

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

UNSTARRED QUESTION NO:1517
ANSWERED ON:22.03.2012
REDUCTION IN SUBSIDY ON FERTILIZERS
Nagar Shri Surendra Singh

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

- (a) whether the Government has reduced subsidy on chemical fertilizers during the last three years;
- (b) if so, the details thereof;
- (c) whether 'small and marginal farmers' have been more affected due to this move;
- (d) if so, whether the already unprofitable agricultural works' will become more unprofitable through this step;
- (e) if so, the reaction of the Government thereto; and
- (f) the steps being taken by the Government in this regard?

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)to(f): No Madam. The subsidy on P&K fertilizers has not been reduced during the last three years. W.e.f. 1.4.2010, Department of Fertilizers is implementing the Nutrient Based Subsidy (NBS) Policy for decontrolled Phosphatic & Potassic (P&K) fertilizers under which the Government announces per Kg subsidy on nutrients namely nitrogen 'N', Phosphate 'P', Potash 'K' and Sulphur 'S' on annual basis. These rates are announced after taking into account all relevant factors including the expected international prices of P&K fertilizers, prevalent exchange rate, prevailing domestic prices of P&K fertilizers, inventory level etc. The approved rates for the year 2010-11 and 2011-12 are as under:

Year	P&K Fertilizers	Urea	Total
2008-09	65554.60	33940.12	99474.72
2009-10	39452.06	24579.88	64031.94
2010-11	41500.00	24336.68	65836.68

The subsidized MRP as a percentage of the total cost continues to remain in the same 25-40% even though the budgetary allocation of subsidy seems to have gone down because of lower cost of inputs for fertilizers in the international market. Therefore, 'small and marginal farmers' have not been affected due to this move since the fertilizer is bought by the farmer at subsidized rates with the subsidy reaching the farmer automatically.

(d)to(f): No Madam, there is no adverse impact of this step on unprofitable agricultural works. The Government in consultation with the fertilizer industry will make interventions in such a manner that the farm gate prices of non-urea fertilizers are, as far as possible, near to the current prices so that the farmers are not adversely affected. In case of Urea, the MRP is controlled by Government and is fixed at Rs. 5310/- PMT since August, 2010.