

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

UNSTARRED QUESTION NO:3388

ANSWERED ON:21.12.2004

REVISION IN SUBSIDY

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

- (a) whether out of 110 single super phosphate manufacturing units in the country, only 64 units are operational;
- (b) if so, the reasons therefor;
- (c) whether single super phosphate producers have asked for ad hoc relief pending revision in subsidy; and
- (d) if so, the reaction of the Government thereto?

Answer

THE MINISTER OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) The guidelines for Concession Scheme on sale of decontrolled phosphatic and potassic (P&K) fertilizers issued by the Department of Fertilizers on 17.5.2001 provided for setting up of a Technical Audit and Inspection Cell (TAC) to carry out first time and six monthly inspections of Single Super Phosphate (SSP) manufacturing units. The TAC was also entrusted the task of identifying specified grades of rock phosphate suitable for manufacturing SSP meeting specifications laid down in the Fertilizer (Control) Order (FCO), 1985. The TAC was set up under the aegis of Project and Development India Ltd. TAC carried out first time technical inspections in the year 2001 to check their technical competence to manufacture SSP meeting FCO specifications. After examining the TAC inspections reports only 56 units were found to be eligible to continue under the Concession Scheme. The 10 other units that were not operating at the time of TAC inspection, their continuance under the Scheme was made subject to resumption of manufacturing operations. The remaining units at that time, according to TAC reports, were found non-existent/scrapped and sold/in a dilapidated state/needing major repair/incapable to produce SSP meeting the FCO norms on technical grounds. Subsequently, under the guidelines dated 5.8.2002, the conditions of periodical (six monthly) inspections by TAC and use of the specified grades of rock phosphate notified by Department of Fertilizers have been made mandatory for the SSP units for being eligible to claim concession under the Scheme. The number of SSP units covered under the Scheme gets constantly revised based on six monthly techno commercial audit reports of TAC and technical inspection reports of new SSP units that request for induction into the Scheme. At present, 65 units are covered under the Scheme and three other units have applied for induction in the Concession Scheme.

(b) The Government introduced the requirement of inspection by TAC and notification of specified grades of rock phosphate to curb malpractices in SSP industry as also to ensure availability of SSP meeting FCO norms. Based on the TAC inspection reports, the units, which were not found to be capable of production of SSP as per FCO norms, were de-listed from the Scheme. Subsequent to enquiry by State Government of UP against 29 SSP units in the State, 19 units stand de-listed from the Scheme. Besides, only 6 of the remaining 10 resumed production and are currently covered under the Scheme. Similarly, none of the 6 units located in Punjab against whom State Vigilance Department had initiated enquiry are covered under the Scheme. In addition, against two units court proceedings by CBI are in progress and hence are not covered under the Scheme.

(c) & (d) The Cost Accounts Branch (CAB) of Ministry of Finance has submitted its report on cost price study of SSP. The recommendations of the CAB are under examination of Department of Fertilizers. Fertilizer Association of India along with some SSP manufacturers have requested for ad-hoc increase in Concession. Government of India is in the process of formulating a suitable methodology for working out reasonable concession on SSP.