

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

UNSTARRED QUESTION NO:2932
ANSWERED ON:18.12.2008
EXCESS PAYMENT OF SUBSIDY TO FERTILIZERS UNITS
Barman Shri Hiten

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

- (a) whether the Government had decided to phase out the vintage allowance given to urea units as recommended by the Expenditure Reforms Committee;
- (b) If so, the details thereof;
- (c) whether the fertilizer units would have to cough up to least Rs. 1900 crores excess payment made to industry via subsidy mechanism;
- (d) if so, the amount of subsidy to be recovered from each unit; and
- (e) the manner in which the Government proposes to recover this amount from the urea units and the extent to which their production would be affected as a result thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF MINES(SHRI B.K.HANDIQUE)

(a) Yes, Sir.

(b) The Government has withdrawn vintage allowance during 7th and 8th Pricing Periods of erstwhile Retention Price Scheme for urea units, In phased manner in stages as below:

SI. NO. Period Vintage Allowance

1 1997-98 5%

2 1998-99 4%

3 1999-2000 2%

4 Beyond 31.3.2000 nil

(c) to (e) As no payment on this account was made after withdrawal of above allowance therefore, there has been no impact on production.