

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

STARRED QUESTION NO:90
ANSWERED ON:29.11.2012
SUBSIDY ON FERTILIZERS
Kumar Shri Vishwa Mohan;Ram Shri Purnmasi

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

- (a) whether the farmers are getting the requisite benefit of subsidy on fertilizers;
- (b) if so, the facts thereof;
- (c) whether some fertilizer companies resort to tactics of gold plating i.e. indicating lower production capacity and on the basis of percentage production obtain huge subsidy;
- (d) if so, the details thereof and the action taken by the Government in this regard; and
- (e) the steps taken to ensure that the poor and marginal farmers get the maximum benefit of subsidy?

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 (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (e) OF LOK SABHA STARRED QUESTION NO.90 TO BE ANSWERED ON 29-11-2012 REGARDING SUBSIDY ON FERTILIZERS.

(a): Yes, Madam.

(b): Apart from Urea Government is providing subsidy on 21 grades of Phosphatic and Potassic (P&K) fertilizers as per the list annexed. The details of subsidy paid during last five years are as under:

In crores
Amount of subsidy disbursed on

Period P&K Fertilizers Urea All fertilizers

2007-08 16933.8 26385.36 43319.16

2008-09 65554.79 33939.92 99494.71

2009-10 39452.06 24580.23 64032.29

2010-11 41500 24336.68 65836.68

2011-12 36107.94 37683 73790.94

BE 2012-13 28576.12 37016.01 65592.13

Urea is provided to the farmers at MRP fixed by the Government. The difference between cost of delivered price of Urea and its MRP is paid by the Government as subsidy. In case of P&K fertilizers, the Government is implementing Nutrient Based Subsidy (NBS) Policy w.e.f. 1.4.2010. Under the policy, a fixed amount of subsidy decided on annual basis is provided to each grade of subsidized P&K fertilizers depending upon its nutrient content. Maximum Retail Prices (MRP) of P&K fertilizers is fixed by fertilizer companies.

(c) & (d): The production capacities of all the urea manufacturing units in the country had been reassessed by Fertilizer Industry Coordination Committee (FICC), an attached office of Department of Fertilizers and the same were notified with effect from April 2000. Subsidy is paid to the Urea Manufacturing units as per New Pricing Scheme (NPS-III) and New Investment Policy dated 4th September 2008, which do not provide any scope/incentive for gold plating.

(e): The subsidised fertilizer is made available to all farmers irrespective of their land holding.