

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

UNSTARRED QUESTION NO:722
ANSWERED ON:09.07.2009
BENEFIT OF SUBSIDY TO FARMERS
Swamygowda Shri N Cheluvarya Swamy

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

- (a) whether only big farmers are getting the benefit of the present fertilizers grant and small farmers are comparatively deprived of its benefit;
- (b) if so, whether basically the fertilizers manufacturers are getting the benefits of the existing system of grant for fertilizers;
- (c) if so, the details thereof;
- (d) whether the Twelfth Finance Commission has recommended for change in this procedure; and
- (e) if so, the time by which a final decision is likely to be taken by the Government in this regard?

Answer

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

(a) Fertilizer subsidy is the difference between the normated delivered cost of fertilizers and the notified Maximum Retail Price (MRP) at which they are required to be sold to the farmers. The Fertilizer subsidy is transferred to the farmers in the form of subsidized MPRs which are much lower than the delivered cost of subsidized fertilizers at farm-gate level. The fertilizer subsidy is administered through manufacturers/importers, which is released to them on receipt of subsidized fertilizers in the districts. Currently, all farmers irrespective of farm holding size are getting subsidized fertilizers notified under the subsidy regime.

(b) No, Madam.

(c) In view of (b) above question does not arise.

(d) & (e) The Twelfth Finance Commission has indicated a need to develop an alternative instrument for release of fertilizer subsidy. To ensure balanced application of fertilizers, the Government intends to move towards a nutrient based subsidy regime instead of the current product pricing regime. However, the modalities of same are yet to be finalized.