

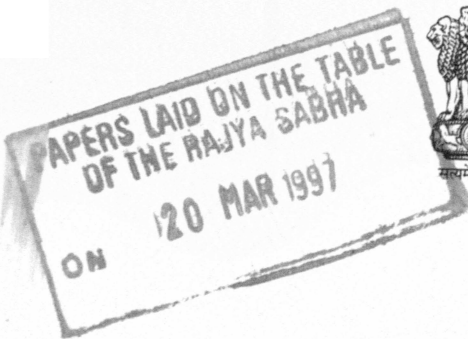
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**STANDING COMMITTEE ON  
PETROLEUM & CHEMICALS  
(1996-97)**

**ELEVENTH LOK SABHA**

**MINISTRY OF CHEMICALS & FERTILISERS  
(DEPTT. OF FERTILISERS)**

**FIFTH REPORT AUTHENTICATED**



*18*  
**Chairman,  
Standing Committee on  
Petroleum and Chemicals**

**LOK SABHA SECRETARIAT  
NEW DELHI**

**March, 1997/Phalguna, 1918 (Saka)**

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N 6.5

FIFTH REPORT

STANDING COMMITTEE ON  
PETROLEUM & CHEMICALS  
(1996-97)

(ELEVENTH LOK SABHA)

MINISTRY OF CHEMICALS & FERTILISERS  
(DEPTT. OF FERTILISERS)

*[Action taken by Government on the recommendations  
contained in the 27th Report of the Standing  
Committee on Petroleum & Chemicals]*

Presented to Lok Sabha on 20 MAR 1997  
Laid in Rajya Sabha on



LOK SABHA SECRETARIAT  
NEW DELHI

*March, 1997/Phalguna, 1918 (Saka)*

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COMPOSITION OF THE STANDING COMMITTEE  
ON PETROLEUM AND CHEMICALS  
(1996-97)

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Shri A.R. Antulay

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Shri G.R. Juneja	—	<i>Deputy Secretary</i>
Shri Brahm Dutt	—	<i>Under Secretary</i>

## INTRODUCTION

I, the Chairman, Standing Committee on Petroleum and Chemicals (1996-97) having been authorised by the Committee to submit the Report on their behalf, present this Fifth Report on Action Taken by Government on the recommendations contained in the Twenty-Seventh Report of the Standing Committee on Petroleum and Chemicals (1995-96) (Tenth Lok Sabha) on 'Fertiliser Education Policy & Projects'.

2. The Twenty-Seventh Report of the Committee was presented to Lok Sabha on 12th March, 1996. Replies of Government to all the recommendations contained in the Report were received on 12th October, 1996.

3. The Committee considered and adopted the Report at their sitting held on 4th March, 1997.

4. An analysis of action taken by Government on the recommendations contained in the Twenty-Seventh Report (1995-96) of the Committee is given in Appendix VII.

5. The Committee would also like to place on record their appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

NEW DELHI;  
11 March, 1997  
20 Phalguna, 1918 (Saka)

A.R. ANTULAY,  
Chairman,  
Standing Committee on Petroleum  
& Chemicals.

## CHAPTER I

### REPORT

The Report of the Committee deals with the action taken by the Government on the recommendations contained in the Twenty-Seventh Report (Tenth Lok Sabha) of the Standing Committee on Petroleum and Chemicals (1995-96) on 'Fertiliser Education Policy and Projects' which was presented to Lok Sabha on 12th March, 1996.

2. Action Taken notes have been received from the Government in respect of all the 10 recommendations contained in the Report. These have been categorised as follows :—

- (i) Recommendations/observations that have been accepted by the Government :

Sl. Nos. 1, 2, 3, 4, 8 and 10.

- (ii) Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies :

Sl. Nos. 5, 7 and 9.

- (iii) Recommendation/observation in respect of which reply of the Government has not been accepted by the Committee :

Sl. No. 6.

- (iv) Recommendations in respect of which final replies are still awaited.

NIL.

3. The Committee will now deal with the action taken by the Government on some of their recommendations.

#### **A. Funds for Promotional Activities**

##### **Recommendation (Sl. No. 2)**

4. The Committee's examination of promotional activities undertaken by PSUs/cooperatives under the administrative control of Deptt. of Fertilisers (DOF) had revealed that 10 PSUs/cooperatives



under DOF hardly allocate their funds for farmer's education programmes. The Committee had found that for instance, during the year 1994-95, out of the total spending of about Rs. 10 crores by all units, Rs. 5 crores was spent by IFFCO and Rs. 2.28 crores by KRIBHCO thus leaving a meagre sum of less than Rs. 3 crores for remaining 7 units. Not to speak of sick units the HFC and FCI, big profit making units like NFL were spending a meagre amount of Rs. 28 lakhs annually. This in Committee's view was gross negligence on the part of public sector undertakings which besides commercial functions, have to achieve social obligations. CMDs of some of the PSUs had agreed to the suggestions of the Committee that there was need to enhance budget for these activities and even some percentage of their profits could be earmarked for the purpose. Secretary, Department of Fertilisers had also been candid in his admission before the Committee that the matter was being taken up with seriousness only after the Committee's deliberation over the issue and even though it might not be feasible to fix a percentage of the turnover or profits, concerned PSUs as also the units in private sector would be programmes. Subsequently the Ministry had issued instructions to PSUs/Cooperatives to enhance their allocations for this purpose. In this context Committee has asked the Ministry to pursue this matter with all concerned agencies for ensuring the implementation of their guidelines.

5. The Government in their reply have stated that the instructions issued to CMDs/MDs of PSUs and Cooperatives on 27th February, 1996 advising them to pay more attention to educational and promotional activities for the benefit of farmers were followed up with another circular to the Chief Executives on 20th May, 1996 requesting them to take action as follows :—

- (a) To fix specific targets for different types of promotional activities and review them at their level every month. The Department of Fertilisers would review the achievements against these targets biannually in the Quarterly Review Meeting for the 2nd and last quarter:
- (b) To finalise the allocation under the Farmers Education Programmes for 1996-97 on the basis of these targets :

These units were also asked to intimate the budget provision for 1996-97 alongwith actual expenditure during 1993-94 to 1995-96 for promotional activities. The details received from PSUs and Cooperatives

show that PSUs and Cooperatives are now paying more attention towards the Farmers Education Programme by enhancing the budget allocations for these activities during 1996-97.

6. The Ministry has further informed that the recommendations of the Committee were also brought to the notice of all major private sector fertilizer producing companies, which have been advised as follows :—

- (a) to give enhanced importance to farmers education programmes. An illustrative list of activities that can be undertaken would include farmers meetings, demonstrations, gram melas, soil testing, farmers training, seminars etc. In addition, activities compatible with the specific marketing needs of the requirements of the marketing goals of the company may be undertaken.
- (b) to send a brief write-up on the activities proposed to be undertaken by their company during 1996-97 including the targets for the activities proposed to be undertaken.
- (c) to send a report of the Department of Fertilizers biannually by 31st October and 30th April so as to enable the Department to review the half-yearly and annual physical achievements.

The information received from some of the Private Sector Fertilizer Companies shows that the private enterprises have also started giving more attention to farmers education programmes.

7. The Committee are glad to know that in pursuance of their recommendations the Deptt. of Fertilisers has asked not only PSUs and cooperatives under its administrative control, but it has advised the private sector fertiliser units to take up promotional activities for educating the farmers. The PSUs/cooperatives had doubled their budget for these activities for the current year *viz.* 1996-97 over 1994-95. The Committee would however, emphasise that as envisaged in the Government guidelines issued to PSUs/cooperatives/private fertiliser units, the Government will review/monitor the targets/achievements/utilisation of funds at regular intervals.

8. From the details for amount earmarked for promotional activities of individual PSUs/cooperatives under DOF vis-a-vis actual amount spent during the year 1993-94, 1994-95 and 1995-96, the

Committee have noticed that funds were not spent fully in respect of these activities. With the kind attention of the Government being paid to this area now, the Committee trust that this situation would not occur again and the concerned organisations must be held responsible for not spending the earmarked funds and or for not achieving the given targets for the purpose.

9. From the details furnished to the Committee it is noticed that NFL spent Rs. 50 lakhs, Rs. 28 lakhs and Rs. 66 lakhs on promotional activities during 1993-94, 1994-95 and 1995-96 respectively. The Committee are astonished to find that this project has been deferred by NFL during 1996-97. The Committee would await Government explanation as to how a big PSU, like NFL had to defer a project costing even less than a crore meant for helping the farming community.

#### **B. Setting up of Farmers Service Centres**

##### **Recommendation (Sl. No. 6)**

10. The promotional activities are carried out by PSUs through Farmers Service Centres/Kendras etc. The Committee's examination of the farmers fertilizer education programmes had revealed that there was hardly any coordination between the PSUs. There had been overlapping in the areas covered by the PSUs and there could be areas which are not covered by any of the PSU at all. In this context the Committee in their 13th Report on 'IFFCO & KRIBHCO' had pointed out that Farmer's Service Centres/Kendras were crowded in selected fertile areas. In pursuance of Committee's recommendation, the Department of Fertilisers had asked IFFCO to initiate a study to take stock of existing farmers service centres set up by different PSUs/ Cooperatives to identify deficit areas requiring further support for promotional activities. This study was expected to be completed by June, 1996. The Committee had impressed upon the Government/ IFFCO to complete this study within the stipulated time and had recommended for taking action for opening new centres or upgrading the existing ones in deficit areas.

11. The Government in their reply have informed that under the directives of the Department of Fertilisers, IFFCO in association with Fertiliser Association of India and individual fertiliser companies and cooperatives has conducted a detailed study of the existing Farmer's

Service Centres (FSCs). The objectives of the Study were as follows:

- (i) List of existing FSCs run by different PSU/Cooperative Societies may be compiled along with relevant details like area covered etc.
- (ii) Identification of deficit areas where new FSCs could be set up.
- (iii) Estimated expenditure involved in setting up FSCs in the deficit areas of the country and the ability of different PSUs/ Cooperatives to share this expenditure within their resource constraints.
- (iv) Company-wise annual phasing of expenditure on setting up of new FSCs including the basis for prioritisation.
- (v) Whether FAI could be asked to coordinate the promotional activities of different organisations including cooperative and FIS ?

In the light of the conclusions and recommendations of the Study, the Department of Fertilisers has come to the conclusion that Farmers Fertiliser Centres (FSCs) have a combined commercial and promotional role. The proliferation of fertiliser sale points in the last decade has significantly reduced their service area, which now averages 2.5 villages per sale point. In view of this, the cost benefit equation of FSCs has undergone a change giving rise to a demand for substantial budgetary support for further expansion of the scheme. As a result, with the exception of Gujarat Narmada Valley Fertiliser Company (GNFC), no Fertiliser Company is keen to enlarge their coverage. GNFC, which has evinced some interest in opening new Centres, has been requested to establish as many FSCs as feasible within their traditional marketing zone of Punjab, Haryana, U.P., M.P. and Rajasthan, where they do not have any FSC.

**12. The Committee note that IFFCO's study on Farmers' Service Centres of PSUs and cooperatives has brought out clearly that there are several States which need more Farmers Service Centres/saling points etc. This is the key issue which was highlighted by the Committee in their Report also. The Committee do not approve the contention of the Government that due to lessening of market areas, the new FSC were not viable and PSUs/cooperatives were no more interested in opening up new FSC in deficit areas. Since Government is major share holder in all PSUs/Cooperatives, in Committee's view PSUs/Cooperatives cannot be allowed to operate at their sweet will.**

**The Committee therefore strongly recommend that Government should decide the number of FSCs required in the deficit/needly areas identified by IFFCO's study and ask PSUs/Cooperatives to set up new FSCs in areas allotted to them by Government.**

13. The Committee find that one of the specific recommendations of the study on Farmers' Service Centres is as under:—

“The deficit States in fertiliser sale points are Rajasthan, H.P., J&K, M.P., Bihar, Orissa, Goa, Assam and North Eastern States. In these States, it is proposed that the opening of fertiliser sale points may be encouraged by providing adequate financial assistance by Government of India to unemployed graduates, weaker sections, scheduled caste, scheduled tribes, viable cooperative societies not dealing with fertilizer, unviable cooperative societies who have stopped dealing in fertiliser etc. In this context, for promoting fertiliser sales by fertilizer manufacturer, the recommendation of GVK Rao Committee (1987) for allowing atleast Rs. 20/per tonne of nutrient produce to fertiliser manufacturer for promotional activities may be implemented.”

14. The Committee regret to note that the Government has not cared to give a specific reply to the above recommendation of the Study Report. The Committee find merit in the above views and would like the Government to sincerely examine it with a view to implement the same in a time bound programme. The Committee would also like to be apprised of the specific action taken by the Government in this regard.

### **C. Review of Fertiliser Pricing Policy**

#### **Recommendation (Sl. No. 10)**

15. During the course of examination, CMDs of some of the PSUs had submitted before the Committee that any number of promotional programmes implemented would not produce results in correcting the present imbalance in fertilizer use, as long as urea price is low on account of huge subsidy and prices of decontrolled fertiliser *viz.* P&K continue to increase every season. Due to this farmers are tempted to use more and more Urea. In this context the Committee had recommended:—

“This situation calls for review of the existing pricing policy for fertilisers. The Committee, therefore, would like the Government

to examine the pricing policy afresh and apprise the Committee about the decision taken in this regard”.

16. In their reply the Government have stated that the Ministry of Agriculture has furnished the following comments in regard to the use of the policy instrument of nutrient pricing for achieving the objective of balanced fertilisation:—

“Last year Department of Agriculture, based on the ICAR recommendation “Soil Test based Crop Response Methodology” introduced frontline demonstrations to be conducted in small farmers” fields at various places in the country under the joint supervision of State Directorates of Agriculture, ICAR and State Agricultural Universities so that farmers can be made fully aware of the soil test based fertilizer usage to avoid wastage of fertilisers and achieve optimum levels of productivity.

A meeting of Group of Secretaries held on 30.03.1995 recommended that the pricing policy for different types of fertilisers will be reviewed by a Group of Secretaries consisting of Department of Fertilisers, Agriculture, Expenditure and Planning. The Department of Agriculture would be the convener of this Group. This was subsequently amended as follows:—

“The problem relating to imbalance in the use of different types of fertilisers by the farmers would be reviewed by a group consisting of representatives from Department of Agriculture, Department of Fertilizer, Department of Expenditure and Planning Commission. Department of Agriculture would be the convener of the Group.”

The first meeting of Inter-Ministerial Group has held on 1.8.1995 wherein it was decided that crops subsidization which gained a 20% increase in Urea prices which is under control be utilised for subsidising decontrolled P&K fertilizers. Subsequently, Government announced a quantum jump in the increase of P&K fertilisers from the present Rs. 1000 per metric tonne to that of Rs. 3000/- per metric tonne in case of indigenous DAP, Rs. 500/- increase in case of MOP and introduction of a new concession of Rs. 1500 per metric tonne for imported DAP from 6th July, 1996 onwards which can go a long way in reducing the imbalance in the NPK ratio.

In the wake of decontrol of phosphatic and potassic fertilisers, the Government of India launched a scheme of special concession on sale of decontrolled fertilisers to the farmers with a view to cushioning

the impact of price hike in these fertilisers. The scheme was implemented in Rabi 1992-93. A concession of Rs. 1,000/- per tonne on DAP and MOP and of Rs. 435/- to Rs. 999/- on complex fertilisers were provided under the scheme. During 1992-93, certain changes were made in the scheme whereby concession on imported DAP was withdrawn and a concession of Rs. 340/- per tonne was extended to Single Super Phosphate. This scheme was continued as such till 5.7.1996.

With effect from 6.7.1996, the Govt. of India revised the per tonne concession on decontrolled phosphatic and potassic fertilisers as under :—

Indigenous DAP	Rs. 3000
Imported DAP	Rs. 1500
Muriate of Potash	Rs. 1500
Single Super Phosphate (16% P)	Rs. 500
Indigenous Complexes	Rs. 1304 to Rs. 2633 (Depending on P & K contents)

The level of special concession will be increased further with effect from 1.4.97 in the following manner :—

Indigenous DAP	Rs. 3750
Imported DAP	Rs. 2250
Muriate of Potash	Rs. 2000
Single Super Phosphate	Rs. 600
Indigenous complexes	Pro-rata increase linked to P & K contents.

With effect from 21.2.1997, the controlled issue price of ureas, the only fertilisers covered under the Retention Price Scheme, has been raised by 10% from Rs. 3320 per tonne to Rs. 3660. This price is uniform throughout the country. The maximum sale prices of decontrolled fertilisers are arrived at through the process of negotiation between the State Governments and the manufacturers/suppliers such that the benefit of the special concession is passed on to the farming community.

It is expected that the modest increase in the issue price of urea alongwith the substantial increases effected in the level of concession

on decontrolled fertilisers will accelerate the restoration of the nutrient balance in the soils”.

17. The Committee are glad to note that in pursuance of their recommendations the government have enhanced the subsidy element for phosphatic and potassic fertilisers with a view to make these fertilisers available to the farmers at cheaper prices. The increased budget of Rs. 2224 crores for the purpose during 1996-97 from the level of Rs. 500 crores in 1995-96 and the increased level of subsidy given w.e.f. 1st April, 1997 for P & K fertilisers, in Committee's view certainly help in restoring the balanced use of various types of fertilisers *viz.*, NPK. The Committee' would like the Government to ensure that this enormous Government money reaches to the intended farming community (especially to small and marginal farmers) to achieve the desired results. The Committee also recommend that the impact of this subsidy also be assessed so that requisite funds are ear-marked in the coming years under the scheme.



## **CHAPTER II**

### **RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT**

#### **Recommendation (Sl. No. 1)**

Farmer's education and related agricultural extension work falls within the jurisdiction of Ministry of Agriculture. However, 8 fertilizer producing companies in public sector and 2 in cooperative sector [where majority of paid up capital is held by the Government] under the administrative control of Department of Fertilizers also carry-out agricultural extension work out of their own resources with emphasis on education of farmers in scientific application of fertilizers. These Public Sector Undertakings/Cooperatives are IFFCO, KRIBHCO, NFL, MFL, RCF, FACT, PPCL, PPL, FCI and HFC. Some of these PSUs/Cooperatives have also implemented Fertilizer Education Projects with foreign assistance. The prominent activities undertaken by the PSUs/Cooperatives include farmers' meetings, demonstrations, crop melas/seminars, soil testing training programmes etc.

The Committee's examination of the subject has revealed that this area has not been given due importance as it should have been given by the fertilizer producing companies keeping in view the needs of the farming community of the country. The Committee's recommendations/conclusions are set out in the succeeding paragraphs.

#### **Reply of the Government**

The action taken by the Department of Fertilizers and the Public Sector Undertakings/Cooperatives on the recommendations of the 27th Report of the Standing Committee on Petroleum & Chemicals on "Farmers Education Policy and Projects" is given in the succeeding paragraphs.

[Ministry of Chemicals & Fertilisers, Department of Fertilisers  
O.M. No. 13044/1/95-FP. I dated 14.10.1996]

#### **Recommendation (Sl. No. 2)**

The Committee regret to note that 10 fertilizer producing PSUs/Cooperatives under the administrative control of the DOF hardly

allocate their funds to farmers education programmes. for instance, during the year 1994-95, out of the total spending of about Rs. 10 crores by all units, Rs. 5 crores was spent by IFFCO and Rs. 2.28 crores by KRIBHCO thus leaving a meagre sum of less than Rs. 3 crores for remaining 7 units. Not to speak of sick units the HFC & FCI, big profit making units like NFL are pending a meagre amount of Rs. 28 lakhs annually. This Committee's view is a gross negligence on the part of public sector undertakings which besides commercial functions, have to achieve social obligations. CMDs of some of the PSUs agreed to the suggestion of the Committee that there was need to enhance budget for these activities and even some percentage of their profits could be earmarked for the purpose. Secretary, Department of Fertilizers was also candid in his admission before the Committee that the matter was being taken up with seriousness only after the Committee's deliberation over the issue and even though it may not be feasible to fix a percentage of the turnover or profits, concerned PSUs as also the units in private sector would be asked to considerably raise the funds for farmers related programmes. Subsequently the Ministry has issued instructions to PSUs/Cooperatives to enhance their allocations for this purpose. The Committee would like the Ministry to pursue this matter with all concerned agencies for ensuring the implementation of their guidelines.

### **Reply of the Government**

The instructions issued to CMDs/MDs of PSUs and Cooperatives on 27.2.1996 advising them to pay more attention to educational and promotional activities for the benefit of farmers were followed up with another circular to the Chief Executive on 20.05.1996 (Appendix-II) requesting them to take action as follows :

- (a) To fix specific targets for different types of promotional activities and review them at their level every month. The Department of Fertilizers would review the achievements against these targets bi-annually in the Quarterly Review Meeting for the 2nd and last quarter;
- (b) To finalise the allocation under the Farmers Education Programme for 1996-97 on the basis of these targets;

These units were also asked to intimate the budget provision for 1996-97 alongwith actual expenditure during 1993-94, 1995-96 for promotional activities. The details received from PSUs and Cooperatives (Appendix III) show that PSUs and Cooperatives are now paying more

attention towards the Farmers Education Programme by enhancing the budget allocations for these activities during 1996-97.

The recommendation of the Committee were also brought to the notice of all major private sector fertilizer producing companies, which have been advised (Appendix IV) as follows :

- (a) to give enhanced importance to farmers education programmes. An illustrative list of activities that can be undertaken would include farmers meetings, demonstrations, gram melas, soil testing, farmers training, seminars etc. In addition, activities compatible with the specific marketing needs of the requirements of the marketing goals of the company may be undertaken;
- (b) to send a brief write-up on the activities proposed to be undertaken by their company during 1996-97 including the targets for the activities proposed to be undertaken.
- (c) to send a report to the Department of Fertilizers bi-annually by 31st October and 30th April so as to enable the Department to review the half yearly and annual physical achievements.

The information received from some of the Private Sector Fertilizer Companies shows that the private enterprises have also started giving more attention to farmers education programmes.

[Ministry of Chemicals & Fertilizers Department of Fertilizers  
O.M. No. 13044/1/95-FP. I, dated, 14.10.1995]

### **Comments of the Committee**

Please see paragraphs 7, 8 & 9 of Chapter 1 of the Report

### **Recommendation (Sl. No. 3)**

The facts and figures have compelled the Committee to observe that there is lack of foresightedness on the part of Government in regard to correcting the imbalance in use of NPK. The Government provides annual subsidy for urea of the order of about Rs. 3,000 crore at production stage and about Rs. 1650 crore on import and adhoc-subsidy for P&K fertilizer (around Rs. 500 crore annually). As compared to quantum of subsidy the Government allocation for the farmer's education programmes is very-very low. For instance out of the total budget Rs. 26 crore for balanced and integrated use of fertilizers under

Ministry of Agriculture for the purpose for the entire 8th Five Year Plan, the Government has spent only Rs. 7.25 crores during the first three years of the Plan. In Committee's view the allocation for a scheme like balanced and integrated use of fertilizer is too meagre and funds should be raised adequately, as the programme will help to educate the farmers in scientific way. This will help in correcting the imbalance in use of NPK fertilizers. Besides in the long run it will also help in reducing the subsidy element.

### **Reply of the Government**

The Department of Agriculture & Cooperation, which has the nodal responsibility for balanced and integrated use of fertilizers, has furnished the following comments in the matter :

It is a fact that after decontrol of fertilizers in 1992, NPK ratio has distorted over the years in the country, which has adversely affected soil health. Some efforts have been made through Centrally Sponsored Schemes 'Balanced and Integrated Use of Fertilizers' and 'National Project on Development of Fertilizer Use in Low Consumption and Rainfed Areas' and non-Plan Scheme of 'Concession on Sale of Phosphatic and Potassic Fertilizers' for restoring the balance between different types of fertilizers. DAC has included frontline demonstrations based on soil test crop response in the scheme 'Balanced and Integrated Use of Fertilizers' which is implemented in close association with the State Agricultural Universities, State Department of Agriculture and ICAR.

Under the scheme Balanced and Integrated Use of Fertilizers, allocation is too low to make an impact at field level. However, in 9th Five Year Plan modifications in the schemes have been suggested in addition to allocation of more funds. Modification of the schemes would be done suitably in consultation with ICAR and other experts for reducing imbalance in fertilizer use and promoting long-term productivity of the soil. DAC observed that the key factor in imbalanced use of fertilizer is the price mechanism. Hike in the prices of Phosphatic and Potassic fertilizers is manifold compared to the Urea fertilizers which reduces the use of Phosphatic and Potassic fertilizers and renders these fertilizers inaccessible to the poor farmers. Government increased the concession on Phosphatic and Potassic fertilizers from 6th July, 1996 in order to boost their consumption to narrow down the imbalance with an annual budget of Rs. 2224 crore.

In so far as the complementary role of the Public Sector Fertilizer Companies and Cooperatives is concerned, these have already been advised to pay more attention to farmers' education programmes and enhance the budget allocation for promotional activities. The details received from PSUs and Cooperatives, (Appendix III), show that PSUs & Cooperatives are now laying more emphasis on the farmers' education programmes and they have enhanced their budget allocation for 1996-97.

[Ministry of Chemicals & Fertilizers, Department of Fertilizers  
O.M. No. 13044/1/95-FP. I, dated 14.10.1996]

#### **Recommendation (Sl. No. 4)**

After going into the details of spending by PSUs etc. on farmers' education programmes, the Committee are constrained to note that the activities undertaken by the concerned organisations are hardly adequate to meet the farmers requirements. Admittedly no targets were fixed for different types of promotional activities. It is only recently *i.e.* in February, 1996, when the Ministry has asked PSUs to fix targets for these activities. The Committee would like all PSUs to take a cue from IFFCO's efforts in this regard. The Committee would like the Government that like all other activities, specific targets should be fixed for all types of farmers' education programmes and these should be reviewed and monitored by the Ministry.

#### **Reply of the Government**

The recommendation of the Committee has been accepted by the Government PSUs and Cooperatives under the administrative control of this Department have already been advised to fix specific targets for all types of farmers' education programmes and to review the performance against the targets every month. The Department of Fertilizers has also decided to review the achievements against these targets bi-annually in the quarterly review meetings of respective PSUs/ Cooperatives for the 2nd and last quarters.

[Ministry of Chemicals & Fertilizers Department of Fertilizers  
O.M. No. 13044/1/95-FP. I, dated 14.10.1996]

#### **Recommendation (Sl. No. 8)**

The Committee have been informed that each PSU carries out promotional activities independently and there was no scope of

coordination with other agencies. Apart from PSUs/Cooperatives under Department of Fertilizers. Ministry of Agriculture and State Governments also carry out farmers' fertilizer education related programmes. Secretary (Fertilizers) informed the Committee that he would hold coordination meetings with Agriculture Secretary for achieving better results in this key area. The Committee would like the Government to coordinate the activities of all agencies for meaningful deployment of the funds and infrastructure. This step will ensure maximum benefit to farmers across the country with the funds and infrastructure at the disposal of the Government.

### **Reply of the Government**

As stated earlier, the fertilizer companies and cooperative units under the Department of Fertilizers are carrying out fertilizer extension programmes in their respective command areas. These activities include farmers education programme and field demonstrations of correct and balance use of fertilizers for different types of soil and crops based on soil analysis. These efforts, however, are only complementary to the extension programmes being carried out by the Ministry of Agriculture and its institutions, State Governments and Agricultural universities. The coordinating function of Ministry of Agriculture in regard to fertilizer education and extension is recognised by the Department of Fertilizers and there is frequent interaction at the official level to ensure effective articulation between the fertilizer units and other agencies consigned with these programmes. A meeting was also taken by the Agriculture Minister in this regard on 11.09.1996, following which five PSUs and Cooperatives under the control of Department of Fertilizers have adopted seven Tribal Districts in the states of Bihar, Orissa, M.P., Rajasthan and Tripura for intensive fertilizer education and extension effort.

[Ministry of Chemicals & Fertilizers, Department of Fertilizers  
O.M. No. 13044/1/95-FF: I, dated 14.10.1996]

### **Recommendation (Sl. No. 10)**

During the course of examination, CMDs of some of the PSUs submitted before the Committee that any number of promotional programmes implemented would not produce results in correcting the present imbalance in fertilizer use, as long as urea price is low on account of huge subsidy and prices of decontrolled fertilizer *viz.* P&K continue to increase every season. Due to this farmers are tempted to use more and more urea. This situation calls for review of the existing pricing policy for fertilizers. The Committee, therefore, would like the

Government to examine the pricing policy afresh and apprise the Committee about the decision taken in this regard.

### **Reply of the Government**

The following comments have been furnished by the Ministry of Agriculture in regard to the use of the policy instrument of nutrient pricing for achieving the objective of balanced fertilisation :

“Last year Department of Agriculture, based on the ICAR recommendation on “Soil Test based Crop Response Methodology” introduced frontline demonstrations to be conducted in small farmers’ fields at various places in the country under the joint supervision of State Directorates of Agriculture, ICAR and State Agricultural Universities so that farmers can be made fully aware of the soil test based fertilizer usage to avoid wastage of fertilizers and achieve optimum levels of productivity.”

A meeting of Group of Secretaries held on 30.03.1995 recommended that the pricing policy for different types of fertilizers will be reviewed by a Group of Secretaries consisting of Department of Fertilizers, Agriculture, Expenditure and Planning. The Department of Agriculture would be the convener of this Group. This was subsequently amended as follows :

“The problem relating to imbalance in the use of different types of fertilizers by the farmers would be reviewed by a Group consisting of representatives from Department of Agriculture, Department of Fertilizer, Department of Expenditure and Planning Commission, Department of agriculture would be the convener of the Group.”

The first meeting of Inter-Ministerial Group was held on 1.08.1995 wherein it was decided that crops subsidization which gained a 20% increase in Urea prices which is under control be utilised for subsidising decontrolled P&K fertilizers. Subsequently Government announced a quantum jump in the increase of P&K fertilizers from the present Rs. 1000/- per metric tonne to that of Rs. 3000/- per metric tonne in case of indigenous DAP, Rs. 500/- increase in case of MOP and introduction of a new concession of Rs. 1500/- per metric tonne for imported DAP from 6th July, 1996 onwards which can go a long way in reducing the imbalance in the NPK ratio.

“In the wake of decontrol of phosphatic and potassic fertilisers, the Government of India launched a scheme of special concession on sale of decontrolled fertilisers to the farmers with a view to cushioning the impact of price hike in these fertilisers. The scheme was implemented in Rabi 1992-93. A concession of Rs. 1,000/- per tonne

on DAP and MOP and of Rs. 435/- to Rs. 999/- on complex fertilisers were provided under the scheme. During 1992-93, certain changes were made in the scheme whereby concession on imported DAP was withdrawn and a concession of Rs. 340/- per tonne was extended to Single Super Phosphate. This scheme was continued as such till 5.7.1996.

With effect from 6.7.1996, the Govt. of India revised the per tonne concession on decontrolled phosphatic and potassic fertilisers as under :—

Indigenous DAP	Rs. 3000
Imported DAP	Rs. 1500
Muriate of Potash	Rs. 1500
Single Super Phosphate (16%)	Rs. 500
Indigenous Complexes	Rs. 1304 to Rs. 2633

(depending on P&K contents)

The level of special concession will be increased further with effect from 1.4.97 in the following manner:—

Indigenous DAP	Rs. 3740
Imported DAP	Rs. 2250
Muriate of Potash	Rs. 2000
Single Super Phosphate	Rs. 600
Indigenous Complexes	Pro-rata increase linked to P&K contents

With effect from 21.2.1997, the controlled issue price of ureas, the only fertilisers covered under the Retention Price Scheme, has been raised by 10% from Rs. 3320 per tonne to Rs. 3660. This price is uniform throughout the country. The maximum sale prices of decontrolled fertilisers are arrived at through the process of negotiation between the State Governments and the manufacturers/suppliers such that the benefit of the special concession is passed on to the farming community.

It is expected that the modest increase in the issue price of urea alongwith the substantial increases effected in the level of concession on decontrolled fertilisers will accelerate the restoration of the nutrient balance in the soils".

[Ministry of Chemicals & Fertilizers, Department of Fertilizers  
O.M. No. 13044/1/95-FP. I, dated 14.10.1996]

#### **Comments of the Committee**

(Please see para 17 of Chapter 1 Report)



### **CHAPTER III**

#### **RECOMMENDATIONS IN RESPECT OF WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY**

##### **Recommendation (No. 5)**

Admittedly the farmers education programmes/schemes do not form part of MoU signed by the Government with respective PSUs. The Committee would like the Government to examine this issue for getting these schemes a part of MoUs for regular monitoring.

##### **Reply of the Government**

The suggestion of the Committee was taken up with the Department of Public Sector Enterprises [PSE] which is the controlling Department for the schemes of MoU between the Government and the public sector companies.

DPE has reiterated the stand that only key business activities of a PSE should be included in the MoU. The purpose of the MoU is to objectively evaluate the performance of a PSE.

The farmer's education programmes and other promotional activities undertaken by the PSUs/Cooperatives do not constitute the key business activities of PSEs engaged in the manufacture of fertilizers. The PSUs/Cooperatives have only a supplementary role in regard to promotional activities. In these circumstances, it may not be feasible to incorporate promotional activities/farmers education programmes in the MOU.

However, since the thrust of the Committee's recommendation is on regular monitoring of the farmer's education programmes and other promotional activities undertaken by the PSUs/Cooperatives, the Department of Fertilizers has complied with these recommendations by issuing guidelines to the PSUs/Cooperatives to fix specific targets for different types of promotional activities and review them by the PSUs/Cooperatives every month. This Department has also decided to review the achievements against these targets bi-annually in the

Quarterly Review Meetings of the respective PSU/Cooperative for the 2nd and the last quarters of each year.

[Ministry of Chemicals and Fertilisers, (Department of Fertilisers)  
O.M. No. 13044/1/95-FP. I dated 14.10.1996]

**Recommendation (Sl. No. 7)**

The Committee have been informed that some of the PSUs have successfully implemented foreign assisted fertilizer education projects. The important ones being Indo-Britain Fertilizer Education project costing Rs. 22 crores [implemented by HFC] and Indo-EEC Fertilizer Education Project costing Rs. 6 crores and implemented by FACT, RCF, NFL and PPCL. The only current foreign aided project is ODA funded Rainfed Farming Project which is being implemented by HFC/ KRIBHCO. PSUs, as also the Ministry, informed the Committee that these projects were quite useful for the farmers of the related areas. Another project *viz.* Indo-British Fertilizer Education and Extension Project [ODA funding] costing Rs. 55 crores is yet to be approved by funding agency. Keeping in view of the quantum of money and the likely benefits of the projects, the Committee recommended that the matter may be pursued at the highest level in the Government to get the approval of the funding agency.

**Reply of the Government**

The proposal of Indo-British Fertilizer Education & Extension Project costing Rs. 55 crores was forwarded to the Ministry of Finance, Department of Economic Affairs on 5.1.1995 for seeking the assistance of the Overseas Development Administration [ODA] [UK Government]. The proposal was forwarded by the Department of Economic Affairs to ODA on 23.01.1995. ODA has, however, not agreed to fund the project as it does not fit into their Renewable Natural Resources (RNR) Sector strategy for India. The proposal thus stands rejected.

[Ministry of Chemicals and Fertilisers (Department of Fertilisers)  
O.M. No. 13044/1/95-FP. I dated 14.10.1996]

**Recommendation (Sl. No. 9)**

Some of the PSUs have suggested that it would be better if all funds are pooled together and different PSUs are given specific areas

for carrying out promotional activities. The Committee find some merit in the suggestion. They, therefore, would like the Government to examine pros and cons of the suggestion before taking a decision in the matter.

### **Reply of the Government**

As stated in the Action Taken Report on Recommendation No. 6, the study of the existing Farmers Service Centres undertaken by IFFCO has shown that pooling of farmers' education funds by fertilizer units will create problems for individual organisations as they spend varying amount of funds on promotional activities and their areas of operations as well as commercial interests differ. There will also be problems in allocation of areas in view of the wide geographical disparities in marketing potentials.

It is felt that it will not be desirable to assign the role of coordination work to FAI as this is basically an association engaged in furthering the interests of the fertilizer industry by influencing the policy environment. Moreover, FAI does not have the requisite staff strength to monitor the promotional activities of different organisations in the industry.

[Ministry of Chemicals and Fertilisers (Department of Fertiliser.)  
O.M. No. 13044/1/95-FP. I dated 14.10.1996]

## CHAPTER IV

### RECOMMENDATION IS USEFUL OF WHICH REPLY OF GOVERNMENT HAS NOT BEEN ACCEPTED

#### **Recommendation (Sl. No. 6)**

The Committee's examination of the farmers fertilizer education programme has revealed that there is hardly any coordination between the PSUs. There is overlapping in the areas covered by the PSUs and there may be areas which are not covered by any of the PSU at all. The Farmer's related activities are carried out by PSUs through Farmers Service Centres/Kendras etc. In this context the Committee in their 13th Report on 'IFFCO & KRIBHCO' had pointed out that Farmer's Service Centres/Kendras were crowded in selected fertile areas. In pursuance of Committee's recommendation, the Department of Fertilizer has asked IFFCO to initiate a study to take stock of existing farmers service centres set up by different PSUs/Cooperatives to identify deficit areas requiring further support for promotional activities. This study is expected to be completed by June, 1996. The Committee would like the Government/IFFCO to complete this study within the stipulated time. Needless to emphasis that action would be taken to set up new centres or upgrade the existing ones in deficit areas.

#### **Reply of the Government**

Under the directives of the Department of Fertilizers, IFFCO in association with FAI and individual fertilizer companies and cooperatives has conducted a detailed study of the existing Farmers' Service Centres [FSCs]. The objectives of the study were as follows :

- (i) List of existing FSCs run by different PSU/Cooperative Societies may be compiled along with relevant details like area covered etc.
- (ii) Identification of deficit areas where new FSCs could be set up.
- (iii) Estimated expenditure involved in setting up FSCs in the deficit areas of the country and the ability of different PSUs/ Cooperatives to share this expenditure within their resource constraints.

- (iv) Company-wise annual phasing of expenditure on setting up of new FSCs including the basis for prioritisation.
- (v) Whether FAI could be asked to coordinate the promotional activities of different organisations including cooperative and FIs ?

The main conclusions and recommendations of the study are given in Appendix V.

In the light of the conclusions and recommendations of the study, the Department of Fertilizers has come to the conclusion that Farmers Fertilizer Centres [FSCs] have a combined commercial and promotional role. The proliferation of fertilizer sale points in the last decade has significantly reduced their service area, which now averages 2.5 villages per sale point. In view of this, the cost benefit equation of FSCs has undergone a change giving rise to a demand for substantial budgetary support for further expansion of the scheme. As a result, with the exception of Gujarat Narmada Valey Fertilizer Company [GNFC], no Fertilizer Company is keen to enlarge their coverage.

GNFC, which has evinced some interest in opening new Centres, has been requested to establish as many FSCs as feasible within their traditional marketing zone of Punjab, Haryana, UP, MP and Rajasthan, where they do not have any FSC. A copy of the letter issued to GNFC in this regard is enclosed at Appendix VI.

[Ministry of Chemicals and Fertilisers Department of Fertilisers  
O.M. No. 13044/1/95—FP. I dated 14.10.1996]

#### **Comments of the Committee**

(Please see para 12 of Chapter 1 of the Report)

CHAPTER V

RECOMMENDATION IN RESPECT OF WHICH REPLY OF  
GOVERNMENT IS STILL AWAITED

— NIL —

NEW DELHI;  
11 March, 1997  
20 Phalguna, 1918 (Saka)

A.R. ANTULAY,  
Chairman,  
Standing Committee on Petroleum and Chemicals.

## APPENDIX I

### MINUTES

#### STANDING COMMITTEE ON PETROLEUM AND CHEMICALS (1996-97)

#### TENTH SITTING

4.3.1997

The Committee sat from 1000 hrs. to 1100 hrs.

#### PRESENT

Shri. A.R. Antulay — *Chairman*

#### *Lok Sabha*

2. Shri Tejvir Singh
3. Shri Dwarka Nath Das
4. Dr. G.L. Kanaujia
5. Shri Oscar Fernandes
6. Shri Paban Singh Ghatowar
7. Dr. Girija Vyas
8. Shri Shantilal P. Patel
9. Shri Surendra Yadav
10. Shri Uddab Barman
11. Shri K. Kandasamy
12. Shri P. Shanmugam
13. Shri Bir Singh Mahato

#### *Rajya Sabha*

14. Shri Kamendu Bhattacharjee
15. Shri Hiphei
16. Shri Narain Prasad Gupta
17. Shri Parag Chaliha

## SECRETARIAT

- |    |                   |   |                         |
|----|-------------------|---|-------------------------|
| 1. | Shri J.P. Ratnesh | — | <i>Joint Secretary</i>  |
| 2. | Shri G.R. Juneja  | — | <i>Deputy Secretary</i> |
| 3. | Shri Brahm Dutt   | — | <i>Under Secretary</i>  |
| 4. | Shri S.N. Dargan  | — | <i>Under Secretary</i>  |

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2. The Committee thereafter considered the following Draft Action Taken Reports on :

- (i) 26th Report (10th Lok Sabha) on Institute of Pesticide Formulation Technology.
- (ii) 27th Report (10th Lok Sabha) on Fertilisers Education Policy and Projects.

3. After some discussion, the Committee adopted the above draft reports. The Chairman however, gave an opportunity to the Members to give their suggestions on draft reports, if any, by 6th March, 1997 evening for consideration of the Chairman for inclusion in the Reports.

4. The Committee, thereafter, authorised the Chairman to finalise the reports after factual varification by the concerned Ministries/ Departments and present them to Parliament.

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*The Committee then adjourned.*



## APPENDIX II

(Please see reply of the Government to Recommendation No. 2)

### DIRECTIVE TO PSUS/COOPERATIVES ON FERTILISER PROMOTIONAL ACTIVITIES

No. 13044/1/95-F Project-I  
Government of India  
Ministry of Chemicals & Fertilizers  
(Department of Fertilizers)

New Delhi, the 20th May, 1996.

To

IEFCO/KRIBHCO/RCF/MFL/HFC/FCI/PPL/FACT/NFL

Subject : Action taken by the Government on the recommendations contained in the 27th report of the Standing Committee on Petroleum & Chemicals on Fertilizers Education Policy and Projects.

Dear Sir,

I am directed to refer to Lok Sabha Secretariat O.M. No. 22/2/1/P&CC/95 dated 14/15.3.1996 addressed to this Department, a copy of which has also been enclosed to you. Vide this O.M. the Standing Committee on Petroleum & Chemicals has sent a copy of its 27th report on 'Fertilizers Education Policy and Projects' with the direction that the reply of the Government on the recommendations contained in the Report may be furnished to the Lok Sabha Secretariat by 12.9.1996.

2. You are requested to take action as per the guidelines issued to you by this Department vide letter of even No. dated 26.2.1996. To reiterate;

- (a) You are requested to fix specific targets for different types of promotional activities and review them at your level every month. This Department would review the achievements

against these targets biannually in the Quarterly Review Meetings for the second and last quarter;

- (b) Based on these targets, the allocation under the Farmers Education Programme for 1996-97 may be finalised. The budget provision for 1996-97 alongwith the budget provision and actual expenditure during 1993-94, 1994-95 and 1995-96 may also be indicated.

3. The above information may be sent to the Department latest by 30.5.1996.

Yours faithfully,

sd/-

(Radhey Shyam)

Under Secretary to the Government of India.

Tele : 3389364

### APPENDIX III

(Please see reply of the Government to  
Recommendations No. 2 & 3)

#### PSUE WISE AMOUNT SPENT/EARMARKED FOR PROMOTIONAL ACTIVITIES

(Rs. in lakhs)

S.No.	Name of the Company	1993-94		1994-95		1995-96		1996-97	
		Budget	Actual	Budget	Actual	Budget	Actual	Budget	
1.	F.C.I.	—	0.26	—	0.42	—	0.37	(Prov.)	1.40 (Planned.)
2.	P.P.L.	19.00	13.87	30.00	15.01	41.00	21.68	..	45.00 ..
3.	R.C.F.	90.00	73.52	96.60	72.84	150.00	103.00	..	180.00 ..
4.	M.F.L.	75.88	51.10	96.10	55.00	249.00	130.80	..	249.90 ..
5.	H.F.C.	120.55	42.64	61.50	18.85	50.50	14.18		27.00 ..
6.	IFFCO	—	434.00	—	605.00	—	703.00		1172.00 ..
7.	KRIBHCO	70.00	41.00	70.00	48.00	85.00	61.00	(Esth.)	112.70 ..
8.	PPCL	22.00	17.53	22.00	21.62	30.00	24.00	..	40.00 ..
9.	F.A.C.T.	70.00	68.65	100.00	82.94	102.95	96.85	130.00	..
10.	N.F.L.	—	50.14	—	28.70	—	66.00		Project Deferred

LIST OF ACTIVITIES CARRIED OUT UNDER THE FARMER  
EDUCATION AND FERTILIZER PROMOTION PROGRAMMES

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S.No.	Name of the Activity
1.	Agricultural Seminar
2.	Farmers Study Class
3.	Farmers Training and Visit
4.	Krishi Vigyana Kendra
5.	Farmer Award Scheme
6.	Special Crop Campaign
7.	Field Demonstration
8.	Field Days
9.	Exhibition
10.	Sponsored Events/Melas
11.	Village Adoption - Regular
12.	Village Adoption - Tribal
13.	Intensive District Programme
14.	Dealer Co-op. Meet/Training
15.	Dealer Awards
16.	Soil Sample Analysis
17.	Direct Mailing
18.	Audio Visual Media
19.	Farm Literature
20.	Mass Media Promotion
21.	Outdoor Visual aids
22.	Other Special Programmes
23.	Other Agronomy Services
24.	Pesticide/Biofertilizer Promotion

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## APPENDIX IV

(Please see reply of the Government to recommendation No. 2)

### DIRECTIVE TO PRIVATE SECTOR COMPANIES TO ENHANCE FUNDS FOR PROMOTIONAL ACTIVITIES

No. 13044/1/95-F Project-I (Vo. II)

Government of India

Ministry of Chemicals & Fertilizers

(Department of Fertilizers)

New Delhi, the 21st May, 1996.

To

All Private Sector (List attached).

Subject : Action taken by the Government on the recommendations contained in the 27th report of the Standing Committee on Petroleum & Chemicals on Fertilizer Education Policy and Projects.

Sir,

The Standing Committee on Petroleum & Chemicals has in its 27th Report observed that the quantum of activities and expenditure incurred on the educational and promotional activities undertaken for the benefit of farmers need to be enhanced. This would require the private sector units besides the PSUs and cooperatives to considerably raise the funds for farmers education related programmes.

2. In view of these recommendations, you are advised to :

- (a) give enhanced importance to farmers education programmes. An illustrative list of activities that can be undertaken would include farmer meetings, demonstrations, gram melas, soil testing, farmers training, seminars etc. In addition, activities compatible with the specific marketing needs of the requirements of the marketing goals of your company may be undertaken;

- (b) send us a brief write-up on the activities proposed to be undertaken by your company during 1996-97. This write-up should also contain the targets for the activities proposed to be implemented;
- (c) a report should be sent by annually to this Department indicating the achievements against these targets. We would request you to ensure that these reports should reach this Department latest by 31st October and 30th April so as to enable us to review the half-yearly and annual physical achievements.

Your faithfully,

sd/-

(Rajhey Shyam)

Under Secretary to the Government of India.

## LIST OF PRIVATE SECTOR COMPANIES

1. Southern Petrochemicals Industries Corporation Ltd.,  
97, Mount Road,  
Madras - 600 032
2. Duncan Industries Ltd.,  
Himalaya House,  
1st Floor, 23, K.G. Marg,  
New Delhi - 110 001
3. Zuari Agro Chemicals Ltd.,  
505, Surya Kiran Building,  
19, Kasturba Gandhi Marg,  
New Delhi - 110 001
4. Tuticorin Alkali Chemicals and Fertilizers Ltd.,  
553, Anna Salal, Teyanampet,  
Madras - 600 018
5. Tata Chemicals Ltd.,  
E-3, Defence Colony,  
New Delhi - 110 024
6. Shriram Fertilizers and Chemicals,  
Kirti Mahal, Rajendra Place,  
New Delhi - 110 008
7. Punjab National Fertilizers and Chemicals Limited,  
SCO : 119-120, Sector 17-B,  
Chandigarh - 17
8. Nagarjuna Fertilizers and Chemicals Ltd.,  
191, Golf Links,  
New Delhi - 110 003
9. Mangalore Chemicals & Fertilizers Limited,  
10-2, Kasturba Road,  
Bangalore - 560 001

10. Coromandel Fertilizers Ltd.,  
Jeevan Deep Building,  
10, Parliament Street,  
New Delhi - 110 001
11. Indo-Gulf Fertilizers and Chemicals Corporation Ltd.,  
312-A, World Trade Centre,  
Barakhamba Lane, New Delhi - 110 001
12. Hindustan Lever Ltd.,  
Express Building, Ist Floor,  
Bahadur Shah Zafar Marg,  
P.O. No. 7003,  
New Delhi - 110 002
13. Gujarat State Fertilizer Company Limited,  
P.O. Fertilizer Nagar,  
Distt. Vadodara - 391 750
14. Gujarat Narmada Valley Fertilizer Company Ltd.,  
P.O. Narmadanagar - 392 015,  
Distt. Bharuch (Gujarat)
15. Oswal Chemicals & Fertilizers Limited,  
7th Floor, Antriksh Bhavan,  
22, K.G. Marg, New Delhi - 110 001
16. Chambal Fertilizers and Chemicals Limited,  
Devika Tower,  
6, Nehru Place,  
New Delhi - 110 019
17. Godavari Fertilizers and Chemicals Limited,  
50, Sebastain Road, Secundrabad (A.P.)
18. Deepak Fertilizers and Petrochemicals Corporation Limited,  
10-8, Bakhtawar, Nariman Point,  
Bombay - 400021



## APPENDIX V

(Please see reply of the Govt. to recommendation No. 6)

### CONCLUSIONS OF THE STUDY UNDERTAKEN FOR SETTING UP OF FARMERS SERVICE ~~CONTROL~~ CENTRES

- (i) Seven PSUs/Coops have 620 FSCs in 17 States of the country. FSCs are part of the total fertilizer promotion strategy and a large number of field activities are also organised by the fertilizer manufacturers all over their marketing areas.
- (ii) In addition to unregistered fertilizer dealers operating in the villages, the registered fertilizer sale points are more than 2.5 lakhs in the country. On an average, a fertilizer sale point is covering 2.5 villages. The distance travelled by the farmers to buy fertilizers is less than 5 Kms. With the spread of fertilizer sale points in the interior parts of the country, the opening of FSCs is not so significant as it was considered earlier.
- (iii) States of Orissa, Bihar, Rajasthan, MP and WB are deficient in setting up of FSCs.
- (iv) The deficit States in fertilizer sale points are Rajasthan, HP, J&K, M.P., Bihar, Orissa, Goa, Assam and North Eastern States. In these States, it is proposed that the opening of fertilizer sale points may be encouraged by providing adequate financial assistance by Government of India to unemployed graduates, weaker sections, scheduled caste, scheduled tribes, viable cooperative societies not dealing with fertilizer, unviable cooperative societies who have stopped dealing in fertilizer etc. In this context, for promoting fertilizer sales by fertilizer manufacturer, the recommendation of GVK Rao Committee (1987) for allowing atleast Rs. 20/- per tonne of nutrient produce to fertilizer manufacturer for promotional activities may be implemented.
- (v) An expenditure of Rs. 5 lakhs per annum is involved in setting up an FSC and to justify, fertilizer sales would have

to be minimum of 2500 MT per annum, which is not possible in interior location.

- (vi) PSUs and cooperatives are operating FSCs on NO PROFIT AND NO LOSS basis. However, number of FSCs are going down because of poor turnover and problem of industrial relations as the manpower posted at the FSCs do not get upward mobility.
- (vii) Participating PSUs/Cooperatives except GNFC are into in favour of opening any new FSCs in view of the problem faced by them in running FSCs as described under point No. 6 Government may consider the financial support of Rs. 5.0 lakhs per annum for opening a new FSC.
- (viii) FAI is involved in framing the policies for fertilizer industry in collaboration with its members and Govt. of India. In pursuit of this, FAI has constituted an Advisory Committee on Agriculture Services for framing policy on promotional & extension activities of fertilizer industry and it has suggested a logo on balanced fertilizer application to its members. This is the kind of activity in which FAI is engaged. As such, it is not desirable to involve an organisation like FAI which is basically an Association, in the functioning and monitoring of the day to day activities of the industry.

## APPENDIX VI

(Please see reply of the Govt. to Recommendation No. 6)

### DIRECTIVE TO GNFC FOR SETING UP OF FARMERS SERVICE CENTRES

No. 13015/16/95-F. Project-I  
Government of India  
Ministry of Chemicals & Fertilizers  
(Department of Fertilizers)

New Delhi, the 10th October, 1996.

To

The Chairman,  
Gujarat Narmada Valley  
Fertilizer Company,  
P.O. Narmada Nagar - 392 015,  
Distt. Bharuch (Gujarat)

Subject : Establishment of Farmers Service Centre

Dear Sir,

I am directed to say that the Standing Committee on Petroleum & Chemicals had suggested in its 13th and 27th reports that the Government should conduct a study of the existing Farmers Service Centres (FSCs) set-up by different agencies so that the deficit areas where such centres need to be set-up, could be identified.

2. A study was accordingly conducted by IFFCO in which the States of Orissa, Bihar, Rajasthan, M.P. and West Bengal have been identified as inadequately served by Farmers Service Centres.

3. It is understood that in the course of the above mentioned study, your company had shown interest in setting up new FSCs. It is

requested that GNFC may kindly proceed with the establishment of as many as FSCs as feasible in the States of Punjab, Haryana, U.P., M.P. and Rajasthan, which fall within the traditional marketing zone of GNFC.

4. You are requested kindly to intimate to this Department the action taken by you in this regard latest by 30th November, 1996.

Yours faithfully,

sd/-

(Radhey Shyam)

Under Secretary to the Government of India.

Tele : 3389364 .

## APPENDIX VII

(Vide Para 4 of the Introduction)

Analysis of the Action Taken by Government on the recommendations contained in the 27th Report of the Standing Committee on Petroleum and Chemicals (Tenth Lok Sabha) on 'Fertiliser Education Policy and Projects'

I.	Total number of recommendations	10
II.	Recommendations that have been accepted by the Government (Vide Recommendation at Sl. Nos. 1, 2, 3, 4, 8, and 10)	6
	Percentage to total	60%
III.	Recommendation which the Committee do not desire to pursue in view of Government's reply	3
	Percentage to total	30%
IV.	Recommendation in respect of which reply of Government has not been accepted by the Committee	1
	Percentage to total	10%
V.	Recommendation in respect of which final reply of Government is still awaited	Nil