

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

UNSTARRED QUESTION NO:7279
ANSWERED ON:14.05.2002
MODERNISATION OF FERTILIZER INDUSTRY
ANANTA NAYAK;VIRENDRA KUMAR

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

- (a) whether the Union Government propose to decontrol the fertilizer sector in the country;
- (b) if so, the details thereof ;
- (c) if not, whether the Government propose to modernise/revamp the fertilizer sector;
- (d) if so, the details of scheme to revamp/modernise the fertilizer sector; and
- (e) whether the Government has sought assistance/aid from US for the purpose; and
- (f) if so, the details of funds likely to be obtained from US in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI S. B. MOOKHERJEE)

(a) & (b) : In keeping with the policy of economic liberalisation and reforms, all other varieties of fertilizers except urea have already been freed from price, movement and distribution control. The Government intends moving towards a deregulated regime in all the three types of fertilizers, that is, nitrogen, phosphatic and potassic, after taking into account its fiscal capacity on the one hand and the need to making available fertilizers to the farmers at a reasonable price on the other. It is proposed to translate the intention of the Government into a concrete action plan by formulating a long term policy for the fertilizer sector which would include, inter-alia, Government's decisions on the recommendations made by the High Powered Fertilizers Policy Review Committee and Expenditure Reforms Commission.

(c) to (f): As per industrial policy resolution dated 24.7.1991, no license is required for setting up/expansion/revamp/modernisation of fertilizer plants. No separate scheme for modernisation/revamp of fertilizer plants has been worked out by the Government. However, at present, import of capital goods required for upgradation and modernisation schemes of fertilizer plants which are accorded techno-economic clearance by the Government, is allowed at a concessional rate of customs duty. Indigenous suppliers of capital goods for such schemes are also eligible for deemed export benefits. No assistance/aid or funds has been sought by the Government from the United States for this purpose.