

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

UNSTARRED QUESTION NO:1022
ANSWERED ON:29.11.2012
REVISION RATIONALISATION OF CURRENT SUBSIDY SYSTEM
Anuragi Shri Ghansyam ;Chaudhary Shri Jayant

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

- (a) whether the Government proposes to revise/rationalise the current subsidy system for fertilizers;
- (b) if so, the details thereof;
- (c) whether the Government also proposes to implement the recommendations of the Kelkar Committee report, especially on increasing the price of urea;
- (d) if so, the details thereof;
- (e) whether the low price of urea compared to P&K fertilizers is resulting in market distortions; and
- (f) if so, the steps being taken by the Government to prevent these imbalances?

Answer

THE 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) & (b): Yes, Madam. Formulation of policy for existing urea units beyond Stage III of New Pricing Scheme is under consideration of Government.

In respect of P & K fertilizers, the Government is implementing Nutrient Based Subsidy (NBS) Policy w.e.f. 1st April, 2010. Under the Policy, a fixed amount of subsidy decided on annual basis is provided on each grade of subsidized P&K fertilizers, depending upon its nutrient content. MRP of P&K fertilizers is fixed by the fertilizer companies. Since NBS Policy has been under implementation for last two and half years only and it is yet to stabilize and also a formal study is yet to be conducted on its impact, there is no proposal to revise the current subsidy policy on P&K fertilizers.

(c) & (d): The Kelkar Committee Report is under consideration of the Government and the Government has not yet taken a view on the report or on any of the recommendations.

(e) & (f): There is a tendency among the farmers to use more urea which is low priced compared to usage of P & K fertilizers. The actual consumption of various fertilizers in the current ongoing Rabi crop would be known only by the end of March 2013 when the Rabi Season comes to an end.