

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

UNSTARRED QUESTION NO:1772

ANSWERED ON:01.12.2011

DISTRIBUTION OF FERTILIZERS

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

- (a) whether the fertilizers are not reaching the small farmers and powerful farmers are lifting the entire stock of fertilizers from the authorized shops in various States including Maharashtra;
- (b) if so, the details thereof;
- (c) whether the Union Government has issued instructions to the State Governments to ensure proper and equitable distribution of fertilizers in their States including Maharashtra;
- (d) if so, the steps taken/being taken by the Union Government in this regard; and
- (e) the steps initiated to check the discrepancies in the disbursal of urea in the country particularly in Haryana, Madhya Pradesh, West Bengal and Gujarat?

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 (d): 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 Phosphatic and Potassic fertilizers is decided by the market forces of demand and supply. Department of Fertilisers gives Statewise/monthwise supply plan indicated by manufacturers/importers of these fertilizers as per the requirement and ensures availability through the instrument of subsidy. The availability of these P&K 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 further distribution within the State. The State-wise demand (Requirement) and supply (Availability) of major fertilizers namely Urea, MOP and Phosphatic fertilisers (DAP+NPK) including Maharashtra during the current year 2011-12 (April '11 to October '12) is annexed at 'A'. As can be seen, the availability of urea is adequate. Similarly, the availability of phosphatic fertilisers i.e. DAP/NPK during the year 2011-12 (April '11 to October '11) has been adequate throughout the country. There is tightness in availability of MOP during current year. There is no viable source of Potash in the country as such the entire demand of MOP is met imports. During the current year upto the month of July, contracting for import of MOP not be materialized due to substantial increase of prices and cartelization by MOP produc the International market. The contracting of MOP took place only in the month of August., result, MOP availability for direct application as well as for indigenous production of Nf fertilizers is comfortable in Rabi '11-12. Department of Fertilizers is in continuous touch with officials of State Government of Maharashtra through weekly video conference.

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.

(e): Urea is the only fertilizer which is under partial movement and distribution control of the Government. No discrepancies in the distribution of urea in the country particularly in Haryana, Madhya Pradesh, West Bengal and Gujarat. The requirement and availability of urea in Haryana, Madhya Pradesh, West Bengal and Gujarat during the current year 2011-12 (April`11 to October`11) are as under:

(Qty.in `000 MTs)

2011-12 (April`11 to October`11)

Sl.No.	Fertilizer	State	Requirement	Availability
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1	UREA	Haryana	995.00	1022.81
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2		Madhya Pradesh	871.47	918.90
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3		West Bengal	595.00	589.73
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4		Gujarat	1310.00	1280.58
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As can be seen, the availability of urea is comfortable. Department of Fertilizers and Department of Agriculture & Cooperation are jointly reviewing fertilizer availability with State Agriculture department through Video Conferencing every week. The corrective actions, if required, are taken immediately to avoid any local shortages.