

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

UNSTARRED QUESTION NO:284

ANSWERED ON:21.11.2000

CUT IN FERTILIZER SUBSIDIES

MADHAVRAO SCINDIA;RENUKA CHOWDHURY;SUSHIL KUMAR SAMBHAJIRAO SHINDE

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

- (a) whether the expenditure reforms commission has recommended further cut in the fertilizer subsidies;
- (b) if so, the details of the cuts so recommended for different fertilizers indicating the rationale thereof; and
- (c) the steps taken/proposed to be taken to rationalise the distribution of subsidised fertilizers to target the small and marginal farmers and the manner in which it is likely to affect the farmers, especially the small and marginal farmers?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZER (SHRI SATYA BRATA MOOKHERJEE)

(a) & (c) : The Expenditure Reforms Commission (ERC) has inter-alia recommended replacement of the existing Retention Price-cum-Subsidy Scheme (RPS) by a Concession Scheme for Urea units, which is based on feedstock and vintage of the plants in respect of gas based units. The recommendations if implemented may lead to savings in the subsidy expenditure. The Concession Scheme envisages replacement of unit-specific and cost plus subsidy under the RPS by a fixed rate of concession for urea units which have been grouped into five categories namely :

(i) Pre-1992 gas based units;

(ii) Post-1992 gas based units;

(iii) Naphtha based units;

(iv) FO/LSHS based units;

(v) Mixed energy units. The rationale for these grouping is the feedstock and the vintage of gas based plants. The report has also examined the steps necessary to protect the small and marginal farmers and have suggested two possible alternatives, which are (a) introduction of a dual price scheme and (b) through rural works programmes.

The report of the Commission alongwith recommendations earlier made by the High Powered Fertilizer Pricing Policy Committee headed by Prof. C.H. Hanumantha Rao will provide important inputs to formulation of new pricing policy as an alternative to the existing RPS.