

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

UNSTARRED QUESTION NO:3174
ANSWERED ON:12.08.2010
IMPACT OF NUTRITION (NUTRIENT) BASED SUBSIDY POLICY
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether the Union Government has made any assessment regarding the impact of Nutrition (Nutrient) Based Subsidy Policy after its implementation;
- (b) if so, the details thereof;
- (c) whether the use of urea has decreased;
- (d) if so, the details thereof;
- (e) whether it has reduced the burden of subsidy; and
- (f) if so, the amount thereof alongwith the manner in which it has reduced?

Answer

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

(a) & (b): The Government has introduced Nutrient Based Subsidy (NBS) Policy for decontrolled P & K fertilizers w.e.f. 1.4.2010, whereby Di Ammonium Phosphate (DAP), Muriate of Potash (MOP), NPKS Complexes, Mono Ammonium Phosphate, Triple Super Phosphate, Ammonium Sulphate (AS) and Single Super Phosphate (SSP) are provided to the farmers at the subsidized rates. Subsidy is provided to the manufacturers/importers on the above said fertilizers based on the per Kg subsidy fixed by the Government. The MRP of the fertilizers has been constant since 2002. The MRP of the NPK Complexes were further reduced on 18.6.2008. The Government has fixed the Nutrient Based Subsidy for the nutrients in such a manner that the farm gate prices of the Phosphatic & Potassic fertilizers are not adversely affected. Under the Nutrient Based Subsidy w.e.f. 1.4.2010 (w.e.f. 1.5.2010 for SSP), an increase of Rs. 30 per bag over the MRP prevailing earlier has taken place. The MRP of MOP has not changed over the earlier MRP. MRP of SSP w.e.f. 1.5.2010 has decreased by an average of Rs. 70 per bag. Requirements of fertilizers for both Kharif 2010 and Rabi 2010-11 have been fixed up. The fertilizer companies have assured production and import of fertilizers as per the requirement for the year 2010-11. Accordingly, in addition to the indigenous production of DAP (45 lakh MT) and complex fertilizers (87 lakh MT), import of 70 lakh MT of DAP, 45 lakh MT of MOP and 11 lakh MT of complex fertilizers have been committed. Further, inclusion of SSP under the NBS is expected to make about 30 lakh MT of SSP available indigenously. After implementation of the Nutrient Based Subsidy, it is observed that the price of various fertilizers and fertilizer inputs in the international market has either come down or remained at the earlier levels, as against the earlier trends of volatility and uncertain increase.

(c) & (d): The sale of urea in Kharif 2010 season up to 31.7.2010 was 73.59 lakh tonnes while it was 68.05 Lakh Tonnes in the same period of Kharif 2009.

(e) & (f): The amount of subsidy under the Nutrient Based Subsidy is a function of the rate of subsidy announced by the Government based on the international price trend and the requirement of the fertilizer in the country. The Nutrient Based Subsidy has been fixed for 2010-11 based on the prevailing prices of fertilizers in the international market. Since the entire consumption for 2010-11 would be known only at the end of the year, total impact of subsidy would be known accordingly. However, during 2009-10, the amount of concession disbursed for decontrolled P & K fertilizers was Rs. 39,452.06 crore. The budget estimate for 2010-11 for the P&K fertilizers is Rs. 28,500 crore. Since consumption of Urea has not declined in Kharif 2010, there may not be any reduction in subsidy for Urea. However, overall subsidy on Urea would be also a function of feedstock price and other charges.