

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

UNSTARRED QUESTION NO:3038
ANSWERED ON:30.08.2012
REDUCTION IN SUBSIDY ON CHEMICAL FERTILIZERS
Anandan Shri K.Murugeshan

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

- (a) Whether it is a fact that excessive subsidies being given by the Government on chemical fertilizers is the cause of the sluggish economy;
- (b) if so, the details thereof;
- (c) whether the noted economist Amartya Sen also expressed the same and sought the Government to review the subsidy scheme for reduction to some extent possible; and
- (d) if so, the steps being taken by the Government in this regard ?

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) & (b): Farmers are supplied subsidized fertilizers with a view to provide fertilizer, a key input, at an affordable price. The difference between cost of production and retail price realized from the market, in case of Urea, is paid as subsidy on urea. A fixed amount of per tonne subsidy is paid on P&K fertilizers depending upon its nutrient contents. Therefore, the total amount of subsidy paid every year by the Govt. on chemical fertilizers depends upon cost of production as well as consumption of chemical fertilizer in the country by the farmers. The increased consumption of chemical fertilizers improves the agricultural production in the country and hence will boost the economy and cannot be the cause of sluggish economy.

(c) & (d): Government reviews the subsidy schemes from time to time with a view to rationalize the payment of subsidies including economizing the subsidies. The Government has already introduced a nutrient based subsidy policy in case of Phosphatic and Potassic fertilizers w.e.f. 01.04.2010.