

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

UNSTARRED QUESTION NO:2993
ANSWERED ON:30.08.2012
FUNDS TO FERTILIZER MANUFACTURERS
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the funds provided to various fertilizer manufacturers under the Nutrient Based Subsidy scheme introduced in the country since 1st April, 2010 year-wise; and

(b) the effects of Nutrient based subsidy on the prices of fertilizers?

Answer

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

(a) : No fund is provided to any fertilizer manufacturer under the Nutrient Based Subsidy (NBS) policy. However, the Government provides subsidy on Phosphatic and Potassic (P&K) fertilizers to various manufacturers of P&K fertilizers under the NBS policy. The quantum of subsidy provided to P&K fertilizer manufacturers since April 2010 is as under:

Year Subsidy on P&K
fertilizers
(in Rs. Crore)

2010-11 41500.00
2011-12 36107.94
2012-13 (BE) 28576.12

(b) : Department of Fertilizers is implementing NBS Policy of P&K fertilizes w.e.f. 1.4.2010 under which a fixed amount of subsidy, decided on annual basis, is provided to fertilizers covered under the scheme depending upon its nutrient content. Under the NBS policy, prices of P&K fertilizers has been left open and manufacturer and importers of P&K fertilizers fix the Maximum Retail Prices of P&K fertilizers at reasonable level.

India is fully dependent on imports in Potash sector and to the extent of 90% in case of Phosphate sector in terms of either finished fertilizers or raw materials. Since subsidy is fixed, any rise or fall in international prices of P&K fertilizers and its inputs has same effect on the MRP of these fertilizers in the country. Further, variation in exchange rate also affects the delivered prices of these fertilizers in the country.