

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

UNSTARRED QUESTION NO:133
ANSWERED ON:02.07.2009
EXPENDITURE ON SUBSIDY TO FARMERS
Singh Dr. Raghuvansh Prasad

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

- (a) the expenditure of the government on subsidy for the production, sale of fertilizers and its supply to the farmers; and
(b) the measures taken by the Government to reduce the expenditure on subsidy and to ensure that farmers get the benefits of subsidy ?

Answer

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

(a) The expenditure on fertilizer subsidy for the last three years is as below:

(Rs. In Crore)
Item Amount of Subsidy (Gross) disbursed

2006-07 2007-08 2008-09

Imported Urea 5071.06 9934.99 12971.18

Indigenous Urea
Cash 12650.37 12950.37 17968.74

Bonds - 3500.00 3000.00

Imported P&K
Cash 3649.95 5100.00 23847.69

Bonds - 1500.00 8750.00

Indigenous P&K
Cash 6648.16 7833.80 24707.10

Bonds - 2500.00 8250.00

Total 28019.54 43319.16 99494.71

Further, in the current year, the estimated requirement of fertilizer subsidy has been assessed at Rs.77,425.19 crore.(gross)

(b) The increase in expenditure on subsidy is mainly due to the increase in international prices of fertilizer inputs and finished fertilizers over the last few years.

The Government is encouraging investments by Indian entities in joint venture projects abroad in fertilizer sector, so as to ensure future supplies of fertilizer inputs and finished fertilizers, and also to insulate these supplies from the volatilities of international prices. Government is also encouraging conversion of all non-gas based units to gas, in order to encourage efficiency of production and reduce subsidy outgo. The fertilizer sector has been accorded highest priority in allocation of Natural gas from KG Basin, and existing shortfall in supply of gas to urea units has been completely met from the supplies from KG Basin. This has led to substitution of Naphtha by natural gas in gas based urea units, leading to an expected savings in subsidy of approximately Rs. 3000 Crore in 2009-10.

Under the current fertilizer subsidy regime, the farmers are getting the benefits of the subsidy in the form of subsidized MRPs, which are much below the normative cost of production / import and delivery of fertilizers at farm level.