

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

UNSTARRED QUESTION NO:3337
ANSWERED ON:13.12.2012
SETTING UP OF FERTILIZER FUND
Das Shri Khagen

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

- (a) whether the Working Group of the Planning Commission has recommended for setting up of a Fertilizer Fund with an amount of Rs.25,000 crores;
- (b) if so, the details thereof;
- (c) the aims and objectives of the proposed Fund; and
- (d) the other recommendations made by the Working Group with regard to import and shortage of fertilizers?

Answer

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

(a) to (c): No 'Fertilizer Fund' as such has been visualized.

(d) : Regarding import of fertilizers, the Working Group has indicated that since India is dependent on imported raw materials and intermediates for phosphatic and potassic (P&K) fertilizers and is devoid of any substantial economically exploitable reserves of P&K raw materials, sufficient supplies of raw materials and intermediates for P&K sector over a sustained period has to be ensured.

The Indian companies need to invest outside in the resources rich countries by way of joint ventures in new mining capacities, production of phosphoric acid, production of finished fertilizers, long term buy back arrangement with present suppliers etc. This will not only provide some control over the world resources but will also help in stabilising the international prices. In parallel, intensive Research and Development (R&D) to explore the possibility of extraction of inputs from other natural resources in the country like marine, land could be initiated specially for potash.

To overcome shortages of fertilizers, the Working Group has recommended that new investments need to be attracted to the special economic zones where fiscal benefits are provided to attract investments. Besides fiscal benefits, the fertilizer industry could be provided incentives as under:

- (i) Exemptions from various taxes, such as income tax, custom duties, central excise duties and service tax
- (ii) Viability gap funding for investments in new projects in India and abroad,
- (iii) Facilitating long term contracts for gas,
- (iv) Securitization of subsidy receivables to ensure regular cash flow.