporation Limited			67542.34	68033.84		135576.18
14.	GNFC		108286.13	129659.77	130858.03	139459.86	508263.79
15.	ZACL			30696.34	32986.68		63683.02
16.	Manglore Chemicala & Fertilisers Limited			20923.96	21272.78	22575.81	64572.55
17.	Tata Chemicals Limited				225859.00	234300.00	460159.00
18.	GSFC				151410.56	187066.98	339477.54
		654787.17	1105528.15	1262583.06	1840496.30	779262.73	5642657.41

5642657.41 x 1.05 = Rs 592.48 crore

100

Annex-G
(Refers to paragraph 1.9)

Capital related charges of units working beyond installed capacity

(In 000' tonne)

Unit	Years	Installed capacity	Assessed capacity	Actual production	Per centage	CRC Per tonne	Capital Related Charges	
							Level to 100% (Rs in crore)	Level to 110% to 120% (Rs in crore)
NFL, Vijaipur	1991-92	726	690	893	123.03	1698	2.55	
	1992-93	726	691	842	115.99	1701	18.38	7.40
	1993-94	726	691	878	120.98	1682	18.18	12.21
	1994-95	726	691	820	112.91	1588	17.18	3.35
	1995-96	726	691	558	118.17	1588	17.16	9.42
	1996-97	726	691	843	116.09	1548	16.72	6.84
NFL, Nangal	1992-93	330	260	354	107.41	449	4.23	0.00
	1993-94	330	260	351	106.41	442	4.01	0.00
	1994-95	330	260	376	113.80	402	4.13	0.50
	1995-96	330	260	372	112.87	402	4.13	0.38
	1996-97	330	260	345	104.66	384	3.27	0.00
IFFCO, Aonla	1991-92	726	691	850	117.03	2000	18.35	12.33
	1992-93	726	692	817	112.51	2001	21.40	3.65
	1993-94	726	692	906	124.87	2001	21.40	14.53
	1994-95	726	692	801	113.29	2220	23.74	0.47
	1995-96	726	692	882	121.48	2215	23.69	16.08
	1996-97	726	692	786	108.29	2171	20.52	0.00
IFFCO, Phulpur	1991-92	495	406	506	102.26	1213	21.39	10.39
	1992-93	495	406	607	122.62	1226	16.92	6.07
	1993-94	495	406	541	109.40	1226	16.44	0.00
	1994-95	495	406	659	133.13	1325	18.29	6.56
	1995-96	495	406	581	117.47	1325	18.29	4.90
	1996-97	495	406	560	113.20	1298	17.91	2.06
KRIBHCO, Hazira	1991-92	1452	1351	1700	117.10	1348	12.09	0.00
	1992-93	1452	1351	1687	116.16	1348	33.12	12.05
	1993-94	1452	1351	1515	104.37	1348	22.11	0.00
	1994-95	1452	1351	1466	100.95	1248	14.28	0.00
	1995-96	1452	1351	1722	118.60	1248	30.68	15.59
	1996-97	1452	1351	1540	106.09	1204	22.70	0.00
SFC, Kota	1991-92	330	268	384	11.31	467	33.13	13.89
	1992-93	330	268	358	108.62	477	4.33	0.00
	1993-94	330	268	406	122.95	464	4.42	1.53
	1994-95	330	268	384	118.42	429	4.09	0.91
	1995-96	330	268	394	119.31	429	4.09	1.32
	1996-97	330	268	401	121.63	413	3.94	1.36
SPIC, TUTICORIN	1991-92	512	429	645	126.01	680	7.66	0.66
	1992-93	512	429	626	122.35	682	14.93	0.33
	1993-94	512	429	586	114.47	663	15.69	0.15
	1994-95	512	429	669	128.62	634	27.19	8.57
	1995-96	593	523	691	116.35	1138	8.51	3.25
	1996-97	512	429	616	120.32	623	8.37	3.19
ZACL	1991-92	376	229	391	103.93	472	9.16	3.49
	1992-93	376	229	402	106.86	472	9.16	3.49
	1995-96	376	229	410	109.00	439	7.96	0.00
GNFC	1991-92	593	523	716	120.49	1145	9.13	3.48
	1992-93	593	523	656	110.48	1145	22.21	6.68
	1993-94	593	523	655	110.21	1204	0.00	0.00
	1994-95	593	523	695	117.03	1138	14.83	4.75
	1995-96	593	523	691	116.35	1138	24.10	0.30
	1996-97	593	523	651	109.67	1111	14.83	4.30
Indogulf Fertiliser	1992-93	726	629	831	114.53	2033	0.00	0.00

Report No. 2 of 2000

	1994-95	726	629	784	108.03	1977	18.77	0.00
	1995-96	726	629	896	123.35	1971	21.53	14.31
NFCL, Kakinada	1993-94	495	448	589	119.03	6501	62.96	29.07
	1994-95	495	465	675	136.39	5819	46.34	28.80
	1995-96	495	465	708	143.04	5819	46.34	28.80
	1996-97	495	465	717	144.83	5819	46.34	28.25
Chambal Fertiliser	1994-95	743	639	752	101.34	4165	47.19	0.00
	1995-96	743	697	894	120.46	3527	44.52	27.67
	1996-97	743	697	875	117.83	3727	44.52	21.68
Oswal Chemicals & Fertilisers	1995-96	189	155	209	110.35	4309	24.10	0.30
	1996-97	743	639	798	107.46	4509	71.54	0.00
Tata Chemicals	1995-96	743	613	840	113.15	4317	88.15	10.00
	1996-97	743	688	950	128.01	3865	57.40	28.70

Annex – H**(Refers to paragraph 1.11 (c))****Delay in recovery of unintended benefits from fertilizer units**

	Name of Unit/Plant	Date of meeting of FICC.	Details of recovery	Period from which recovery due	Date of approval of recovery by FICC	Delay in computing the amount of recovery	Amount (Rs in crore)
1	RCF, Thal	Item-3of 76th Meeting 8 Sept. 1998	Recovery of benefit accruing to the unit due to installation saving devices	1 June 1997	8 September 1998	15 months	8.35
2	GSFC, Baroda	Item-4 to 76th Meeting of 8 Sept. 1998	Benefits accruing due to installation of cogeneration plant	31 March 1989	8 September 1998	113 months	76.00
3	28 Plants	Item-5of 76th Meeting 8 Sept. 1998	Recovery due to reduction in Corporate Tax 1997-98	1 April 1997	8 September 1998	17 months	120.43
4	HFC, Barauni	Item-7of 76th Meeting 8 Sept. 1998	Recovery of benefits due to recognition of captive power plant	2 August 1989	8 September 1998	109 months	6.74
5	Various units	Agenda Item 10, of 74th Meeting	Revision of retention price due to annual repair & maintenance	16 July 1996	7 October 1997	16 months	17.00
6	Nagarjuna Fertiliser & Chemicals Limited Kakinada	Agenda Item 12, of 75th Meeting	Fixation of final retention price	1 April 1994 to 30 June 1997	16 March 1998	8 months	325.00
7	KRIBHCO, Hazira	Agenda Item 5, of 74th Meeting	Revision of consumption norms of utility and assessed level of production	April 86 to 31 March 1995	-do-	35 months	115.00
8	FACT Cochin	Agenda Item 12, of 74th Meeting	Revision of RPS due to change in technical parameters of NPK/DAP and discontinuation of concentration of phosphoric acid plants	1 April 1988 to 1 April 1991	11 April 1997	72 months	6.09
9	Sriram Fertiliser & Chemicals Ltd., Kota	Agenda Item 9, of 69th Meeting	Revision of RPS on account of PGR units	6 November 1991 to March 1995	21 June 1996	16 months	3.15
			Total				677.76