

Press Release

Text of the D.O. letter dated 11.10.2014 addressed by **Thiru O.Panneerselvam**, Hon'ble Chief Minister of Tamil Nadu to **Shri Narendra Modi**, Hon'ble Prime Minister of India, New Delhi is reproduced below:

"You may recall that based on our respected Leader Puratchi Thalaivi Amma's letter to you dated 9th June, 2014, regarding the continuance of subsidy for the two Naphtha based Fertilizer plants located in Tamil Nadu, namely SPIC, Tuticorin and Madras Fertilizers Limited, Manali till such time that gas connectivity is provided to these two plants, the Cabinet Committee on Economic Affairs approved the extension of the subsidy to SPIC, MFL and Mangalore Chemicals and Fertilizers Limited till 30th September, 2014. I am thankful to you for the action taken.

The extension period has now expired and both SPIC, Tuticorin and Madras Fertilizers Limited Manali have closed their operations from 1.10.2014, adversely affecting the livelihood of hundreds of workers. I understand that while the two plants have made necessary investments for gas conversion, in the absence of availability of gas and the infrastructure for delivering gas to these two plants, it is impossible for these plants to change over to gas as feedstock. Unfortunately the connectivity is yet to materialize.

I understand that the Department of Fertilizers has allotted mostly imported urea to Tamil Nadu State for this season. The measure to import one million tonnes of urea additionally this year will not achieve the objective of reducing subsidies by closure of Naphtha based plants. Further, the State will also face a loss of revenue by way of VAT paid by SPIC and MFL to the extent of about Rs.220 crore per year. The stoppage of production of these two plants will also have spillover effect on the State's economy.

I am informed that the cost differential between gas and Naphtha would be practically nil, if the oil marketing companies could supply at Export Parity Prices instead of charging the Import Parity Prices along with their margin. In view of these factors, I strongly urge you to direct the Ministry of Chemicals and Fertilizers to allow the functioning of the Naphtha based fertilizer plants with the subsidies continued till such time gas connectivity is provided to these units."

Issued by: Director of Information and Public Relations, Chennai – 9.
Dated: 11.10.2014