

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

STARRED QUESTION NO:29
ANSWERED ON:06.07.2004
SUBSIDY ON FERTILIZERS
Mahajan Shri Y.G.;Nikhil Kumar Shri

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

- (a) the amount spent by the Government on subsidy on fertilizers during each of the last three years and as on date;
- (b) whether the Government has taken a decision to increase subsidy on fertilizers;
- (c) if so, the details thereof;
- (d) whether the Ministry has sought Rs. 1000 crores additional funds for subsidy;
- (e) if so, the details thereof and the reasons for demanding heavy additional funds;
- (f) whether the farmers in the country have been adversely affected due to hike in prices of fertilizers in domestic as well as in international market;
- (g) if so, the details thereof; and
- (h) the steps taken or proposed to be taken by the Government to check rise in the prices of fertilizers in the country ?

Answer

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

(a) to (h): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (h) of the Lok Sabha Starred Question No. 29 to be answered on 6.7.2004

(a): In order to make fertilizers available to farmers at affordable prices, the Government provides subsidy on urea and concession on de-controlled phosphatic and potassic fertilizers. The amount of subsidy/concession spent on urea and de-controlled phosphatic and potassic fertilizers during the last three years and for the current financial year up to 30.6.2004 is given in the table below :

Sl. No.	Period	Amount of Subsidy spent on urea (Rs. in crore)	Amount of concession on de-controlled phosphatic & potassic fertilizers (Rs. in crore)
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	2001-02	8304.34	4503.52
	2002-03	7790.00	3224.52
	2003-04	8521.00	3326.00
	2004-05	3338.11	1032.94
	(up to 30.6.2004)		

(b) to (e): Selling prices of fertilizers have not been increased since 28.2.2002. However, there has been increase in the subsidy/concession outgo due to increase in the cost of production of fertilizers on account of increase in prices of raw materials/inputs used in the manufacture of fertilizers. During the current financial year, the Department has asked for additional funds to the tune of Rs. 4950 crore over the budget estimate of 8143 crore in respect of urea and Rs. 1428 crore over the budget estimate of Rs. 4046 crore in respect of decontrolled phosphatic and potassic fertilizers due to increase in subsidy/concession expenditure on account of steep increase in cost of raw materials/inputs used in the manufacture of fertilizers.

(f) to (h): As mentioned above, there has been no increase in selling prices of fertilizers since 28.2.2002. Increase in the cost of production of fertilizers on account of the increase in the prices of raw materials/inputs is not being passed on to farmers but is being borne by the Government in the form of higher subsidy outgo.