

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

STARRED QUESTION NO:228  
ANSWERED ON:25.11.2010  
FERTILIZER SUBSIDY  
Singh Dr. Raghuvansh Prasad

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

- (a) whether the Government is satisfied with the extant arrangements for administration of fertilizer subsidy under the subsidy regime ;
- (b) if not, the reasons therefor;
- (c) whether the Twelfth Finance Commission had recommended developing of an alternative instrument for release of fertilizer subsidy;
- (d) if so, the details thereof;
- (e) whether the recommendation of the Finance Commission has been accepted by the Government; and
- (f) if so, the steps taken by the Government to implement the same?

**Answer**

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

(a) to (f): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO. 228 TO BE ANSWERED ON 25.11.2010 REGARDING FERTILIZER SUBSIDY ASKED BY DR. RAGHUVANSH PRASAD SINGH

(a) & (b) Yes. However, various suggestions for further improvements are under consideration of the Government.

(c) & (d): The Twelfth Finance Commission regarding fertilizer subsidy in its report observed that 'There is a clear need to develop an alternative instrument so that the volume of subsidy is small and its benefits better targeted. The present mechanism needs to be phased out as soon as possible.' (para 3.17).

(e) & (f) : Implementation of the Nutrient Based Subsidy (NBS) Policy on decontrolled Phosphatic and Potassic fertilizers was implemented with effect from 1st April, 2010. In terms of this policy, the subsidy on the nutrients 'N' - Nitrogen, 'P' - Phosphorus, 'K' - Potash and 'S' - Sulphur contents would be fixed on an annual basis. In addition to the fixed subsidy on above mentioned nutrients and micro nutrients in formulations approved under FCO 1985. The various options of subsidy regime in indigenously produced urea beyond the New Pricing Scheme (NPS)-III are under consideration of the Government.