

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:6584
ANSWERED ON:09.05.2000
SUBSIDY ON FERTILIZERS
NARESH KUMAR PUGLIA;PRABHUNATH SINGH

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether attention of the Government has been drawn towards a news-item captioned 'Farmers receive just half of fertilizer subsidy' appearing in the Indian Express dated April 10, 2000;
- (b) if so, the facts reported therein; and
- (c) the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI RAMESH BAIS)

(a) to (c) : Yes, Sir. The news-item refers to a study by an economist which has concluded that the gains from subsidy on urea are shared by the farmers and the industry equally. This conclusion is based on a number of assumptions, which have either undergone change already or are not maintainable. The subsidy on urea is the difference between the Retention Price and the Maximum Retail Price, which is statutorily notified by the Government. Therefore, the benefit of the subsidy goes to the farmers. The only conceivable subsidy to the industry is to the extent of gold- plating of capacities by some of the urea manufacturing units and the Government is seized of the matter relating to reassessment of capacities of high capacity utilisation units. The purchase of indigenous urea from high cost producing units is being done out of the over-riding consideration of maximum self-sufficiency in nitrogen in the country.