

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

UNSTARRED QUESTION NO:2456

ANSWERED ON:10.03.2011

SUBSIDY ON FERTILIZERS

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

- (a) whether due to sharp increase in the international prices of fertilizers the burden of subsidy has increased during the last three years;
- (b) if so, whether the Government has formulated any scheme to increase subsidy on chemical fertilizers keeping in view the economic condition of the farmers;
- (c) if so, the details thereof;
- (d) the subsidy provided by the Government on these fertilizers during each of the last three years and the current year;
- (e) the manner in which the Government managed the extra burden during the said period;
- (f) the amount of expenditure incurred by the Government under this head during 2010-11; and
- (g) the funds allocated by the Government under this head for the financial year 2011-12?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SR1KANT KUMAR JENA)

(a) to (c) Department of Fertilizers is presently administering New Pricing Scheme for Urea as well as Nutrient Based Subsidy Policy in continuation of the erstwhile concession scheme for decontrolled Phosphatic & Potassic fertilizers w.e.f. 1.4.2010 (w.e.f. 1.5.2010 for SSP) in order to provide subsidized fertilizers to the farmers. 90% of the requirement of the Phosphatic & Potassic fertilizers and its inputs of the country is met through imports. Due to the sharp increase in the International prices of fertilizers, intermediates and inputs, the subsidy bill, which was Rs. 43319.16 crore during 2007-08 rose upto Rs. 99494.71 crore during 2008-09. The Subsidy Bill for 2009-10 was Rs. 64032.29 crore. The Revised Estimate for 2010-11 is Rs. 57840.73 crore. The Budget Estimate for 2010-11 is Rs. 53589.87 crore. The Government has introduced the above-mentioned Nutrient Based Subsidy Policy w.e.f. 1.4.2010, the detail of which is at Annexure-I. Since, upto 31st March 2010, MRPs of fertilizers were unchanged, the burden of increase in cost was absorbed in subsidy. With effect from 1.4.2010, the NBS policy for P&K has been introduced and MRPs of P&K fertilizers have been left open. However, the NBS is being fixed in such a manner that MRPs are not allowed to increase substantially.

(d) to (g) A statement showing the amount of subsidy provided by the Government on Urea and Phosphatic & Potassic fertilizers during 2008-09 to 2010-11 and the Budget Estimate for 2011-12 is as per Annexure-II.