

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

UNSTARRED QUESTION NO:1445
ANSWERED ON:22.03.2012
FERTILIZER SUBSIDY
Reddy Shri Modugula Venugopala

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

- (a) whether Government is satisfied with the extant arrangements for administration of fertilizer subsidy under the subsidy regime ;
- (b) if not, the reasons therefor;
- (c) whether the Twelfth Finance Commission had recommended developing of an alternative instrument for release of fertilizer subsidy;
- (d) if so, the details thereof;
- (e) whether the recommendations of the Finance Commission has been accepted by the Government; and
- (f) if so, the steps taken by the Government to implement the same?

Answer

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

(a)&(b): Yes Madam, However various suggestions on further improvement have been considered from time to time. Implementation of the Nutrient Based Subsidy (NBS) Policy on decontrolled Phosphatic & Potassic fertilizers has been implemented with effect from 1st April, 2010. In terms of this policy, the subsidy on the nutrients 'N' - Nitrogen, 'P' - Phosphorus, 'K' - Potash and 'S' - Sulphur contents would be fixed on an annual basis. In addition to the fixed subsidy on above mentioned nutrients, there will be an additional per tonne subsidy for subsidized fertilizer carrying other secondary nutrients and micro nutrients in formulations approved under FCO 1985. The various options of subsidy regime in indigenously produced urea beyond the New Pricing Scheme (NPS)-III are under consideration of the Government.

(c) The Twelfth Finance Commission has, on the issue of fertilizer subsidy observed that "There is a clear need to develop and alternative instrument so that the volume of subsidy is small and its benefits are targeted better. The present mechanism needs to be phased out as soon as possible." (para 3.17) Chapter 3 of the Report. The Twelfth Finance Commission has however not given any specific recommendation regarding fertilizer subsidy.

(d),(e) & (f): In respect of Department it does not arise.