



NATIONAL FERTILIZER MARKETING LIMITED

53 - Gulberg Road, P.O.Box 610, Lahore. Phones: 7586821-25, 7598053-57 Fax: 042-7586755

November 17, 2009

2009
Chairman

→ Transparency International-Pakistan,
5-C, 2nd Floor, Khayaban-e-Ithad,
Phase VII D.H.A., Karachi.

Subject: **OBSERVATION ON PPRA PROCUREMENT BY NFML**

This refer to your letter dated 10-11-2009 regarding observation on procurement by NFML advertised in Dawn of November 7, 2009.

It is worthwhile to mention here that Government is importing 600,000 M. Tons of UREA to fulfill country demand for Rabi 2009-2010. The NFML have been tasked its distribution with the condition to ensure its availability in every nook & corner of the country. The product has to be berthed both at Karachi as well as at Gwadar Port.

It is worthwhile to mention here that selection of Port for fertilizer import is Govt. prerogative. Assuming tentatively if 200,000 M. Tons is berthed at Karachi Port an amount of Rs 3 Billion pertains to product cost, where as transportation charges of said volume would be around Rs. 400 Millions. Hence security amount of Rs. 10 Million is still less than 5% of bid amount, as per policy in vogue.

Historically it is on record that ships arrival schedule are often uncertain and some time very urgent. The time of ship discharging is also limited. Accordingly shipping/transportation is often made on war footing. Destination wise shipment is decided on need and urgency of demand of area taking into account supply by local producers. Therefore financial strength of transporters becomes very significant to achieve such gigantic task. It is for your information that destination wise awards of contract are deemed by contractor as discrimination as for short distance destination fixed expenses remain quite high.

Contd.....P/2

In order to secure Government interests the amount of bid money has been fixed as Rs. 10 Million which justifies in relation to the volume of business.

Keeping in view the above facts, the procurement tender of NFML is in-line with PPRA requirement in terms of bid amount as well as System/procedures.



(QUDRATULLAH
Senior Manager (Commercial))

Copy to:

- Chairman Public Accounts Committee, National Assembly, Islamabad.
- Minister of industry & production, Islamabad.
- Auditor General Pakistan, Islamabad.
- Managing Director, PPRA Islamabad.