

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

UNSTARRED QUESTION NO:1473
ANSWERED ON:18.11.2010
PRODUCTION IN PROPORTION OF PLANT CAPACITY
Rajukhedi Shri Gajendra Singh

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

- (a) the reasons behind the restriction of minimum production in proportion of plant capacity for eligibility to get subsidy;
- (b) the logic behind putting a condition of minimum production in case the subsidy is provided on the sale of product i.e. Single Super Phosphate;
- (c) whether under the Nutrient Based Subsidy Scheme the condition of minimum installed capacity of one lakh tonne has been specified alongwith the minimum production 50% of plant capacity of 40,000 MT;
- (d) if so, the reasons behind this condition on SSP;
- (e) whether Single Super Phosphate is excluded from freight subsidy as notified vide notification No.23011/1/2010-MPR dated 19.4.2010; and
- (f) if so, the details thereof alongwith the reasons therefor ?

Answer

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

(a) & (b): Department of Fertilizers has introduced Nutrient Based Subsidy Policy for Single Super Phosphate w.e.f. 1.5.2010 whereby subsidy for an amount of Rs.4400 per Metric Tonne has been provided on the sales of SSP. Only those SSP manufacturers/marketers are eligible to claim the above-mentioned subsidy, who are able to produce 50% of their annual installed capacity or 40,000 Metric Tonne per annum. At present, 82 SSP manufacturing units are covered under the subsidy scheme having about 80 lakh Metric tonnes of annual installed capacity. The present utilization is not more than 37% of the annual installed capacity in the country. Except a few units, large number of SSP units have been running at very low capacity, putting their very viability under doubt and also giving rise to doubt on quality. SSP (16% P₂O₅) is considered an alternative to DAP and it is also a source of Sulphur (11%). The lower capacity utilization of SSP plants is a matter of concern for the Government. Accordingly, the basic idea behind the above mentioned criteria is to encourage the manufacturers and marketers to produce more so as to mitigate the demand of Phosphorus and Sulphur in the soil through the use of SSP in the country. Though the eligibility for subsidy on SSP is based on the above-mentioned criteria of capacity utilization/production, subsidy is provided to the SSP manufacturers on sales basis so that only that quantity of SSP may be given subsidy which has been purchased by the farmers for consumption for agriculture purposes.

(c) & (d): Yes, Madam. As narrated above, the basic aim behind these conditions is to encourage the production and sale of quality SSP in the country so as to mitigate the demand thereof and also to act as an alternative to DAP.

(e) & (f): At present Rs. 104 as freight is being paid to SSP manufacturers/ importers, which is included in the NBS @ Rs. 4400 per Metric Tonne.