

PRESS RELEASE

Text of the D.O. Letter dated 30.12.2014 addressed by Thiru O. Panneerselvam, Hon'ble Chief Minister of Tamil Nadu to Shri Narendra Modi, Hon'ble Prime Minister of India is reproduced below:

"I am writing to you regarding the issue of continuance of subsidy for the two Naphtha based urea fertilizer plants located in Tamil Nadu viz. SPIC, Tuticorin and Madras Fertilizers Ltd., Manali till such time gas connectivity is provided to these two plants by the Government of India.

Based on our revered Leader Puratchi Thalaivi Amma's letter to you dated 9th June, 2014, Government of India had approved the extension of subsidy till 30th September, 2014. However, since no decision was communicated regarding the continuance of the subsidy, the plants have been shut down since 1st October, 2014, adversely affecting the livelihood of hundreds of workers and disrupting the production of urea in the State and the Country necessitating higher imports. I had drawn your attention to this situation in my letter dated 11th October, 2014.

In a letter addressed to the Chief Secretary, Tamil Nadu, the Union Fertilizer Secretary has informed that the Government of India has decided to allow the operation of these units for a further period of 100 days and he has also requested that the State Government should consider waiving VAT on the Naphtha used by SPIC and Madras Fertilizers Ltd. I understand that the notification for the continuance of subsidy has not yet been issued pending the confirmation from the State Government on the waiver of VAT.

Tamil Nadu is already facing a huge financial crunch and any additional financial outgo at this juncture would be very difficult to manage considering the limited sources of revenue to the State. However, in the interest of commencing the operations of these two plants, the livelihood of hundreds of workers and the interest of farmers, the Government of Tamil Nadu is willing to forego the VAT on Naphtha used by the two urea producing fertilizer plants.

It is understood that the oil marketing companies are charging the import parity price for the Naphtha supplied by them to the fertilizer units which is significantly higher than the price at which the oil marketing companies export Naphtha. Hence, it would only be fair for the oil marketing

companies to claim only the export parity price for the Naphtha supplied to the fertilizer units.

I, therefore, request the Government of India to issue the notification for the continuance of the subsidy immediately to the two fertilizer units in Tamil Nadu. I strongly reiterate the earlier request made by our revered Leader Puratchi Thalaivi Amma regarding the continuance of the subsidy till such time gas connectivity is provided to these two units by the Government of India. I also request that for logistics and other reasons, Tamil Nadu's allocation of urea may be made from the production of the two fertilizer units located in Tamil Nadu."

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Dated : 30.12.2014