



The Fertiliser Association of India

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Current News

Current news on the latest developments in fertiliser, energy, weather, agriculture, agri-business, logistics, economy, and other related areas

(The views expressed in the news items are not necessarily of FAI)

Wednesday, December 28, 2011	
ENERGY	KG-D6 gas supply to 3 plants may be stopped
PORT	Tuticorin port surges ahead with a record cargo handling
FOREIGN EXCHANGE RATES	Foreign exchange rates

ENERGY

KG-D6 gas supply to 3 plants may be stopped

GMR, Lanco, Deepak Fertilisers units may be hit

After a sharp fall in natural gas output from Reliance Industries-operated Krishna Godavari (KG) D6 block, oil ministry proposes to cancel gas allocation to power plants selling power at market price such as GMR Tanir Bawi and Lanco Kondapalli extension and fertiliser firms producing non-urea fertilisers such as Deepak Fertilisers.

A final call on this issue would, however, be taken by an empowered group of ministers (eGoM) headed by finance minister Pranab Mukherjee sometime early next year. The subsidy outgo on phosphorous and potassium has been capped after the introduction of nutrient-based subsidy (NBS) mechanism to optimise use of fertiliser.

Oil ministry is of the view that fertiliser units producing phosphorous and potassium should not get cheap domestic gas. This is to ensure that cheaper input gas does not lead to misuse of subsidy. "The allocation to Deepak Fertilisers of 0.178 mmscmd may be cancelled. And on the same principle, oil ministry may be authorised to cancel any other KG-D6 allocation for P&K plants," oil ministry said in a draft agenda note for eGoM meet on commercial utilisation of gas under Nelp. Deepak Fertilisers couldn't be reached for its comment.

The Oil ministry has noted that power plants such as GMR Tanir Bawi in Karnataka and Lanco Kondapalli extension in Andhra Pradesh are not selling power to state distribution companies at regulated tariff, which means they are not incurring any loss on this count.

Both these power-producing units are merchant power plants that are selling power to private entities during peak season at market rates. They enjoy an average price premium of nearly Rs 2 per unit compared to the regulated tariff.

"Power produced from Kondapalli extension (phase II) is sold at market rates," said K Rajagopal, CEO-thermal power at Lanco group. He couldn't immediately provide information on whether oil ministry has sent any communication to the company indicating cancellation of allocated KG-D6 gas.

GMR group spokesperson did not respond to an email sent by Financial Chronicle seeking comments. He also did not respond to calls made to his cell phone. The government had allocated 0.883 mmscmd to GMR Tanir Bawi unit and 1.458 mmscmd to Lanco Kondapalli extension from KG-D6.

"It is felt that domestically produced gas (which is also substantially cheaper than imported R-LNG) should be made available only to those power plants that sell power to state utilities at regulated rates under long-term PPA so that cheap power is available to the people. Since these two firms are not selling power produced from KG-D6 gas at regulated tariffs under long term PPA, it is proposed that the existing KG-D6 allocations of GMR Tanir Bawi and Lanco Kondapalli extension of 0.883 mmscmd and 1.458 mmscmd, respectively, be cancelled," oil ministry said in the draft note.

Oil ministry has also proposed to cut allocation to NFL's Vijayapur unit to 0.61 mmscmd from 0.65 mmscmd earlier. Similarly, oil ministry has recommended to cut KG-D6 allocation to Ratnagiri Gas and Power (RGPPL) unit at Dabhol to 7.6 mmscmd against 8.5 mmscmd. Natural gas output from RIL-operated KG-D6 block has touched lowest figure since it started commercial production in 2009. The fields in the block produced just 38 to 39 mmscmd in December.

Source: The Financial Chronicle, Wednesday, December 28, 2011

[Back to Headlines](#)

PORT

Tuticorin port surges ahead with a record cargo handling

The VO Chidambarnar Port in the southern Tamil Nadu district of Tuticorin is surging ahead with a record growth of cargo handling this year.

Tuticorin port trust chairman A Subbiah said the port has achieved a record traffic of 20.02 million tonnes of cargo as on date in the current financial year. "We achieved this on Monday. This accounts for 12.06 per cent growth compared to 17.78 million tonnes of cargo handled during the corresponding period of the previous year," he said. Subbiah said that encouraged by the buoyant growth of the port, the Ministry of Shipping has fixed a higher target of 26 million tonnes to be achieved by the end of the financial year 2011-12. "We are confident of achieving the target. We would even surpass it," Subbiah said.

He said the port's export traffic has increased considerably due to a rise in volume of cargoes caustic soda, sulphuric acid, foodgrains like maize, general cargo like granite, stone, sugar, raw sugar, machinery construction material and containerized cargo.

Similarly, import cargo like naphtha, LPG, diesel, liquid ammonia, fertilizers like urea, DAP and other finished fertilizers and fertilizer raw materials like rock phosphate have also recorded an increase. "The primary reason is the increase in volume of fertiliser traffic. Cargo of thermal coal as well as industrial coal has also increased," he said. "This year, we are hoping to reach a turnover of Rs 300 crore with a net profit of Rs 100 crore. Last year, the turnover was Rs 241 crore," he said. The general cargo traffic has also picked up in cargoes like cashew nut, copper concentrate, machineries, gypsum, iron and steel materials, limestone, pulses and containerized cargo.

Subbiah said the commissioning of a 12.8-metre draft berth has enabled the port to handle cargo vessels of bigger sizes. Since the berth was dedicated to the nation in November 15, big vessels have come to the berth. In due course, the cargo traffic would increase further due to larger vessels entering the port.

Subbiah also said four new berths are set to come up in the port. "The north cargo berth is almost ready and is expected to be commissioned by February. One more is under construction and the bidding of tenders for two more is likely in three months. Once all these berths are commissioned, the annual cargo handled in the port would touch 50 million tonnes," he said.

Source: The Times of India, Wednesday, December 28, 2011

[Back to Headlines](#)

FOREIGN EXCHANGE RATES – Tuesday, December 27, 2011

Currency Name	Buy (₹)		Sell (₹)	
	TT	Bill	TT	Bill
Dollar	53.10	53.13	53.01	53.00
Euro	69.44	69.48	69.34	69.32
Pound Sterling	83.10	83.14	82.98	82.97
100 Yen	68.18	68.22	68.04	68.03

Source: The Hindu Business Line, Wednesday, December 28, 2011

[Back to Headlines](#)