

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

UNSTARRED QUESTION NO:3880
ANSWERED ON:25.08.2011
DISTRIBUTION OF SUBSIDIZED FERTILIZERS
Swamygowda Shri N Cheluvaraya Swamy

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

- (a) whether the Government proposes to review its policy for distribution of subsidized fertilizers keeping in view the problems faced by the small and marginal farmers in the country;
- (b) if so, the details thereof; and
- (c) the time by which the said policy is likely to be introduced?

Answer

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

(a) to (c): Urea is the only fertilizer which is under partial movement and distribution control of the Government. All other fertilizers viz. DAP, MOP, SSP and NPK etc. are decontrolled/ de-canalized since 1992. The availability of decontrolled fertilizers is decided by the market forces of demand and supply. Union Government monitors availability of fertilizers at State level and State Governments are responsible for its tie-up with the manufacturers & importers and further distribution within the State. The State-wise demand (Requirement) and supply (Availability) of major fertilizers namely Urea, DAP, MOP and Complex fertilizers during the current year 2011-12 (April'11 to July'11) is Annex – at 'A'.

Further, the following steps are being taken to make adequate availability of fertilizers in the country:

- i) The movement of all major subsidized 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);
- ii) The gap between requirement and indigenous availability of Urea is met through imports;
- iii) The state governments have been advised to instruct the State Institutional agencies to coordinate with manufacturers and importers of fertilizers for streamlining the supplies;
- iv) The Government has introduced Nutrient Based Subsidy (NBS) Policy in respect of Phosphatic & Potassic fertilizers w.e.f. 1.4.2010. Under the NBS, State Governments have to play more proactive role to co-ordinate with the manufacturers/importers to tie up supplies of fertilizers as per the requirement of states;
- v) Department of Fertilizers and Department of Agriculture & Cooperation are jointly reviewing fertilizer availability with State Agriculture department through Video Conferences every week. The corrective actions, if required, are taken immediately to avoid any hardships to farmers;
- 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.;
- vii) Department of Fertilisers is having constant interaction with Ministry of Petroleum & Natural Gas, GAIL and other prospective suppliers of NG/LNG so that gas requirement of the fertilizers industry is met;
- viii) Government is always encouraging production of urea in the country to achieve self-sufficiency. The Government has announced a new policy on 4th September, 2008 to attract new investments. The policy is based on import Parity Price (IPP) benchmark with suitable floor & ceiling prices aiming to revamp, expansion, revival of existing urea units and setting up of Greenfield projects. The country is almost fully dependent on imports to meet the requirements of phosphatic and potassic fertilizers. Government has taken initiatives to encourage indigenous production in P&K sector by allowing import parity price to the indigenous manufacturers of DAP. Government has also reduced the custom duty on phosphoric acid from 5% to 2% to enable indigenous manufacturers of P&K fertilizers to acquire this important input at reasonable price. Government is also encouraging private sector and public sector companies to explore the possibilities for joint ventures abroad to ensure uninterrupted supply of fertilizers inputs to P&K sector; and
- ix) All possible steps are taken by the Department of Fertilisers to match the availability of fertilizers with the assessed requirement.