

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

UNSTARRED QUESTION NO:3483
ANSWERED ON:15.12.2011
SUBSIDY TO FERTILIZER COMPANIES
Jawale Shri Haribhau Madhav;Pandey Shri Ravindra Kumar

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

- (a) the details of subsidy extended to the fertilizer companies in the country in general and Maharashtra in particular during the last three years;
- (b) whether the production of fertilizers has improved during the same period;
- (c) if so, the details thereof;
- (d) if not, the reasons therefor; and
- (e) the steps taken by the Government to promote the competition among the fertilizer companies in order to increase the efficiency of these units and to rationalize the subsidy system.

Answer

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

a) : Details of subsidy extended to the fertilizer companies during the last 3 years are given below:-

YEAR	INDIGENEOUS P & K# UREA	IMPORTED P & K UREA	IMPORTED	INDIGENEOUS	TOTAL
2008-09	32957.10	12971.38	32597.50	20968.74	99494.72
2009-10	16000.00	6999.63	23452.06	17580.25	64031.94
2010-11	20650.00	9255.95	20850.00	15080.73	65836.68

P & K means Phosphatic and Potassic Fertilizers.

Details of subsidy on quantity of P & K fertilizers received/sold in Maharashtra during the last three years are given below:

(Rs. In Crores)

YEAR	INDIGENEOUS P & K	IMPORTED P & K	TOTAL
2008-09	4439.00	3730.42	8169.42
2009-10	2368.99	2059.19	4428.18
2010-11	3735.91	2815.73	6551.64

(b) & (c): The production of fertilizers (Urea, DAP, Complexes and SSP) has improved during the last three years. Details of production of all fertilizers for the years 2008-09 to 2010-11 are given below:

YEAR	PRODUCTION (IN LMT)
2008-09	331.48

2009-10 368.22

2010-11 376.25

(d): Question does not arise.

(e) Government of India has introduced Nutrient Based Subsidy (NBS) Policy w.e.f. 1.4.2010 replacing the erstwhile concession scheme for decontrolled P&K fertilizers. Prior to 1.4.2010, the MRPs of the P&K fertilizers was fixed by the Government below the actual cost and the difference between the normative cost and the MRPs was reimbursed by the Government to the manufacturers/importers in the form of subsidy. Under the NBS Policy, the MRPs of the P&K fertilizers has been left open to be fixed by the manufacturers/importers and the amount of subsidy is fixed in terms of the nutrients of Nitrogen 'N', Phosphate 'P', Potash 'K' and Sulphur 'S' on annual basis. Accordingly, any increase/decrease in the prices of P&K fertilizers and its raw materials in the international market has a direct bearing on the MRPs of P&K fertilizers. This has resulted in competition among the fertilizers companies in order to increase the efficiency.

In case of Urea the subsidy is disbursed on the basis of cost plus New production through retention of savings on energy efficiency by the companies.