

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

UNSTARRED QUESTION NO:249

ANSWERED ON:22.07.2003

FERTILIZER ASSOCIATION OF INDIA

ASHOK KUMAR SINGH CHANDEL;KANTI SINGH;RAGHUVANSH PRASAD SINGH

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

(a) Whether it is a fact that the Fertilizer Association of India (F.A.I.) determine the price for import/purchase of DAP/ Phosphoric Acid from various countries;

(b) If so, the price per tonne and quantum of DAP Phosphoric acid imported/purchased from various countries by the F.A.I. during the last three years including the current financial year;

(c) Whether IFFCO also deals separately in the purchase/import of DAP/phosphoric acid from various countries;

[d] if so, the price per tonne and quantum of DAP/Phosphoric acid imported/purchased by the aforesaid two agencies; and

[e] the year-wise details of DAP/Phosphoric acid imported and the percentage of Commission paid at Government level to the company agents of various countries by the aforesaid agencies during each of the last three years?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (DR. CHHATTRA PAL SINGH)

(a) & (b): There is a consortium of phosphatic fertilizer manufacturers under the aegis of Fertilizer Association of India (FAI) which negotiates with the phosphoric acid suppliers. The committee at the Chief Executive/Senior Executive level negotiates with the suppliers the prices of phosphoric acid. After the broad settlement of price and other terms all the commercial transactions related to purchase of phosphoric acid takes place directly between the buyers and the suppliers. The actual purchase of DAP is not done through FAI. The details of price per tonne negotiated by the FAI consortium and the quantum of imports through FAI consortium is given in annexure - 1.

(c) to (e): Yes sir, apart from purchases through FAI Consortium, IFFCO also purchases phosphoric acid from suppliers of various countries by entering into separate MOUs with the suppliers. The price of the phosphoric acid is fixed based on the prices fixed by the FAI for that particular year. Imported DAP is purchased by IFFCO from IPL as & when required to meet the market demand. No commission is being paid at Government level, however prices negotiated by the IFFCO with suppliers outside the consortium are inclusive of agency commission. The Commission to the agent is paid in equivalent Indian rupees as per Reserve Bank of India guidelines wherever the phosphoric acid suppliers have such an arrangement with their agent. The details of price per tonne and quantum of import is given at annexure 1.

ANNEXURE 1

Annexure referred to in reply of part (a) to (e) of the Lok Sabha un-starred question No. 249 to be answered on 22.07.2003.

The prices negotiated by the FAI consortium during the last three years are as under:

Year Price US \$/per MT

| | |
|---------|-----------------------------|
| 2001-02 | 348.50 with 150 days credit |
| 2002-03 | 341.50 with 150 days credit |
| 2003-04 | 356.00 with 150 days credit |

Country wise import of phosphoric acid through FAI consortium: (Qty. in 000 MT)

| Source/Country | 2001-02 | 2002-03 | 2003-04 | (allocated) |
|----------------|---------|---------|---------|-------------|
|----------------|---------|---------|---------|-------------|

| | | | | |
|-------------|--------|--------|--------|--|
| OCP/Morocco | 562.00 | 375.60 | 500.00 | |
|-------------|--------|--------|--------|--|

| | | | |
|------------------------------------|--------|--------|--------|
| GCT/Tunisia | 284.60 | 297.60 | 245.00 |
| LCC Lebanon | 29.70 | 36.50 | 40.00 |
| JPMC/ Jordan | 0.00 | 27.90 | 0.00 |
| Phoschem/USA | 62.60 | 0.00 | 0.00 |
| YPIEC / China | 3.10 | 0.00 | 0.00 |
| Total purchases through consortium | 942.00 | 737.60 | 785.00 |

Total purchases of phosphoric acid during the year 2163.90 2369.80

% of purchases made through consortium 43.53% 31.12%

Purchases made by IFFCO from suppliers other than those in FAI consortium:

(Qty in 000 MT & Rates in US\$/PMT)

| Supplier | 2000-01 Qty | 2000-01 Rate | 2001-02 Qty | 2001-02 Rate | 2002-03 Qty | 2002-03 Rate | Agency Commission |
|-----------------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------------|
| ICS Senegal (JV) | 197.20 | 348.05 | 437.32 | 339.69 | 540.46 | 335.98 | |
| ROTEM, Israel | 84.76 | 349.50 | 104.05 | 338.50 | 99.18 | 331.50 | |
| SPIC India | 12.52 | 350.50 | | | | | |
| IOF South Africa | 62.66 | 349.50 | | | | | |
| SASOL (FEDMIS) South Africa | 11.79 | 341.52 | 32.74 | 331.08 | 33.92 | 324.42 | \$1.50 per MT |

Wilson Impex Singapore 5.61 337.50 21.42 330.37

FOSKAR South Africa 58.87 338.50 109.57 330.37 \$1.30 per MT in 02-03

TRANS AMMONIA Switzerland 11.06 333.50

Imported DAP purchased by IFFCO from IPL:

Year Qty in MT Price US \$/MT C&F

2000-01 31000 166

2001-02 13185 181

30815 179

41750 163

2002-03 Nil

