

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

UNSTARRED QUESTION NO:1267
ANSWERED ON:23.07.2002
RETENTION PRICE SCHEME
ANANDRAO ADSUL;IQBAL AHMED SARADGI

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

- (a) Whether it is a fact that the fertilizer companies are expected to pay back crores of rupees as a result of Government's decision to introduce change in the retention price scheme;
- (b) if so, the details thereof;
- (c) whether any money has already been recovered by the Centre from them; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI TAPAN SIKDAR)

(a) & (b) Policy parameters for 7th and 8th pricing periods under the existing Retention Price Scheme (RPS) have been approved by the competent authority on 16.5.2002 and have also been communicated to all urea companies on 4.6.2002. The final unit-wise determination of retention prices based on approved parameters would entail updating the norms of the various units in respect of salaries & wages, utilities, repairs & maintenance, consumption norms, plant capacities, capital additions, foreign exchange fluctuations etc., that were not updated since 1.7.1997 and this may lead to recoveries in some cases and payments in some other cases.

(c) & (d) The computation of retention prices based on 7th and 8th pricing periods is in advanced stage, no recoveries/payments have been made from urea companies on account of the notification of the final parameters for the 7th and 8th pricing periods, so far. However, the Government has carried out interim reassessment of capacity and interim revision of consumption norms w.e.f. 1.4.2000 resulting in estimated recoveries of Rs. 450 crore per annum and Rs. 769 crore per annum, respectively.