

GOVERNMENT OF PAKISTAN
MINISTRY OF INDUSTRIES & PRODUCTION

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INQUIRY REPORT

Subject: LOSS DUE TO EXCESS DELIVERY OF 400 UREA BAGS TO DEALERS -
RS. 2.968 MILLION

PREAMBLE AND AUTHORIZATION

Vide Office Order No. 9(39)/2018-Admn-I dated 25th June, 2025 (Annex-I), an Inquiry Committee comprising of the following officers of Ministry of Industries & Production (MOIP), Islamabad was constituted to conduct Inquiry regarding Audit Para No.9.9.4.5 titled "Loss due to excess delivery of 400 urea bags to dealers - Rs. 2.968 million" pertaining to National Fertilizer Marketing Limited (NFML), Lahore:

i) Dr. Ali Qaim, Deputy Secretary (IID),	Chairman
ii) Mr. Akhlaq Mahmood, Section Officer (PSD-II),	Member

CONTENTS OF THE AUDIT PARA AND LATEST DAC DIRECTIONS

2. The contents of Audit Para along with latest DAC directions (Annex-II) are reproduced as under:

Para No	Contents of the Audit Para/Comments	DAC Directives
9.9.4.5 (2023-24)	<p>Loss due to excess delivery of 400 urea bags to dealers - Rs. 2.968 million</p> <p>According to NFML letter dated February 02, 2015, the respective Regional Managers shall supervise and monitor the operations of all bulk and temporary stores within their jurisdiction. The quantity, security and safety of stocks shall be ensured.</p> <p>During audit of NFML for the years 2019-23, it was observed that the management dispatched 1,300 urea bags to M/s Shaheen Shah Fertilizers from its temporary store named "Zulfiqar godown" against booked quantity of 1,200 bags. Furthermore, 2,900 urea bags were dispatched to Sind Fertilizer Agency against booked quantity of 2,600 urea bags from the same temporary store. This resulted into excess delivery of 400 urea bags amounting to Rs. 2.968 million (400 bags*Rs. 7,420.47 =</p>	<p>DAC Directives dated 15.03.2024</p> <p>DAC directed the management to recover the amount of 400 bags @Rs.7,420.47 per bag and get the recovered amount verified from the audit within 15 days.</p> <p>Further DAC directed that fact-finding inquiry may be conducted at the ministry level.</p> <p>DAC Directives 12.02.2025</p> <p>DAC was apprised that a recovery of Rs. 936,000 has been made.</p> <p>DAC recommended the Para up to the recovery already made of Rs: 936,000/- and verified by audit.</p> <p>DAC directed to recover the remaining amount. DAC further directed to conduct inquiry by the concerned JS of Ministry and case may be sent to Ministry for inquiry.</p>

	<p>Rs. 6800 import price per bag + Rs. 620.47 incidental charges per bag) which was not recovered from the dealers. The inquiry committee in its findings dated July 04, 2023 established that excess urea was dispatched and recommended to recover the cost of urea from the concerned. But the same could not be recovered and resulted into loss to the company.</p> <p>Due to weak internal controls and mishandling of stock, the excess quantity of urea was dispatched to the dealers and amount remained unrecovered.</p> <p>Audit is of the view that the management was required to ensure that the quantity of urea was being dispatched as per order booking slip and transfer note.</p> <p>Audit recommends the management to explain the reasons of dispatching excess urea and non-recovery of the urea cost from the concerned.</p>	
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INTRODUCTION OF NATIONAL FERTILIZER MARKETING LIMITED (NFML), LAHORE

3. National Fertilizer Marketing Limited (NFML) was established in July 1976 as Public Limited Company (unlisted), as a subsidiary company of National Fertilizer Corporation (NFC), Lahore. The Corporation is functioning under the administrative control of Ministry of Industries & Production, Government of Pakistan. After privatization of all NFC production plants/units since 2008, NFML has been assigned new role, to supply imported Urea across the country at uniform price in order to ensure availability of fertilizers to the farmers. Since then, NFML has been successfully performing through its own Board of Directors (BoDs) to administer the affairs of the company duly constituted by the Government of Pakistan.

METHODOLOGY OF INQUIRY/ MODUS OPERANDI

4. The Inquiry Committee requisitioned the following record/information from NFML, vide this Ministry's letter No. 2(2)/2025-PSD-II (NFML) dated 27th June, 2025 and examined it thoroughly in the light of available record and rules applicable in the instant case:-

- i) Certified copy of Audit Para.
- ii) NFML view point/reply with justification against audit observation.
- iii) Copy of the minutes of Departmental Accounts Committee pertaining to this Audit Para.

- iv) Total imported Urea bags in the F.Y 2022-23 and 2023-2024.
- v) Approved sale price of Urea Bag in F.Y 2022-23 and 2023-2024.
- vi) Distribution/allocation mechanism of Urea bags amongst dealers.
- vii) Total stock of Urea available at the time of issuance of 400 bags to dealers.
- viii) List of approved/authorized dealers.
- ix) Procedures/Criteria for selection of dealers.
- x) Who approved authorized dealers? Copy of approvals, if any.
- xi) List of officers involved in distribution of Urea bags.
- xii) If any Departmental Inquiry was conducted on this matter, copy of the said inquiry report may be provided along with actions taken.
- xiii) Allocated quota for M/S Shahenshah Fertilizer Khairpur, Sindh and M/s Sindh Fertilizer Agency Shikarpur, Sindh.

FINDINGS

5. The findings of the inquiry are as under fetched on the basis of record provided by NFML:

- i) One of the Stock Transfer Note (STR) No.912-55472 dated 27.01.2023, bearing 1,300 bags for Sindh Fertilizer Agency (Agency No. 751335), Shikarpur was wrongly posted/recoded as 1200 bags on the receipt side of the Daily Transaction Report (DTR) against M/s Shahenshah Fertilizer (Agency No.751500) by Store Incharge "Shikarpur" viz Mr. Ghulam Mujtaba and delivered to of district Khairpur, resulting excess delivery of 100 urea bags, as per recorded provided by NFML(**Annex-III**).
- ii) Secondly, 2900 bags were dispatched also to M/s Sindh Fertilizer Agency (Agency No. 740920) of, Shikarpur against one Order Booking Slip (OBS) number 13011 dated 27.01.2023 bearing 2600 bags resulting in excess delivery of 300 urea bags, vide GDN No, 622-99533 dated 13.02.2023 (**Annex-IV**).
- iii) Total Urea dispatched to M/S Sindh Fertilizer Agency Shikarpur, Sindh was 700 M. Tons, but the actual quota was 680 M. Tons. Hence, 20 M. Tons (400 bags) of excess urea was issued to Sindh Fertilizer Agency (No.751335).
- iv) NFML has recovered an amount of Rs.936,000/- of 400 bag (@2340 per bag) from Sindh Fertilizers, Shikarpur, vide NFML's receipts dated 25.07.2023 and 24.11.2023 and bank statement of NFML duly issued by MCB, Lahore Main Branch (**Annex-V**).
- v) Excess delivery of 400 bags to M/s Sindh Fertilizer Agency-Shikarpur reflects negligence and malafide intent of Store Incharge Mr. Ghulam Mujtaba Dayo and Incharge Regional Shahdadpur Mr. Nadeem Phulphoto.
- vi) The Departmental Inquiry Committee's Report (**Annex-VI**) also reflects the flaws/failures of Store Incharge and Incharge Regional, Shahdadpur viz. Mr. Nadeem Phulphoto and also recommended recovery of listed price of 400 bags of Urea and punishment to accused but record reflects that no punishment was awarded to any of the accused person which seems that the management patronized the accused on one pretext or the others.

CONCLUSION

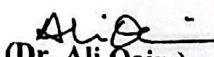
6. This inquiry report concludes that weak internal controls, negligence, and potential malafide intent by National Fertilizer Marketing Limited (NFML) staff led to an unauthorized excess delivery of 400 urea bags to two dealers, resulting in a confirmed financial loss of over 2 million rupees to the government. The NFML management failed to fully recover the amount and did not take disciplinary action against the responsible employees, which shows serious governance lapses. An Inquiry Committee, constituted by the Ministry of Industries & Production, found that the National Fertilizer Marketing Limited (NFML) suffered a financial loss of Rs. 2,032,188 due to the excess delivery of 400 urea bags to dealer M/s Sindh Fertilizer Agency. The committee determined that an excess of 400 bags delivered to M/s Sindh Fertilizer Agency. The audit noted that while the cost of a bag of urea was Rs. 7,420.47, NFML only recovered Rs. 936,000 at a subsidized rate of Rs. 2,340 per bag, instead of the full amount of Rs. 2,968,188. The report blames the incident on weak internal controls, negligence from staff, and a possible malafide intent by the Store Incharge, Mr. Ghulam Mujtaba Dayo, and the Regional Incharge, Mr. Nadeem Phulphoto. The NFML management's decision to recover the amount at a subsidized rate without the Board's approval and their failure to punish the accused staff suggests a lack of accountability and is an irrational decision.

RECOMMENDATIONS

7. The inquiry report offers five key recommendations to address the identified issues:

- Full Recovery of Loss:** The remaining loss of Rs. 2.032 million should be immediately recovered from the concerned dealers at the actual per-bag price of Rs. 7,420.47, instead of the subsidized rate.
- Disciplinary Action:** Departmental proceedings should be initiated against the responsible staff members, specifically Mr. Ghulam Mujtaba Dayo and Mr. Nadeem Phulphoto. The penalties for them should range from demotion to dismissal, based on their degree of responsibility.
- Mandatory Oversight by NFML Board:** The NFML Board of Directors must review and approve remedial actions for all financial irregularities to ensure that management cannot bypass corporate governance mechanisms.


(Akhaq Mahmood)
Section Officer (PSD-II)
Member
20-8-2025


(Dr. Ali Qaim)
Deputy Secretary (IID)
Chairman
20-8-2025