

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

UNSTARRED QUESTION NO:3245

ANSWERED ON:15.04.2010

MISUSE OF SUBSIDY

Dhotre Shri Sanjay Shamrao;Sharma Shri Madan Lal;Yadav Shri Hukumdeo Narayan

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

- (a) the rationale for providing subsidy on fertilizers;
- (b) the quantum of fertilizers on which the subsidy has been provided to the fertilizer units during each of the last three years and the current year, company-wise;
- (c) whether the subsidy was claimed by artificially inflating the actual production figure by some fertilizers companies;
- (d) if so, whether subsidy was also provided to some companies on the production of spurious fertilizers;
- (e) if so, the details thereof alongwith the reasons therefor;
- (f) the action taken by the Government to check the misuse of subsidy on fertilizers; and
- (g) the steps being taken by the Government to safeguard the interests of small and marginal farmers?

**Answer**

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

- a) The rationale for providing subsidy on fertilizers is to supply the fertilizer to the farmers at the affordable prices and to ensure reasonable rate of return on the investments made by the entrepreneurs in the fertilizer sector.
- (b) As per Annexure-I and Annexure-II.
- (c) to (g) The subsidy on the fertilizers is provided by Department of Fertilizers to the manufacturers/importers based on the certification of receipt/sales of the fertilizers in the States by the Statutory Auditor of the companies as well as that of the State Governments. These authorities certify the quantity as well as the quality of the fertilizers supplied. PDIL also makes six monthly inspections of all the SSP manufacturing units in order to check up the veracity of the sales of SSP. In the recent years, Department of Fertilizers has not come across any case where the subsidy was claimed by the manufacturers by artificially inflating the actual production figure by any fertilizer company. Department of Fertilizers does not provide subsidy on the non- standard fertilizers reported by the State Governments. Department of Fertilizers makes recoveries of subsidies in respect of the same. Department of Fertilizers has introduced Nutrient Based Subsidy Policy with effect from 1.4.2010, which is applicable to all the farmers including small and marginal farmers.