

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

STARRED QUESTION NO:167

ANSWERED ON:07.03.2000

FERTILIZER POLICY

AVSM, BRIG.(RETD.) KAMAKHYA PRASAD SINGH DEO;VILAS BABURAO MUTTEMWAR

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

- (a) whether the Fertilizer Association of India has called for a stable and conducive fertilizer policy for meeting the full needs of growing population at the acceptable nutritional level;
- (b) if so, whether the absence of such a policy has resulted into zero investment in this sector;
- (c) whether the Government propose to have a long term stable fertilizer policy;
- (d) whether the excise and custom spectrum across the board from feed stock to building blocks and raw material is also proposed to be unified therein;
- (e) if so, the details thereof; and
- (f) the time by which a decision in respect of the fertilizer policy is likely to be taken?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS

(SHRI SURESH P. PRABHU) -

(a) to (f) A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (f) of Lok Sabha Starred Question No. 167 to be answered on 7.3.2000.

A long-term fertilizer policy based on the objective of a gradual and phased movement towards a deregulated regime for all fertilizers after taking into account fiscal capacity of the Government on the one hand and the objective of making fertilizer available in adequate quantity to the farmers at a reasonable price to meet the food requirement of the growing population on the other is in the process of formulation. This will, inter-alia, take into account the recommendations of the High Powered Committee on Fertilizer Pricing Policy known as Hanumantha Rao Committee, views of the Fertilizer Association of India, and a wide spectrum of feedback from other informed sources / agencies. It may, however, be pointed out that due to the favourable existing policy regime for fertilizers, investment and production capacity in the sector has risen from 0.85 lakh tonnes of Nitrogen and 0.64 lakh tonnes of Phosphate in 1951-52 to 110.71 lakh tonnes of Nitrogen and 36.49 lakh tonnes of Phosphate as on 1.11.99. The fertilizer policy followed by the Government has successfully achieved maximum possible degree of self-sufficiency in the production of nitrogenous fertilizers and an increasingly comfortable level in the production of phosphatic fertilizers where dependence on imported fertilizer has been gradually reduced. The country has no known reserves of Potash and has to follow a policy of import to meet the requirement. The level of customs tariff and the rate of excise duty on fertilizers and their intermediate goods and the raw materials / inputs depend inter alia on the prevailing international prices, domestic demand and supply position, domestic prices and competitive strength of domestic manufacturers. It is, therefore, not possible to incorporate a pre-determined tax structure (customs and central excise) for the long term fertilizer policy which would, however, aim at having judicious balance between the need for providing adequate protection and growth impulses to the domestic industry and making it competitive and efficient.