

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

UNSTARRED QUESTION NO:3743
ANSWERED ON:25.08.2011
FERTILIZER POLICY
Das Gupta Shri Gurudas

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

(a) whether recent reports have indicated that the Government's fertilizer policy has failed to increase the domestic production and to make available high quality product to the Indian farmers; and

(b) if so, the details thereof and the Government's thereto?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION
AND MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a) & (b): The CAG report on performance audit of fertilizer subsidy has observed that the production of fertilizers has increased only marginally and the changes in the subsidy regime, including NPS stages I to III have failed to incentivize increase in domestic production of fertilizers and capacity addition.

The New Pricing Scheme (NPS) was introduced to encourage efficiency parameters, use of most efficient feedstock and state-of-art technology, ensure viable rate of return within the above parameters, introduce greater transparency/simplification and induce urea units to undertake cost-cutting measures on their own to be competitive. Therefore the aim of change in subsidy policy from RPS to NPS was not capacity addition and incentivize urea production. To increase domestic production of urea and capacity of urea units, the Government has announced a separate policy/scheme for new investment in urea sector and off take of urea from joint venture abroad on 4th September 2008 which is aimed at revamp, expansion, revival of existing urea units and setting up of Greenfield/Brownfield projects.