

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

UNSTARRED QUESTION NO:670
ANSWERED ON:11.11.2010
DISTRIBUTION OF FERTILIZERS
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) the existing system of distribution of fertilizers to various States in the country;
- (b) whether the private sector is participating in this regard; and
- (c) if so, the details thereof?

Answer

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

(a): Urea is the only fertilizer under partial movement, distribution and statutory price control of Government of India. It is imported for direct agriculture use on Government account through State Trading Enterprises (STEs) i.e. MMTC, STC and IPL. The gap between the assessed requirement and indigenous production of Urea is met through imports. All other fertilizers viz. DAP, MOP, SSP and NPK etc. are decontrolled/ de-canalized since 1992 and are imported under Open General Licence

(OGL). The companies import these fertilizers as per the requirement projected by Department of Agriculture & Cooperation. Government is paying subsidy on these fertilizers under Nutrient Based Subsidy policy. Union Government monitors availability of fertilizers at State level and State Governments are responsible for further distribution within the State.

The criteria for distribution of fertilizers to all the states of the country during Kharif and Rabi seasons is to ensure that the availability of fertilizers is adequate to meet the requirement as assessed by Department of Agriculture & Cooperation (DAC), Government of India. With the aim of ensuring availability of fertilizer vis-à-vis requirement through out the country, Department of Fertilizer is taking various policy initiatives, some of which are:

- (i) Each state in consultation with the fertilizer suppliers is required to prepare monthly supply plan district wise within overall availability at state level for ensuring availability of fertilizers in all parts of the state;
- (ii) The movement of fertilizers is being monitored throughout the country by an on-line web based monitoring system (www.urvarak.co.in) also called as Fertiliser Monitoring System (FMS);
- (iii) As per provisions contained in para 4 of FCO, 1985 - Every dealer, who makes or offers to make a retail sale of any fertilizer, shall prominently display in his place of business - a list of price or rates of such fertilizers fixed under Clause 3 of FCO and for the time being in force;
- (iv) The state governments have been advised (i) to instruct the State Institutional agencies to coordinate with manufacturers and importers of fertilizers for streamlining the supplies (ii) to review the railway rake points in their states and take up the issues with the Railways for improvements, if any, required to ensure availability of fertilizers in every nook and corner of the State;
- (v) Under the NBS, 20% of the decontrolled fertilizers produced/imported in India will now be in the movement control under the Essential Commodities Act 1955(ECA). Department of Fertilizers will regulate the movement of these fertilizers to bridge the supplies in under-served areas. The State governments should accordingly put in place administrative and monitoring mechanism to take advantage of the same. The supply plan would continue to be monitored as at present.
- (vi) Under NBS, Fertilizer companies are required to print Maximum Retail Price (MRP) along with applicable subsidy on the fertilizer bags clearly. Any sale above the printed net retail price will be punishable under the EC Act; and
- (vii) All possible steps are taken by the Department of Fertilisers to match the availability of fertilizers with the assessed requirement.

(b) & (c): Yes, Madam. The annual installed capacity of Urea, DAP and NPK (complexes) fertilizers in private sector are at Annexed 'A' 'B' & 'C'.