

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

UNSTARRED QUESTION NO:5564
ANSWERED ON:29.04.2010
SUBSIDY TO FERTILIZERS DEALERS
Devappa Anna Shri Shetti Raju Alias

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

the procedure and the basis on which subsidy is likely to be provided to the dealers of fertilizers in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT KUMAR JENA)

The subsidy is not provided to dealers of fertilizers in the country. Fertilizer subsidy is transferred to the farmers in the form of subsidized Maximum Retail Prices (MRPs) which are much below the normative delivered cost of these fertilizers. In case of urea, the difference between normative delivered cost and the notified MRPs is released as subsidy to manufacturers of urea on receipt of the same in the district.

Government has implemented policy of Nutrient Base Subsidy (NBS) with effect from April 1, 2010 for P&K fertilizers. As per NBS policy, fertilizer subsidy per Metric Tonne is fixed on the basis of nutrients contained in the subsidized P&K fertilizers. The fertilizer companies are free to decide MRP based on market forces of demand and supply. For the year 2010-11, Nutrient Based Subsidy is decided in such a manner that farm gate prices remain near to prices prevailing before introduction of NBS.