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**STANDING COMMITTEE ON
CHEMICALS AND FERTILIZERS
(2011-2012)**

FIFTEENTH LOK SABHA

**MINISTRY OF CHEMICALS AND FERTILIZERS
(DEPARTMENT OF FERTILIZERS)**

**PRODUCTION, DEMAND AND AVAILABILITY
OF FERTILIZERS AND ITS DISTRIBUTION**

TWENTY-EIGHTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2012/Sravana, 1934 (Saka)

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(DEPARTMENT OF FERTILIZERS)

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OF FERTILIZERS AND ITS DISTRIBUTION

Presented to Lok Sabha on 24.8.2012

Laid in Rajya Sabha on 28.8.2012



LOK SABHA SECRETARIAT
NEW DELHI

August, 2012/Sravana, 1934 (Saka)

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CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE (2009-2010)	(iii)
COMPOSITION OF THE COMMITTEE (2010-2011)	(v)
COMPOSITION OF THE COMMITTEE (2011-2012)	(vii)
INTRODUCTION	(ix)

REPORT

PART I

CHAPTER I	Introduction	1
CHAPTER II	Production of Fertilizers	3
	(i) Revamp/Production of Fertilizers	3
	(ii) Investment in Fertilizer Sector	8
	(iii) Production of Single Super Phosphate (SSP) Fertilizers	11
	(iv) Incentives for Fertilizer Production	13
	(v) Production of Bio-Fertilizers	14
	(vi) Nutrient Based Subsidy Policy	16
	(vii) Consumption Pattern of Fertilizers	16
	(viii) Joint Ventures (JVs)	23
CHAPTER III	Assessed Requirement and Availability of Fertilizers	25
	(i) Assessment of requirement of Urea, NPK, MOP and DAP	25
	(ii) Demand and availability of fertilizers	31
	(iii) Black-marketing and artificial scarcity	34
	(iv) Quality control of fertilizers	36
	(v) Import of fertilizers	37
CHAPTER IV	Movement of Fertilizers	43
	(i) Transportation	44
	(ii) Freight Rates	44
	(iii) Shortage of Railway Rakes	45
	(iv) Fertilizers Monitoring System (FMS)	45
	(i)	

PART-II

Observations/Recommendations	48
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ANNEXURES

A. Bio-fertilizer production in India during the period from 2008-09 to 2010-11	57
B. The statement indicating State-wise Consumption of Major Fertilizers during 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12	59
C. The State-wise cumulative requirement, cumulative availability during Kharif 2011	64
D. Total demand of fertilizers in country, total indigenous production and the quantity imported during 2007-08 to 2011-12	66
E. Cumulative availability of Fertilizers during the year 2008-09 to 2011-12	68
F. State-wise number of fertilizer samples analysed and found non-standard during 2009-10 and 2010-11	76

APPENDICES

I. Minutes of the Twentieth Sitting of the Standing Committee on Chemicals and Fertilizers (2009-10) held on 23.06.2010	80
II. Minutes of the First Sitting of the Standing Committee on Chemicals and Fertilizers (2010-11) held on 07.10.2010	84
III. Minutes of the Twelfth Sitting of the Standing Committee on Chemicals and Fertilizers (2010-11) held on 06.07.2011	87
IV. Minutes of the Fourteenth Sitting of the Standing Committee on Chemicals and Fertilizers (2010-11) held on 27.07.2010	91
V. Minutes of the Second Sitting of the Standing Committee on Chemicals and Fertilizers (2011-12) held on 21.10.2011	94
VI. Minutes of the Ninth Sitting of the Standing Committee on Chemicals and Fertilizers (2011-12) held on 19.07.2012	9716

COMPOSITION OF THE STANDING COMMITTEE ON
CHEMICALS AND FERTILIZERS (2009-2010)

[§]Shri Gopinath Munde—*Chairman*

MEMBERS

Lok Sabha

2. Smt. Susmita Bauri
3. Shri Prabhatsinh P. Chauhan
4. Shri K.D. Deshmukh
5. Shri Ganeshrao Nagorao Dudhgaonkar
6. Shri Madhu Koda
7. Shri N. Peethambara Kurup
8. Shri Baidyanath Prasad Mahato
9. Shri Ponnamp Prabhakar
10. Shri Ashok Kumar Rawat
11. Shri Suresh Kumar Shetkar
12. Shri Ajit Singh
13. Shri N. Chaluvarya Swamy
14. Shri Narendra Singh Tomar
- [&]15. Shri T.K.S. Elangovan
- [&]16. Shri Tapas Paul
- ^{**}17. Shri Udayanraje Bhonsle
- ^{*§}18. Shri Jagdambika Pal
- ^{*}19. Vacant
20. Vacant
21. Vacant

[§] Nominated *w.e.f.* 07.05.2010.

[&] Nominated *w.e.f.* 11.01.2010.

^{*} Consequent upon nomination to the Committee on Information Technology
Shri Tufani Saroj, MP (LS) ceased to be Member of the Committee *w.e.f.* 13.10.2009.

^{**} Nominated *w.e.f.* 26.02.2010.

^{*§} Nominated *w.e.f.* 04.08.2010.

Rajya Sabha

22. Shri Raghunandan Sharma
23. Dr. C.P. Thakur
24. Shri Brijlal Khabri
25. Shri A.A. Jinnah
26. Shri Biswajit Daimary
- **27. Prof. Anil Kumar Sahani
- ***28. Smt. Naznin Faruque
- #29. Vacant
- %30. Vacant
- =31. Vacant

** Nominated *w.e.f.* 26.02.2010.

*** Nominated *w.e.f.* 26.04.2010.

Vacancy arisen due to demise of Shri Mahendra Sahni, MP (RS) *w.e.f.* 6 November, 2009.

% Shri J.D. Seelam ceased to be Member of this Committee *w.e.f.* 21 June, 2010 after his retirement from Rajya Sabha.

= Shri Raj Mohinder Singh Majitha ceased to be Member of this Committee *w.e.f.* 4 July, 2010 after his retirement from Rajya Sabha.

COMPOSITION OF THE STANDING COMMITTEE ON
CHEMICALS AND FERTILIZERS (2010-2011)

Shri Gopinath Munde—*Chairman*

MEMBERS

Lok Sabha

2. Smt. Susmita Bauri
3. Shri Udayanraje Bhonsle
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5. Smt. Santosh Chowdhary
6. Shri K.D. Deshmukh
7. Adv. Ganeshrao Nagorao Dudhgaonkar
8. Shri T.K.S. Elangovan
9. Shri Madhu Koda
10. Shri N. Peethambara Kurup
11. Shri Baidyanath Prasad Mahato
12. Shri Jagdambika Pal
13. Shri Tapas Paul
14. Shri Ponnamp Prabhakar
15. Shri Ashok Kumar Rawat
16. Shri Suresh Kumar Shetkar
17. Shri Ajit Singh
18. Shri N. Chaluvarya Swamy
19. Shri Narendra Singh Tomar
- #20. Dr. Manda Jagannath
21. Vacant

Rajya Sabha

22. Shri Silvius Condpan
23. Smt. Naznin Faruque
24. Shri A.A. Jinnah

#Nominated *w.e.f.* 04.10.2010

25. Shri Brijlal Khabri
26. Prof. Anil Kumar Sahani
27. Shri Raghunandan Sharma
28. Dr. C.P. Thakur
- &29. Shri Parshottam Khodabhai Rupala
- &30. Shri Abani Roy
- &31. Shri Biswajit Daimary

&Nominated *w.e.f.* 21.09.2010

COMPOSITION OF THE STANDING COMMITTEE
ON CHEMICALS AND FERTILIZERS (2011-2012)

Shri Gopinath Munde — *Chairman*

MEMBERS

Lok Sabha

2. Shri Prabhatsinh Pratapsinh Chauhan
3. Shri K.D. Deshmukh
4. Smt. Paramjit Kaur Gulshan
5. Shri Yashbant N.S. Laguri
6. Shri Baidya Nath Prasad Mahato
7. Shri Sakti Mohan Malik
8. Shri O.S. Manian
9. Shri Kamlesh Paswan
10. Shri N. Peethambara Kurup
11. Shri Ponnamp Prabhakar
12. Shri Ashok Kumar Rawat
13. Shri Sivakumar *alias* Ritheesh
14. Shri Tufani Saroj
15. Shri Suresh Kumar Shetkar
16. Shri Raju Shetti
17. Shri Adagooru Viswanath
18. Shri Om Prakash Yadav
19. Vacant
20. Vacant
21. Vacant

Rajya Sabha

22. Shri Biswajit Daimary
23. Shrimati Naznin Faruque
24. Shri A.A. Jinnah
25. Shri Brijlal Khabri

26. Shri Parshottam Khodabhai Rupala
27. Shri Raghunandan Sharma
28. Dr. C.P. Thakur
- &29. Shri Dilipbhai Pandya
- ^30. Prof. Anil Kumar Sahani
- #31. Vacant

SECRETARIAT

- | | | |
|-------------------------|---|----------------------------|
| 1. Shri C.S. Joon | — | <i>Joint Secretary</i> |
| 2. Shri A.K. Srivastava | — | <i>Additional Director</i> |
| 3. Smt. Emma C. Barwa | — | <i>Under Secretary</i> |

&Nominated *w.e.f.* 17.09.2011.

^Nominated *w.e.f.* 04.05.2012.

#Vacancy arisen due to demise of Shri Silvius Condpan, MP (RS) *w.e.f.* 10 October, 2011.

INTRODUCTION

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2011-12) having been authorised by the Committee to present the Report on their behalf, present this Twenty-Eighth Report on 'Production, Demand and Availability of Fertilizers and its Distribution' of the Ministry of Chemicals and Fertilizers (Department of Fertilizers).

2. The subject 'Production, Demand and Availability of Fertilizers and its Distribution' was earlier taken by the erstwhile Committee of Chemicals and Fertilizers (2009-10) and (2010-11) for examination and report. Accordingly, the four sittings of the Committee were held on 23.06.2010, 07.10.2010, 06.07.2011 and 27.07.2011 during the tenure of their period to have a briefing on the subject and oral evidence of the representatives of Department of Fertilizers. As the examination of the subject remained inconclusive the subject was again taken up for examination and report by the Committee (2011-12) and accordingly a sitting was held on 21.10.2011 to take the oral evidence of the representatives of Department of Fertilizers once again.

3. The Committee considered and adopted the Report at their sitting held on 19th July, 2012.

4. The Committee express their thanks to the Officers of the Ministry of Chemicals and Fertilizers (Department of Fertilizers) and other Ministries/Departments for furnishing the material and other information, which they desired in connection with the examination of the subject 'Production, Demand and Availability of Fertilizers and its Distribution' and for giving evidence before the Committee.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI;
31 July, 2012

9 Sravana, 1934 (Saka)

GOPINATH MUNDE,
Chairman,
Standing Committee on
Chemicals and Fertilizers.

CHAPTER I

INTRODUCTION

Agriculture which accounts for one fifth of GDP, provides sustenance to two-thirds of our population. Besides, it provides crucial backward and forward linkages to the rest of the economy. Successive five-year plan have laid stress on self-sufficiency and self-reliance in foodgrains production and concerted efforts in this direction have resulted in substantial increase in agriculture production and productivity. This is clear from the fact that from a very modest level of 52 million MT in 1951-52, food grain production rose to about 235.88 million MT in 2010-11. In India's success in agriculture sector, not only in terms of meeting total requirement of foodgrains but also generating exportable surpluses the significant role played by chemical fertilizers is well recognized and established.

1.2 Keeping in view the vital role played by chemical fertilizers in the success of India's green revolution and consequent self-reliance in foodgrain production, the Government of India has been consistently pursuing policies conducive to increased availability and consumption of fertilizers in the country. As a result, the annual consumption of fertilizers in nutrient terms (N, P & K), has increased from 0.7 lakh MT in 1951-52 to 281.22 lakh MT 2010-11, while per hectare consumption of fertilizers, which was less than 1 Kg in 1951-52 has risen to the level of 144.14 Kg (estimated) in 2010-11.

1.3 As of now, the country has achieved near self-sufficiency in production capacity of urea with the result that India could substantially manage its requirement of nitrogenous fertilizers through the indigenous industry. Similarly, adequate indigenous capacity has been developed in respect of phosphatic fertilizers to meet domestic requirements. However, the raw materials and intermediates for the same are largely imported. As for potash (K) since there are no viable sources/reserves in the country, its entire requirement is met through imports.

1.4 The demand of fertilizers is assessed by the Department of Agriculture & Cooperation (DAC) in consultation with the State Agriculture Department before commencement of each agriculture season.

1.5 Urea is the only fertilizer which is under partial movement and distribution control of the Government of India. 50% of the indigenous production of Urea is regulated by issue of movement

orders to the manufacturers for dispatch to the States on month to month basis keeping in view the assessed requirement. The gap between the assessed requirement and the indigenous production of Urea is bridged through Urea imported on Government account.

1.6 All other fertilizers like DAP, MOP, SSP and NPK (complex) fertilizers are decontrolled/de-canalized since August, 1992. The availability of these fertilizers is decided by the market forces of demand and supply. However, as per Nutrient Based Subsidy (NBS) Policy with effect from 1st April, 2010, the 20% of the supplies of the decontrolled fertilizers (DAP, MOP and NPK) are under movement and distribution control of Department of Fertilizers (DoF) in order to severe difficult and inaccessible areas like J&K, Himachal Pradesh and North East regions.

1.7 Department of Fertilizers monitors the availability of major fertilizers like Urea, DAP, MOP and NPK at State Government level through Web-based Fertilizer Monitoring System (FMS). The distribution of fertilizers within the State is the responsibility of the State Government. State Agriculture Department gives district-wise supply plan to the suppliers of the fertilizers and is responsible for distribution within the State.

CHAPTER II

PRODUCTION OF FERTILIZERS

(i) Revamp/Production of Fertilizers

Out of three main nutrients namely nitrogen, phosphate and potash, (N,P&K) required for various crops, indigenous raw materials are available mainly for nitrogenous fertilizers. The Government's policy has hence aimed at achieving the maximum possible degree of self-sufficiency in the production of nitrogenous fertilizers based on utilization of indigenous feedstock.

2.2 The total demand of fertilizers in the country, total indigenous production and the quantity imported during last four years is as below:—

(in LMT)					
Sl. No.	Year	Product	Demand	Indigenous Production	Import
1.	2007-08	Urea	271.70	198.48	69.27
		DAP	89.21	42.15	29.78
		MOP	36.13	—	44.31
		NPK	87.40	58.49	—
2.	2008-09	Urea	281.33	198.99	56.66
		DAP	94.82	29.88	66.31
		MOP	37.85	—	43.46
		NPK	92.31	68.48	—
3.	2009-10	Urea	281.89	211.05	52.08
		DAP	106.98	42.45	60.02
		MOP	43.85	—	41.62
		NPK	87.73	82.28	—
4.	2010-11	Urea	290.79	218.79	66.09
		DAP	120.92	35.36	76.97
		MOP	47.80	—	45.00
		NPK	92.00	87.27	9.80

2.3 The requirement, production, import and availability of fertilizers during 2011-12 is as indicated below:—

Product	Requirement	Indigenous Production	Imports	Availability
Urea	305.00	221.00	90.00	311.00
DAP	126.15	36.00	64.00	100.00
MOP	48.26	—	32.00	32.00
NPK	107.36	90.00	28.00	118.00

(Page 7, Presentation 21.10.2011)

2.4 The Committee enquired about the reasons for the less indigenous production of fertilizers and increasing trend of imports and the steps taken by Department of Fertilizers to increase the indigenous production of fertilizers and reduction in imports of fertilizers. The Department of Fertilizers in their written reply have stated as under:—

“Annual production of urea in the year 2010-11 was at 218.81 Lakh Mt with a import of around 70 LMT. Thus Bulk of the Urea requirement is met through indigenous production. No new Urea plant has come after 1998 primarily due to non-availability of Natural Gas at pre-determined price. In order to facilitate new investments in the Urea sector, an Investment Policy was proposed by DoF based on the recommendation of Prof. Abhijit Sen, Member Planning Commission, which was notified on 4 September, 2008.

The fertilizer industry has responded positively to the new investment policy with most of the existing units have either completed their revamp or are currently implementing revamp projects in their units to increase the existing urea capacity. It is estimated that a total investment of more than Rs. 4000 crore shall be made for the revamp projects. Further many fertilizer companies have indicated their intention for expansion/Greenfield plant. In addition, there are proposals for revival of 8 closed urea units FCIL/HFCL. CCEA note for revival of these units has been submitted to the Cabinet for consideration.

Further, there have been certain developments with regard to the availability and pricing of natural gas in the country in last 18 months. The availability of natural gas as expected by the Sen Committee has not fructified. The estimated capital cost of new projects has also increased during the above period. In view

of above, there was a need to review the new investment policy of urea sector with the objective to address the issues mentioned above. DoF has thus proposed amendments to the Investment Policy of 2008.

The Group of Ministers (GoM) constituted to review the fertilizer policy had discussed the proposal submitted by DoF in the meeting held on 5 January, 2011. The GoM decided to constitute a Committee under Chairmanship of Dr. Saumitra Chaudhari, Member, Planning Commission with Secretary (Fertilizer), Secretary (Expenditure), Secretary (DAC) and Secretary (Petroleum) as members. The Committee will examine the issues relating to the Investment Policy and amendments proposed therein and make appropriate recommendations. The Committee constituted under the Chairmanship of Dr. Saumitra Chaudhari, Member, Planning Commission has submitted its report on 26.4.2011 on the proposal for Nutrient Based Subsidy in Urea sector.

Further, according to the reply given to unstarred question No.1482 dated 22.3.2012, the Department of Fertilizers have informed that the Group of Ministers (GoM) constituted to review the fertilizer policy, in its meeting held on 24th February, 2012, considered the proposal of the above Committee, suggestions of Department of Fertilizers and issue raised by the industry. GoM decided that the proposal for New Investment Policy - 2012 in urea sector suggested by the Committee under Dr. Saumitra Chaudhari, Member Planning Commission, as modified by the Department of Fertilizers, be placed before the Cabinet Committee on Economic Affairs (CCEA) subject to certain stipulations. The proposal is under consideration of Department of Fertilizers. Accordingly, a draft CCEA Note on New Investment Policy, 2012 has been prepared and circulated by the Department of Fertilizers on 26th June, 2012 for inter-ministerial consultation and comments. MoP&NG and Department of Agriculture have submitted their comments and the comments from other Ministry are still awaited.

Production of Phosphatic fertilizers is less than installed capacity due to constraints in availability of raw materials/intermediates which are substantially dependent on imports. Basic raw materials for the production of Phosphatic fertilizers *viz.* rock Phosphate and/or Phosphoric acid *i.e.* P₂O₅ are imported because of limited sources in the country. The tight position of availability in the international market, has created constraints leading to lower than the targeted production. However, all efforts are being made to improve the situation, including encouraging Indian companies to enter into Joint Ventures with foreign suppliers of raw materials to ensure smooth flow of raw materials into the country."

2.5 On being enquired about the proposals/measures to carry out the revamp/expansion of existing fertilizer plants to increase the production of indigenous fertilizers, the Department of Fertilizers in their written reply have stated as under:—

“The Government has notified on 4th September, 2008, a new investment policy for urea sector to attract the much required investment in this sector. The New Investment Policy aims at revamp, expansion, revival of existing urea units and setting up of Greenfield/Brownfield projects. The policy is likely to substantially bridge the gap in next five years between the consumption and domestic production subject to confirmed and adequate availability of gas at reasonable prices.

The fertilizer Industry has responded positively towards the New Investment Policy by initiating investment decision for revamp of existing capacities. The fertilizer units like IFFCO-Aonla - I & II, IFFCO-Phulpur - I & II, Chambal Fertilizers and Chemicals Limited (CFCL) - Gadepan - I&II, Nagarjuna Fertilizers and Chemicals Limited (NFCL) - Kakinada - I & II and the unit of Tata Chemicals Limited - Babrala have informed regarding availability of additional production of urea after revamp. Further, RCF, Thal; KRIBHCO-Hazira and NFL, Vijaipur have undertaken revamp of their units. The status of investment of revamp are as following:—

Name of Unit	Amount Rs. Crore	Pre-Revamp Production capacity (Urea) MT/day	Post revamp Production Capacity
Completed—			
Chambal Fertilizers & Chemicals Ltd.—Gadepan—I&II	445.87	5240	6100
IFFCO—Phulpur—I&II	335	4290	5145
IFFCO—Aonla—I&II		5240	6060
Tata Chemicals Ltd., Babrala	208	2620	3500
Indo-Gulf Fertilizers	141	2620	3250
Partially completed—			
KRIBHCO Shyam Fertilizer	80	2620	3000
NFCL—Kakinada—I&II	250	4090	4745
Under Revamp—			
RCF—Thal	488.75	5170	6060
NFL—Vijaipur—I&II	900	5240	6261
KRIBHCO- Hazira	1300	5240	6650

As regards expansion projects, six companies *viz.* IFFCO, KRIBHCO, Rashtriya Chemicals and Fertilizers Limited, Indo-Gulf Fertilizers Limited, TATA Chemicals Limited and Chambal Fertilizers and Chemicals Limited have proposed to undertake expansion of their units. However, these units have expressed concern regarding pricing and firm availability of gas before taking final investment decision to undertake expansion of their existing units or alternatively, suitable provisions be made in the New Investment Policy to link the floor prices with gas prices so that any increase in gas price won't impact the profitability of the units investing in urea sector under revamp or expansion. The Government is examining the proposal."

2.6 With regard to the issue of revival of fertilizers plant, the Secretary, Department of Fertilizers apprised the Committee as under:—

"One NFL plant and other plants have been completed and many public sector plants have not been able to complete because of non-availability of gas. To increase production, some public sector units, their revival plan has been submitted to the Cabinet. Real reason is that no investment come in this sector because of new investment policy that was formulated in 2008. Abhijit Sen Committee formulated new investment policy. Under that there was hope that substantial investments would come. For a new Greenfield urea plant, they are looking at Rs. 4,500 crore. So, major investments have to come. That policy unfortunately did not succeed largely because of the uncertainty regarding what is going to be the gas price. So, now Mr. Choudhary is again looking at this new investment policy because a nutrient-based policy for urea is under submission. So, he is yet to finalise the new investment policy. This is the reason why production has gone down. Besides that, to increase production which is captive to India — Joint Secretary just mentioned that we get 2 million tonnes every year from Oman — we are in the process of looking for gas internally. In fact, RCF is going to be doing a joint venture, if everything works out, with Indonesia. RCF is again planning to do a joint venture in Ghana where we are likely to get gas at a reasonable level. So, this is all for urea, and there are proposals also that India should acquire assets abroad. There is a mine which can look after India's requirement for hundred years. At the moment they are asking for twenty million dollars. That is a decision which will be taken at the highest level as to whether we would like to go in for these kinds of investments which China is doing in a big way. But some of these resources we do not even

have. We cannot produce DAP because we do not have the raw material. We have to import the phosphoric acid. If we import it, if international prices go up, the business risk is very high. The only thing we can do is domestically increase our urea production. That is because fertiliser has been given first priority and whatever new gas availability is there it will be given to fertiliser industry.”

2.7 He further added as under:—

“..... unfortunately, the process we have set up in this country for reviving a unit is lengthy. I was on the Board of National Textile Corporation. To revive the National Textile Corporation, I think, it has taken 25 years. We have set up this process which takes long. It has to go to the Ministry of Finance. They have to clean up the balance sheet; they have to write off the loans given earlier. They have to go to the BIFR which would call all the parties.

The Government has made up its mind. The reports are ready. It has submitted them to the Cabinet; it has circulated to the Cabinet. It would be taken up any time but there is a process which the Department cannot cut short. We have to go to the BIFR.”

2.8 As the availability of gas/feedstock plays an important role in the production of fertilizers, the Committee enquired about the availability of gas and in this regard Secretary, Department of Fertilizers during evidence replied as under:—

“....domestic gas price is cheaper, you can import LNG at 14\$ today and KGD-6 basic gas price is 4.2. So, if you pool the gas price, and normalise the price for all.... Still it will be cheaper or safer to import LNG than to import fertilizers because about urea, although we import seven MT or so, this year itself when there is volatility when we had imported for first time then 348\$ per tonne was paid. In the next tender, it went up to 497\$, 498\$. In the last tender, which we did is 548\$. So, the kind of price we are paying, actually with 14\$ gas imported price, we will be able to import cheaper than the international price.”

(ii) Investment in Fertilizers Sector

2.9 The Government has notified on 4th September, 2008 a new investment policy for urea sector to attract the much required investment in this sector. The policy is based on IPP benchmark and has been finalized in consultation with the industry.

2.10 In this regard, the Government propose to attract fresh investments in the fertilizer sector in the country so as to meet the growing demand of the agricultural sector. The Department of Fertilizers in their written reply have stated as under:—

“The Government has notified on 4th September 2008, a new investment policy for urea sector to attract the much required investment in this sector. The policy is based on IPP benchmark and has been finalized in consultation with the industry. The policy is expected to lead to savings to the Government in the form of availability of Urea at a price below IPP and will also lead to indirect savings by bringing down the import price due to reduction in imports. The New Investment Policy aims at revamp, expansion, revival of existing urea units and setting up of Greenfield/Brownfield projects. The policy is likely to substantially bridge the gap in next five years between the consumption and domestic production subject to confirmed and adequate availability of gas at reasonable prices.”

2.11 The salient features of the new investment policy are as under:—

1. The policy is based on Import Parity Price (IPP) benchmarked with suitable floor and ceiling prices of USD 250/MT and USD 425/MT respectively.
2. **Revamp project:** Any improvement in capacity of existing plants through investment upto Rs. 1000 crore, in the existing train of ammonia-urea production will be treated as revamp of existing units. The additional urea from the revamp of existing units will be recognized at 85% of IPP with the floor and ceiling price as indicated above.
3. **Expansion projects:** Setting up of a new ammonia-urea plant (a separate new ammonia-urea train) in the premises of the existing fertilizer plants, utilizing some of the common utilities will qualify for being treated as expansion project. The investment should exceed a minimum limit of Rs. 3000 crore. The urea from the expansion of existing units will be recognized at 90% of IPP, with the floor and ceiling price as indicated above.
4. **Revival/Brownfield projects:** The urea from the revived units of Hindustan Fertilizer Corporation Limited (HFCL) and Fertilizer Corporation of India Limited (FCIL) will be recognized at 95% of IPP with prescribed floor & ceiling price, if the revival of closed units takes place in public sector.

5. **Greenfield projects:** The pricing of Greenfield projects will be decided based on a bidding process which will be for a discount over IPP, after firming up of the location (States) of the proposed new plants.
6. **Gas transportation charges:** An additional gas transportation cost will be paid to units undertaking expansion and revival on the basis of actuals (upto 5.2 Gcal per MT of urea) as decided by the Regulator (Gas) subject to a maximum ceiling of USD 25 per MT of urea.
7. **Allocation of Gas:** Only non-APM gas will be considered for the new investment in urea sector.
8. **Coal gasification based Urea Projects:** The Coal gasification based urea projects will also be treated on par with a revival or a Greenfield project as the case may be. In addition, any other incentives or tax benefits as provided by Government for encouraging coal gasification technology will also be extended to these projects.
9. **Joint Ventures abroad:** The Joint Venture projects abroad in gas rich countries are also proposed to be encouraged through firm offtake contracts with pricing decided on the basis of prevailing market conditions and in mutual consultation with the joint venture company. However, the principle for deciding upon the maximum price will be the price achieved under Greenfield projects or 95% of IPP as proposed for revival projects (in absence of any Greenfield projects) with a cap of USD 405 CIF India per MT and a floor of USD 225 CIF India per MT (inclusive of handling and bagging costs).
10. **Time period for proposed investment policy:** Only those revamp projects which start production of additional capacities within four years of notification of the new policy would qualify for the dispensation recommended above. Similarly, production from expansion and revival (brownfield) units that come about within five years of notification of the new policy would qualify for dispensation provided in the policy. If the production does not come through within the stipulated time period, such brownfield projects will be treated similar to a Greenfield projects wherein price will be decided through limited bidding options. The time period for setting up of new Joint Ventures would also be five years under the new investment policy.

Impact of Investment Policy on Fertilizer Sector

The fertilizer Industry has responded positively towards the New Investment Policy by initiating investment decision for revamp of existing capacities. The fertilizer units like IFFCO-Aonla-I & II, IFFCO-Phulpur-I & II, Chambal Fertilizers and Chemicals Limited (CFCL)-Gadepan-I & II, Nagarjuna Fertilizers and Chemicals Limited (NFCL)-Kakinada-I & II and the unit of Tata Chemicals Limited - Babrala have informed regarding availability of additional production of urea after revamp. Further, RCF, Thal; KRIBHCO-Hazira and NFL, Vijaipur have undertaken revamp of their units.

As regards expansion projects, six companies *viz.* IFFCO, KRIBHCO, Rashtriya Chemicals and Fertilizers Limited, Indo-Gulf Fertilizers Limited, TATA Chemicals Limited and Chambal Fertilizers and Chemicals Limited have proposed to undertake expansion of their units. However, these units have expressed concern regarding pricing and firm availability of gas before taking final investment decision to undertake expansion of their existing units.

As regards, gas based new plants, intimation has been received from M/s. Matrix Group Company, Mumbai for setting up of a Greenfield Gas Based Ammonia-Urea project in Burdwan District, West Bengal; Gujarat State Fertilizers & Chemicals Limited (GSFC) is contemplating to put up a Greenfield integrated complex at Dahej-II Industrial area, Gujarat; M/s. Zauri Industries Limited has taken decision to put up a Greenfield gas based fertilizer plant in Karnataka; Duncan Industries has proposed to set up a new plant and M/s. Oswal Chemicals & Fertilizer Limited is also interested in setting up of a Greenfields Ammonia urea Complex in the coastal area of Andhra Pradesh.

In the absence of firm price and availability of gas, a proposal for amendments in the New Investment Policy is under consideration of Department of Fertilizers.”

(iii) Production of Single Super Phosphate (SSP) Fertilizers

2.12 Single Super Phosphate (SSP) is a major source of 'P' in the country and is used as an alternative to DAP. Upto 30.4.2008, Government of India provided *ad hoc* lump-sum subsidy for SSP. Considering the increasing cost of production; Government has announced revised Concession Scheme for SSP *w.e.f.* 1.5.2008 upto

30.9.2009 according to which the manufacturers were required to sell SSP at All India Uniform MRP of Rs. 3400/- per MT. As a result of the Revised SSP policy, its production and availability has increased.

2.13 Further according to the Annual Report (2010-11) the paucity of domestic raw material has been a constraint in the attainment of self-sufficiency in the country. Indigenous rock phosphate supplies meet only 5-10% of the total requirement of P_2O_5 . A policy has therefore been adopted which involves mix of the three options, *viz.*, domestic production based on indigenous/imported rock phosphate, imported sulphur and ammonia; domestic production based on indigenous/imported intermediates, *viz.* ammonia and phosphoric acid; and third import of finished fertilizers. During 2009-10 roughly 72% of the requirement of phosphatic fertilizers was met through the first two options.

2.14 In the absence of commercially exploitable potash sources in the country, the entire demand of potassic fertilizers for direct application as well as for production of complex fertilizers is met through imports.

2.15 The Committee in this regard further enquired whether Department of Fertilizers has issued any guidelines for enhancement in production and procurement of SSP. The Department of Fertilizers in their written reply have stated as under:—

“(a) Department of Fertilizers introduced revised Concession Scheme for Single Super Phosphate (SSP), which continued from 1.5.2008 to 30.9.2009. As per this policy, uniform all India MRP of Single Super Phosphate (SSP) was fixed at Rs. 3400 Per Metric Tonne (PMT). The manufacturers were also allowed to charge additional Rs. 400 PMT for granulated SSP over the MRP of Rs. 3400 PMT. The manufacturers/marketeers were allowed to charge additional 10% of MRP of SSP for boronated SSP. Government of India decided to provide separate rate of concession for SSP manufactured based on indigenous and imported Rock Phosphate alongwith sulphur. Base rates of concession for SSP was announced initially which were finalised month-wise on the basis of prices of imported and indigenous Rock Phosphate and imported sulphur. The monthly final rates were escalated and deescalated based on the prescribed policy and procedure approved by the Government. The manufacturers/marketeers were allowed to receive 85% ‘On

Account' payment of concession on sale of SSP in prescribed Proforma 'A' duly signed by the authorized signatory as well as Statutory Auditor of the Company. The balance 15% payment was settled based on the certification of sales issued by the State Government wherein the SSP was sold.

- (b) Department of Fertilizers introduced *ad hoc* concession for Single Super Phosphate (SSP) with effect from 1.10.2009, which continued upto 30.4.2010. As per this policy, the Government of India decided to leave the MRP of the SSP open instead of the indicated all India MRP of Rs. 3400 PMT for Powdered SSP. The Government released *ad hoc* concession of Rs. 2000 PMT to the manufacturers/marketeers with effect from 1.10.2009. The procedure of releasing 'On Account' and balance payment of concession continued as previously subject to the manufactures were required to produce quality certificate month-wise issued by the State Government of the State where the units are located. Only those units were allowed to claim concession, which could produce 50% of the annual installed capacity or 40000 MTs per annum, whichever lower.
- (c) Department of Fertilizers introduced Nutrient Based Subsidy policy for Single Super Phosphate with effect from 1.5.2010. Accordingly, subsidy for an amount of Rs. 4400 PMT has been fixed for SSP based on per kg. NBS for nutrient Phosphate 'P' and Sulphur 'S' for 2010-11 with effect from 1.5.2010. An additional per MT subsidy for SSP fortified with Boron @ Rs. 300 and with Zinc @ Rs. 500 has been allowed. SSP is being sold at MRP of Rs. 3200 PMT. The 'On Account' and Balance payment of subsidy is based on the sale of fertilizers. The manufactures are required to produce quality certificate month-wise issued by the State Government of the State where the units are located. Only those units have been allowed to claim NBS, which can produce 50% of the annual installed capacity or 40000 MTs per annum, whichever lower. Department of Fertilizers has also announced Nutrient Based Subsidy Policy for SSP for 2011-12, whereby subsidy for an amount of Rs. 3378 PMT has been announced. In addition to the Nutrient Based Subsidy for SSP, a lumpsum freight of Rs. 200 PMT shall be provided *w.e.f.* 1.1.2011."

(iv) Incentives for Fertilizer Production

2.16 The Committee further enquired about the details of the proposal of incentives of the additional production of fertilizers in the country and time by which the proposal is likely to be finalized and

implemented. The Department of Fertilizers in their written reply have stated as under:—

“The Government has notified on 8th March 2007, a policy for Stage-III of New Pricing Scheme for urea manufacturing units. This policy was effective from 1st October 2006 to 31st March, 2010. The provisions of this policy has been further extended with effect from 1st April, 2010 until further orders. The policy has provisions for incentives for additional urea production. These are:—

- (i) No permission will be required from the Government for production beyond 100% of re-assessed urea capacity of the unit.
- (ii) All production between 100% and 110% of the existing reassessed capacity, if so required by the Government as per the approved production plan will be incentivized on the existing net gain sharing formula between the Government and the unit in the ratio of 65:35 respectively with the proviso that the total amount paid to the units, after including the component of variable cost will be capped at the unit's own concession rate.
- (iii) Units increasing production beyond 110% may be compensated at their concession rate, subject to the overall cap of IPP.

In addition to above, the Government has notified on 4th September 2008, a new investment policy for urea sector to attract the much required investment in this sector. The policy is based on IPP benchmark. The additional production of urea for revamp project under the new investment policy is being recognized at prescribed limit of IPP wherein once the total production of unit crosses 105% of the cut off quantity or 110% of reassessed capacity whichever is higher.”

(v) Production of Bio-fertilizers

2.17 The Committee were informed about the production of Bio-fertilizers in the country as bio-fertilizers have tremendous utility in promoting agricultural production as they are eco-friendly and cost effective fertilizers. Different types of training and field demonstrations are conducted under Central Sector Scheme ‘National Project on Organic Farming’ to promote use of bio-fertilizers.

2.18 The Committee in this regard enquired about the details regarding the study made by the Department of Fertilizers about the production of bio-fertilizers in the country. The Department of Fertilizers in their written reply have stated as under:—

“The issues relating to production of bio-fertilizers and organic fertilizers etc. are dealt by Department of Agriculture & Co-operation (DAC). Department of Fertilizers deals with issues relating to chemicals fertilizers only. No study has been made by DOF about production of bio-fertilizers as the subject matter pertains to DAC.”

Production of bio-fertilizers during the last three years is given below:

Year	Production of Bio-Fertilizers (in Tonnes)
2007-08	20111.05
2008-09	25065.03
2009-10	20040.35
2010-11	37997.61

2.19 The Committee also enquired about the steps being seen by the Department of Fertilizers to encourage farmers to use organic manures alongwith bio-fertilizers. The Department of Fertilizers in their written reply have stated as under:—

“DAC has following schemes to promote use of organic fertilizers as well as bio-fertilizers and setting up of manufacturing units for bio-fertilizers:—

- (i) National Project on Management of Soil Health and Fertility.
- (ii) National Project on Organic Farming.
- (iii) Scheme for Establishment of Bio-fertilizers Units.
- (iv) National Food Security Mission.

Fertilizer manufacturing units as part of their education programme to promote the use of bio-fertilizers as well as organic manure, organize various activities such as field demonstration, farm/village adoption, kisaan melas and transfer of technology through expert advice.

Department of Fertilizers has asked all the fertilizer manufacturing units to avail the facilities available under the above mentioned Programmes for setting up of manufacturing units of bio-fertilizers as well as organic manure and help in promoting use of organic manure and bio-fertilizers.

DOF has also requested chemical fertilizer manufacturing units to tie-up with compost manufacturing units for marketing of the compost manufactured from municipal solid waste generated in various cities.

DOF has also asked chemical fertilizer companies to co-market organic manure along with chemical fertilizers with a view to improve supply of organic manure.”

(vi) Consumption Pattern of Fertilizers

2.20 During the examination of the subject the Committee enquired about the consumption pattern of different fertilizers in the different regions of the country. The Department of Fertilizers in their written reply have stated as under:—

“The statement indicating State-wise consumption of major fertilizer during 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 is enclosed at Annexure B. Department of Agriculture and Co-operation assesses the requirement of fertilizers in Zonal Conferences on Agricultural Inputs organized before commencement of each cropping season through interactions with representatives of State Governments, Lead fertilizer suppliers to the States, Fertilizer Association of India and Department of Fertilizers. The availability of fertilizer is monitored on weekly basis through video conferences, shortage of fertilizers, if any reported from any parts of the country, is sorted out immediately. Further, it may be mentioned that under the Fertilizer (Control) Order, the State Governments are adequately empowered to take steps in case of sale of non-standard fertilizer. If any complaint received from the farmer or from any other source regarding sale of non-standard fertilizer, the Central Government in general direct the State Government to hold an enquiry in the matter. The Central Government occasionally send the Central Team in States to check the quality of fertilizer.”

(vii) Nutrient Based Subsidy Policy

2.21 Department of Fertilizers in their written note have informed the Committee that Department of Fertilizers is administering Nutrient Based Subsidy Policy (NBS) for decontrolled P&K fertilizers and New Pricing Scheme for urea whereby the farmers are provided fertilizers at the affordable prices. They have further elaborated as under:—

“In the context of the Nation’s food security, the declining response of agricultural productivity to increased fertilizer usage in the country and to ensure the balanced application of fertilizers, the

Government introduced the Nutrient Based Subsidy (NBS) Policy *w.e.f.* 1.4.2010 for decontrolled Phosphatic and Potassic (P&K) fertilizers (*w.e.f.* 1.5.2010 for SSP). The details of Nutrient Based Subsidy Policy are as under:—

- (i) NBS is applicable for Di-Ammonium Phosphate (DAP, 18-46-0), Muriate of Potash (MOP), Mono Ammonium Phosphate (MAP, 11-52-0), Triple Super Phosphate (TSP, 0-46-0), 12 grades of complex fertilizers and Ammonium Sulphate [AS—(Caprolactum grade by GSFC and FACT)], which were covered under the earlier Concession Scheme for Phosphatic and Potassic (P&K) fertilizers up to 31st March 2010 and Single Super Phosphate (SSP). Primary nutrients, namely Nitrogen 'N', Phosphate 'P' and Potash 'K' and nutrient Sulphur 'S' contained in the fertilizers mentioned above are eligible for NBS.
- (ii) Any variant of the fertilizers mentioned above with secondary and micro-nutrients (except Sulphur 'S'), as provided for under FCO, is also eligible for subsidy. The secondary and micro-nutrients (except 'S') in such fertilizers attracts a separate per tonne subsidy to encourage their application along with primary nutrients.
- (iii) An Inter-Ministerial Committee (IMC) has been constituted with Secretary (Fertilizers) as Chairperson and Joint Secretary level representatives of Department of Agriculture & Cooperation (DAC), Department of Expenditure (DOE), Planning Commission and Department of Agricultural Research and Education (DARE). This Committee recommends per nutrient subsidy for 'N', 'P', 'K' and 'S' before the start of the financial year for decision by the Government (Department of Fertilizers). The IMC also recommends a per tonne additional subsidy on fortified subsidized fertilizers carrying secondary (other than 'S') and micro-nutrients. The Committee considers and recommends inclusion of new fertilizers under the subsidy regime based on application of manufacturers/importers and its need appraisal by the Indian Council for Agricultural Research (ICAR), for decision by the Government.
- (iv) NBS to be paid annually on each nutrient namely, 'N', 'P', 'K' and 'S' has been decided by the Government for 2010-11 on recommendation of IMC. For 2010-11, per kg NBS and per tonne NBS for each subsidized fertilizer *w.e.f.* 1st April 2010 has been announced.

- (v) Distribution and movement of fertilizers along with import of finished fertilizers, fertilizer inputs and production by indigenous units continues to be monitored through the online web based "Fertilizer Monitoring System (FMS)" as being done under the outgoing Concession Scheme for P&K fertilizers.
- (vi) 20% of the price decontrolled fertilizers produced/imported in India is now in the movement control under the Essential Commodities Act, 1955 (ECA). Department of Fertilizers will regulate the movement of these fertilizers to bridge the supplies in under-served areas.
- (vii) In addition to NBS, freight for the movement and distribution of the decontrolled fertilizers by rail and road is being provided to enable wider availability of fertilizers in the country.
- (viii) Import of all the subsidized P&K fertilizers, including 13 grades of complex fertilizers has been placed under Open General License (OGL). Earlier, no concession was available for imported complex fertilizers. Now, NBS is available for imported complex fertilizers also. However, subsidy will not be applicable on imported Ammonium Sulphate (AS), as NBS is applicable only to Ammonium Sulphate produced by FACT and GSFC, both Public Sector entities. Import of Urea is canalized during the first phase of NBS Policy and Urea continues under Government control. MRP of Urea has been increased by 10% *w.e.f.* 1.4.2010 and is Rs. 5310 PMT.
- (ix) Though the market price of subsidized fertilizers, except Urea is determined based on demand-supply balance, the fertilizer companies are required to print Maximum Retail Price (MRP) along with applicable subsidy on the fertilizer bags clearly. Any sale above the printed net MRP is punishable under the EC Act.
- (x) Manufacturers of customized fertilizers and mixture fertilizers are eligible to source subsidized fertilizers from the manufacturers/importers after their receipt in the districts as inputs for manufacturing customized fertilizers and mixture fertilizers for agricultural purpose. There is no separate subsidy on sale of customized fertilizers and mixture fertilizers.
- (xi) A separate additional subsidy is provided to the indigenous manufacturers producing complex fertilizers using Naphtha based captive Ammonia to compensate for the higher cost

of production of 'N'. However, this will be for a maximum period of two years during which the units will have to convert to gas or use imported Ammonia. The quantum of additional subsidy will be finalized by Department of Fertilizers in consultation with DOE, based on study and recommendations by the Tariff Commission.

- (xii) The NBS is being released through the industry during the first phase. The payment of NBS to the manufacturers/importers of DAP/MOP/Complex Fertilizers/MAP/TSP, SSP and AS is released as per the procedure notified by the Department.

The payment of subsidy for SSP is contingent on the manufacturer/ marketer certifying that 'Quality Certified' stamp has been put on each bag of SSP. The State Government in which the SSP units are located are required to certify the quality of the SSP produced by the plant located in the State. The Nutrient Based Subsidy for SSP is provided to those eligible SSP units only, which have either annual capacity utilization of at least 50% or annual production of 40,000 MTs of SSP. Projects & Development India Limited (PDIL), a PSU under Department of Fertilizers having technical expertise, is employed to carry out inspection of SSP units at Six monthly intervals. PDIL carry out inspection with regard to quality, input-out put, consumption, efficiency, preparedness of laboratory and other technical parameters to ascertain quality of SSP. The Department is also planning to employ an accredited agency for third party inspection of SSP quality and retail prices at the production site as well as at the whole sale/retail points. The SSP units have entered into an MOU with the Department of Fertilizers undertaking to ensure the quality of the SSP and sale of SSP as per MRP fixed by them and informed to the Department.

Farm gate Prices of decontrolled P&K fertilizers under Nutrient Based Subsidy: For 2010-11, subsidy for the nutrients 'N', 'P', 'K' & 'S' has been fixed by the Department in such a manner that the farm gate prices of non-urea fertilizers are as far as possible, near the erstwhile MRP so that the farmers are not adversely affected. The companies have fixed their MRP *w.e.f.* 1.4.2010 for P&K fertilizers. However, only an increase of Rs. 30 per bag has taken place in the MRP, which prevailed before Nutrient Based Subsidy policy for DAP, MAP, TSP and NPKS. MRP of MOP has remained same whereas MRP of Ammonium Sulphate and SSP has decreased.

Based on the recommendations of the Inter-Ministerial Committee constituted under the Nutrient Based Subsidy Policy, the Government has revised the per Kg NBS for 'N', 'P', 'K' & 'S' and

the amount of subsidy per MT on the Phosphatic & Potassic fertilizers for 2011-12 *vis-a-vis* 2010-11 is as follows:—

Nutrient Based Subsidy Per Kilo Gram of Nutrients

(Amount in Rs.)

Sl. No.	Nutrients	NBS per Kg of nutrient (2011-12)	NBS per Kg of nutrient (2010-11)
1.	'N'	20.111	23.227
2.	'P'	20.304	26.276
3.	'K'	21.386	24.487
4.	'S'	1.175	1.784

Per MT Nutrient Based Subsidy

(Amount in Rs. per MT)

Fertilizers	Nutrient Based Subsidy per MT (2011-12)	Nutrient Based Subsidy per MT (2010-11)
1	2	3
DAP	12960	16268
MAP	12770	16219
TSP	9340	12087
MOP	12831	14692
16-20-0-13	7431	9203
20-20-0-13	8236	10133
23-23-0-0	9295	11386
10-26-26-0	12850	15521
12-32-16-0	12332	15114
14-28-14-0	11495	14037
14-35-14-0	12916	15877
15-15-15-0	9270	11099

1	2	3
20-20-0-0	8083	9901
28-28-0-0	11316	13861
17-17-17-0	10506	12578
19-19-19-0	11742	14058
16-16-16-0		11838 (w.e.f. 1.7.2010 inducted into NBS on 6.8.2010)
Ammonium Sulphate	4413	5195
SSP	3378	4400

As per the NBS, it was decided that a separate additional subsidy would be provided to the indigenous manufacturers producing complex fertilizers using Naphtha based captive ammonia to compensate for the higher cost of production of 'N' under the policy. This will be for a maximum period of two years during which the units would have to convert to gas or use imported Ammonia. Accordingly, it was decided that additional subsidy would be finalized in consultation with Department of Expenditure based on study and recommendations of the Tariff Commission. Department of Fertilizers has requested to the Tariff Commission to undertake the study and provide its recommendations for finalizing the quantum of additional compensation. Meanwhile, the following provisional amount of concession has been allowed by DOF pending the recommendations of the Tariff Commission to the companies as below:—

Name of the Company	Grades of Fertilizers	Amount of additional compensation (provisional) in Rs. per MT
FACT (Cochin)	20-20-0-13 (APS) (Udyogmandal and Cochin)	2331
	Ammonium Sulphate (20.6-0-0-13) (Udyogmandal)	2792
MFL, Manali	20-20-0-13 (APS)	4784
	17-17-17-0	4079
GNVFC, Bharuch	20-20-0-0 (ANP)	1914

Further, Per MT additional subsidy for fortified fertilizers with secondary and micro-nutrients as per FCO has also been allowed as follows:—

Sl. No.	Nutrients for fortification as per FCO	Additional subsidy per MT of fortified fertilizers (Rs.)
1.	Boron 'Bn'	300
2.	Zinc 'Zn'	500

Freight Subsidy under the NBS on decontrolled P&K fertilizers (except SSP) is being paid as per the actual claim. The secondary freight on P&K fertilizers (except SSP) will be paid in line with the Uniform Freight Subsidy Policy *w.e.f.* 1.1.2011 as applicable in Urea. The freight for direct road movement from plant or port (primary movement) would be subject to lower of actual claim and equivalent rail freight upto a maximum distance of 700 Kms *w.e.f.* 1.1.2011. In addition to NBS, a lumpsum freight of Rs. 200 PMT will be provided *w.e.f.* 1.1.2011. The manufacturers have been allowed to fix the MRP of boronated SSP higher than the powdered or granulated SSP.

Direct Subsidy to the farmers under NBS:—Under the present subsidy regime, fertilizers are provided to the farmers at the Maximum Retail Price, which is much below the actual cost of fertilizers. Accordingly, the farmers pay 35-40% of the actual cost of fertilizers and rest of the cost is borne by the Government. In the first phase of Nutrient Based Subsidy policy, the subsidy is released through the fertilizer industry (manufacturer/marketer/importers). With respect to examination of the feasibility of disbursing subsidy directly to the farmers, Department of Fertilizers is appointing the National Institute of Smart Governance (NISG), Hyderabad as a consultant for implementation of proof of concept (pilot) study for examining the feasibility of implementation of tracking of fertilizers to the farm gate level and also of examining the feasibility of disbursement of subsidy direct to the retailer (farm gate/farmer). The proof of concept is proposed to be held in 7 States *viz.* Haryana, Andhra Pradesh, Tamil Nadu, Rajasthan, Madhya Pradesh, Assam and Maharashtra in approximately 50-70 blocks. The study is expected to be finished within approx. 18 months to 2 years, after which the Department of Fertilizers can examine the recommendation and consider the feasibility of implementing a mechanism for transfer of subsidy under NBS to enable the tracking of sale to farmers and disbursement of subsidy thereon."

2.22 During the evidence, the Secretary, Department of Fertilizers added as under:—

“..... there is a Committee under the Chairmanship of Shri Nandan Nilekani which is looking into it. One of the difficulties that we have in the present system is that we release the subsidy on the certification of the producing company on arrival at the district level. We are still working out on how to go about doing it, but we expect now to be able to roll the scheme out by November or December, we are now going to release subsidy on certification not by the company but by the retailer. The technology platform is ready. We have collected the data regarding the number of retailers. In fact, the good thing about it is that, the system is accessible to all citizens. Anybody can punch in the number or call a call centre and find out how much fertilizer was delivered to which retailer and at what time. This will be updated on a daily basis. So, the anticipation is that once this system is in place because the subsidy will be released only after the retailer certifies that he has received it, there will be a significant reduction in smuggling.”

(viii) Joint Ventures (JVs)

2.23 In the recent years, the Government has been encouraging Indian Companies to establish Joint Venture Production facilities with buy-back arrangement, in other countries, which have rich resources of raw materials/feedback.

2.24 The detail of Joint Ventures established so far and under implementation with long term buy-back agreements with these JVs companies and also the time-frame for these JVs to come up is given in the table below:—

JV Project-Country	Entities	Product	Input tie up/Model	Off take Agreement	Price preference
1	2	3	4	5	6
Oman India Fertilizer Co. (OMIFCO), Oman	Oman Oil Co. (OOC-50%), IFFCO (25%) & KRIBHCO (25%)	16.52 lakh MT Urea & 2.48 lakh MT Ammonia. Production started in the year 2006.	Gas tie from OCC	Urea Off take Agreement (UOTA) by GOI for off take of entire quantity on fixed price and Ammonia Off take Agreement (AOTA) by IFFCO for off take of entire ammonia.	Pre-determined preferential price for long term off take.

1	2	3	4	5	6
ICS Senegal, Senegal	ICS Senegal and IFFCO consortium	5.5 lakh MT phosphoric acid. Production already started.	Rock phosphate mining at Louga is integral to the joint venture	Off take agreement by IFFCO for off take of entire qty. of phos acid	Though there is benefit of integrated rock mine, there is no price preference for phos acid price being off taken.
Indo-Jordan Chemicals Company (IJC), Jordan	JPMC (Jordan) & SPIC (India)	2.24 lakh MT phosphoric acid. Already producing.	Rock supplied by JPMC at international price	Off take agreement by SPIC for off take of entire qty. of phos acid. Now, SPIC has sold its stake.	No price preference either for rock supplied or phos acid being off taken.
JPMC - IFFCO JV, Jordan	JPMC & IFFCO	4.8 lakh MT phosphoric acid to be commissioned by 2013.	Rock supplied by JPMC at international price	Off take agreement by IFFCO for off take of entire qty. of phos acid	No price preference either for rock supplied or phos acid being off taken.
IMACID, Morocco	OCP (50%) - Morocco, Chambal (25%) & TCL (25%) - India	4.25 lakh MT phosphoric acid	Rock supplied by OCP at international price	Off take agreement by Chambal-TCL with OCP for off take of entire qty. of phos acid	No price preference either for rock supplied or phos acid being off taken.
Tunisia-India Fertilizer Company (TIFERT), Tunisia	GCT (Tunisia), CFL (Now CIL) & GSFC (India)	3.60 lakh MT of phosphoric acid. Expected to start commercial production by the end of year 2011-12.	Rock supplied by GCT at international price	Off take agreement by CFL-GSFC with GCT for off take of entire qty. of phos acid	No price preference either for rock supplied or phos acid being off taken.

2.25 The Committee further enquired about the quantum of fertilizers being procured annually from the joint ventures and to what extent it is cheaper than the joint market imports. The Department of Fertilizers in their written reply have stated as under:—

“Government of India being the facilitator of OMIFCO project in Oman has a long-term Urea Off-take Agreement (UOTA) at a pre-determined price for off-take of 16.52 Lakh MT of Urea annually. This has resulted in assured long-term supply of Urea to India at a much lower price over the prevailing international price of urea. In other JVs, however, though there is security of supply of quantity of phosphoric acid, there is no price preference available for the importers. This is because the mines for rock phosphate are generally under the control of the State owned PSUs/companies in the respective countries and they are supplying rock phosphate to the JVs at prevailing international price.”

CHAPTER III

ASSESSED REQUIREMENT AND AVAILABILITY OF FERTILIZERS

(i) Assessment of requirement of Urea, NPK, MOP & DAP

Urea is the only fertilizer which is under partial movement and distribution control of the Government of India. 50% of the indigenous production of Urea is regulated by issue of movement orders to the manufacturers for dispatch to the States on month to month basis keeping in view the assessed requirement. The gap between the assessed requirement and the indigenous production of Urea is bridged through Urea imported on Government account.

3.2 The Department of Fertilizers further in their written reply have given the latest position on the availability of fertilizers for Kharif 2011 as under:—

“Department of Agriculture and Cooperation (DAC) has assessed the requirement of Urea, DAP and Complex fertilizers for Kharif 2011 at 142.16 LMT, 71.37 LMT, 22.54 LMT and 52.05 LMT respectively. The availability would be 140.26 LMT, 49.27 LMT, 7.03 LMT and 55.11 LMT respectively. The State-wise cumulative requirement, cumulative availability during Kharif 2011 is at Annexure-C. As can be seen from the annexure, the availability of Urea was comfortable. The availability of phosphatic fertilizer was 104.37 LMT against the requirement of 123.43 LMT. Before the commencement of Kharif 2011 season, about 17.54 LMT of phosphatic fertilizers were pre-positioned to be consumed in Kharif 2011. The total availability of phosphatic fertilizers during Kharif 2011 along-with pre-positioning stock was 121.92 LMT. There was some tightness in availability of MOP because of non-contracting. However, the contracting of MOP has stated in the month of September 2011. It is expected that availability of MOP would be comfortable during Rabi 2011-12.”

3.3 The Department of Fertilizers in written reply have also stated that according to Department of Agriculture and Cooperation (DAC) the projects for requirement of urea, DAP, MOP and Complex fertilizers for Rabi 2011-12 at 162.99 LMT, 54.78 LMT, 25.72 LMT and 55.30 LMT respectively.

3.4 The Committee during the examination of the subject enquired about the availability of various fertilizers to the farmers and the ways in which these fertilizers are being made available to the farmers. The Department in their written reply stated that the following steps have been taken by the DOF for smooth distribution of fertilizers:—

- Each State in consultation with the fertilizer supplier units is required to prepare a monthly supply plan for ensuring availability of fertilizers on a month-wise, company-wise and district-wise format;
- To ensure that fertilizer companies supplying fertilizers are able to supply to each district, the urea suppliers are compensated for freight based on actual rail and normative road leads under uniform freight policy with effect from 1st April, 2008;
- DOF has introduced Nutrient Based Subsidy (NBS) Policy with effect from 1st April, 2010. The response of industry has been very favourable. As a result of NBS, the availability of de-controlled fertilizer is very comfortable. The requirement, indigenous production, likely imports and estimated availability of Urea, DAP, MOP & NPK fertilizers during the year 2010-11 would be as follows:—

(Figures in LMT)

Product	Requirement	Indigenous Production	Imports	Availability
UREA	290.78	213.00	80.00	293.00
DAP	120.92	36.00	85.00	121.00
MOP	47.80	—	50.00	50.00
NPK	92.00	92.00	13.60	105.80

As can be seen that the overall availability of fertilizers in the year 2010-11 would be comfortable.

- The availability of all the major fertilizers has been comfortable. The sufficient quantities of fertilizers, particularly phosphatic (DAP & NPK) have been supplied in major fertilizer consuming States to meet the requirement.
- Similarly, the requirement, estimated opening stock, indigenous production, likely imports and estimated

availability during current Rabi, 2010-11 would be as follows:—

(Figures in LMT)

Product	Requirement	Opening stock	Indigenous Production	Imports	Availability
UREA	154.14	8.10	108.55	40.00	156.65
DAP	52.17	5.13	18.89	28.16	52.18
MOP	24.82	2.57	—	25.00	27.57
NPK	43.31	4.32	47.49	6.38	58.19

As can be seen, the estimated availability of all fertilizers would be comfortable.

3.5 The Department further during the presentation gave the latest position of requirement, production, import and availability of fertilizers during Rabi 2011-12 as stated under:—

(Figures in LMT)

Product	Requirement	Indigenous Production	Imports	Availability
UREA	162.00	112.00	53.01	165.00
DAP	55.78	15.00	24.00	39.00
MOP	25.72	—	26.00	26.5
NPK	55.34	48.50	11.00	59.50

3.6 The Department further stated in their written reply regarding fertilizers availability during Rabi 2011-12 as under:—

- (i) Availability of Urea
- (ii) There would be tight availability of DAP supplies
- (iii) Department of Fertilizers is trying to ensure supply of phosphatic fertilizers (DAP & NPK) at last level.

3.7 The Secretary from the Department of Fertilizers during the oral evidence stated the reasons for less supply of fertilizers as against the requirement as under:—

“..... It was because of Rail Roko in Telangana Region that we were unable to move any rakes at all for 10 days and the situation is normalising now. These are on the Eastern Coast and because of this problem, we could not move on this side.”

3.8 He further added:—

“They start diverting the trains so that the trains do not reach and they stop the traffic and giving rakes also for the desired destination, even after the Rail Roko is stopped. Even today I am asking rakes for North India. I have to get the rakes from Krishnapattanam, Gangavaram, Vizag for MP, UP, Bihar, Bengal and even for Punjab and Haryana also. I need every day ten rakes. They have this arrangement and are giving it internally they are giving 10 rakes to me, but they are giving it for Andhra Pradesh, Karnataka, Tamil Nadu and to some extent Maharashtra also because of this our movement for October was disturbed. This is my submission.”

3.9 The Department further in their written reply stated that Demand of fertilizers for Kharif and Rabi is assessed in zonal conferences held by the Department of Agriculture (DAC) with the representatives of fertilizer companies, State Governments.

3.10 During the evidence the Committee further enquired as to how the Department of Fertilizers calculated the requirements of fertilizer by the farmers. The Secretary, Department of Fertilizers stated as under:—

“..... let me explain the way we calculate what the requirements are. During Kharif as well as Rabi, the Department of Agriculture convenes a Conference of Secretaries of State Agriculture Departments. After discussions, they take a decision as to what the requirement is. Each State projects its own requirement to the Department of Agriculture. Then, the Department of Agriculture conveys that this is what the requirement for Rabi and Kharif will be. We are supposed to try and meet whatever requirement is projected by the Department of Agriculture and Cooperation. Then, allocation is done as per the States' requirements. It is not that the State's requirement is necessarily agreed to by the Agriculture Department. The State may say that this year they have used six million tonnes and they would require seven million tonnes, but the Department of Agriculture may not agree to it and say that they would be given only six million tonnes. We go by what the Department of Agriculture tells us after their conference with the State Agriculture Secretaries.

The only thing I would request the hon. Members is that as far as urea is concerned and to a large extent, as far as DAP and NKP complex is concerned, we have a weekly video-conference. The

Agriculture Ministry has a weekly video-conference with the State Agriculture Departments normally at 11 o'clock on Friday. We have told the State Agriculture Secretaries that they may kindly let us know wherever, in each and every district or rake point, they have a shortage and within two or three days, we will send the rakes there."

3.11 The Department of Fertilizers further gave the following information on how the demand of fertilizers has increased:—

UREA					
Year	Requirement	Production	Import	Availability	Sales
1	2	3	4	5	6
2004-05	214.07	202.68	6.41	216.75	205.47
2005-06	234.25	200.97	20.57	231.38	221.97
2006-07	249.46	203.07	47.18	259.05	244.85
2007-08	271.70	198.48	69.27	277.18	261.67
2008-09	281.33	198.99	56.66	269.92	266.47
2009-10	281.89	211.05	52.08	267.53	264.47
2010-11	290.79	217.79	66.09	287.09	282.10
2011-12	290.00	223.16	70.00	293.16	
DAP					
2004-05	70.59	51.84	6.44	65.78	60.79
2005-06	78.02	46.29	24.36	74.91	67.51
2006-07	81.29	48.50	28.41	83.05	69.24
2007-08	89.21	42.15	29.78	79.25	75.55
2008-09	94.82	29.88	66.31	101.05	99.04
2009-10	106.98	42.45	60.02	104.07	103.91
2010-11	120.92	35.36	76.97	114.35	112.68
2011-12	120.00	46.00	60.00	106.00	
MOP					
2004-05	23.20		34.09	36.85	23.14
2005-06	28.88		45.75	49.68	28.01

1	2	3	4	5	6
2006-07	33.23		34.48	46.19	23.93
2007-08	36.13		44.31	45.83	28.28
2008-09	37.85		43.46	47.46	40.89
2009-10	43.85		41.62	47.10	46.73
2010-11	47.80		45.00	45.97	38.90
2011-12	48.33		5.50		
NPK					
2004-05					
2005-06					
2006-07	82.90	74.64		63.35	65.00
2007-08	87.40	58.49		66.27	65.53
2008-09	92.31	68.48		69.54	71.22
2009-10	87.73	82.28		83.31	82.02
2010-11	92.00	87.27	9.80	98.31	102.98
2011-12	104.06	99.25	10.00	109.25	

3.12 The Committee further enquired about the difficulties being faced by Department of Fertilizers in availability of fertilizers. The Department of Fertilizers in their written reply stated as under:—

“Main constraints in Availability of fertilizers are:

- (i) At least 68 rakes per day are required to evacuate all the fertilizers from ports/plants, where as the actual availability is 56-57 rakes per day in the month of July, August and September, 2010 respectively.
- (ii) Time taken for loading/unloading of railway rakes is sometimes more than 9 hours because of shortage of labour and infrastructural bottleneck.
- (iii) Loading capacity constraints at plant/ports.
- (iv) Infrastructure constraints at various ports resulting in longer waiting periods for berthing of fertilizers vessels.
- (v) Department of Fertilizers as of now moves fertilizers directly from ports/plants upto 500 Kilometers. The proposal of further enhance direct road movement upto 700 Kilometer is under consideration.”

3.13 The Committee also enquired about the gap between the requirement and supply of fertilizers in the States and reasons for non-supply of required fertilizers during the last three years. The Department of Fertilizers in their written reply stated as under:—

“Urea is the only fertilizer, which is under partial movement distribution control of the Government of India. All other fertilizers like DAP, MOP and NPK etc. are de-controlled since August, 1992. Availability of fertilizers is monitored by Department of Fertilizers at State level. The distribution of fertilizer within the States rests with the State Government. There has been hardly a gap between the assessed requirement and supply of fertilizers at State level in most of the States. Monitoring of availability of fertilizers has regularly been discussed with States Agriculture Departments through Video Conference throughout the year. No shortage of fertilizers has been reported by States.”

(ii) Demand and Availability of Fertilizers

3.14 The Committee enquired about the total demand of fertilizers in the country, total indigenous production and the quantity imported during each of the last 4 years. The Department of Fertilizers in their written reply furnished the total demand of fertilizers in the country, total indigenous production and the quantity, total indigenous production and the quantity imported during last four years is given at Annexure ‘D’.

3.15 The Committee further enquired about the States where demand is much more than supply during the last four years and how the demand was met. The Department of Fertilizers in their written reply have stated as under:—

“The details regarding demand and Supply of fertilizers for last 4 years are at Annexure ‘E’. It is observed from the Annexure that there is no substantial gap between demand and supply. The gap between assessed requirement and indigenous production was met through adequate imports of fertilizers.”

3.16 The Committee further asked about the steps being taken to bridge the gap between demand and supply in the States, how much success has been achieved in this direction and further steps to be taken to bridge the gap. The Department of Fertilizers in their written reply have stated as under:—

“(i) The movement of all major subsidized fertilizers is being monitored throughout the country by an on-line web based monitoring system (www.urvarak.co.in) also called as Fertilizer Monitoring System (FMS);

- (ii) The State Government have been advised (i) to instruct the State Institutional agencies to coordinate with manufacturers and importers of fertilizers for streamlining the supplies (ii) to review the railway rake points in their States and take up the issue with the Railways of improvements, if any, required to ensure availability of fertilizers in every nook and corner of the State;
- (iii) The Government has introduced Nutrient Based Subsidy (NBS) Policy in respect of Phosphatic & Potassic fertilizers *w.e.f.* 01.04.2010. Under the NBS, State Governments have to play more proactive role to co-ordinate with the manufacturers/importers to tie up supplies of fertilizers as per the requirement of States;
- (iv) Department of Fertilizers and Department of Agriculture & Cooperation are jointly reviewing fertilizer availability with State agriculture department through Video Conferencing every week. The corrective action, if required, are taken immediately to avoid any hardship to farmers;
- (v) The Department of Fertilizers contacts on phone the officials of major fertilizer consuming States of daily basis to find out any shortages of fertilizers in any part of the State and corrective actions are taken immediately;
- (vi) In so far as decontrolled Phosphatic and Potassic fertilizers are concerned, subsidy is released on sales of fertilizers;
- (vii) The gap between requirement and indigenous availability of Urea is met through imports;
- (viii) Under NBS, Fertilizer companies are required to print Maximum Retail Price (MRP) along with applicable subsidy on the fertilizer bags clearly. Any sale above the printed net retail price will be punishable under the EC Act;
- (ix) The State Governments, as the enforcement agencies, are adequately empowered under Fertilizer Control Order, 1985 to take appropriate action against any offender who indulges in any kind of malpractices including black-marketing. State Government can also initiate action under para 3 of the Fertilizer (Movement Control) Order, 1973—against smuggling/illegal export of fertilizers.”

3.17 The Department of Fertilizers in their written reply further stated as under:—

“There is serious problem of availability of Phosphatic fertilizers particularly because of the political disturbances in various countries in the Middle East, which is main source of DAP and raw material

supplies. During a Zonal Conference organized by Department of Agriculture & Cooperation (DAC) with State Agriculture Ministers, it was indicated by Secretary (F) that because of the light availability of DAP in the international market, the supply of Phosphatic fertilizers during the current year would be almost 80% of the last year. Nevertheless, as can be seen from the Table above that to availability of Phosphatic fertilizers in Uttar Pradesh is almost matching that a last year supplies.

In case of MOP, the availability is almost 40,000 MT against the requirement of 50,000 MT. The availability of MOP fertilizer during April-May is comfortable, however, there is some tightness in MOP during the month of June 2011 because of non-contracting of MOP by Indian importers because of the cartelization of MOP exporters led by Canpotex, Canada. The supply of MOP are demanding almost US\$ 530 PMT, as against US\$ 470 PMT CFR finalized with China for the second and third quarter of the current year. As already indicated, a cartel led by Canpotex, Canada is not willing to negotiate a price less than US\$ 530 PMT. Indian importers are not willing to negotiate price more than that of China.”

3.18 The Committee during the study visit to Kolkata, Shillong, Cherrapunji, Guwahati, Aizawl, Dimapur and Kolkata from 13 to 19 July 2010 observed first hand difficulties being faced by the farmers in the States of Meghalaya, Nagaland and Mizoram. The Committee observed the following hardships being faced during the Distribution process of fertilizers in the State of Meghalaya:—

- (i) Untimely availability of the fertilizers.
- (ii) At times Essential Commodities Act (ECA) Supply Plan for controlled fertilizer *viz.*, UREA is not carried out.

3.19 The problems being faced by the farmers in the State of Mizoram are as follows:—

- (i) Dealers of Mizoram face lots of problem in lifting Mizoram Quota from the Companies.
- (ii) Dealers face problem in lifting State quota fertilizers. Agents in Silchar have surplus stock of company brand for black marketing which are lifted by agents as last resort.
- (iii) Non-availability of fertilizers in time and exorbitant prices are being given by the poor farmers even if it is available.

3.20 The problems faced by the farmers in the state of Nagaland are as follows:—

- (i) Fertilizers are not made available in time.
- (ii) Since fertilizer dealers are unable to get materials from company in time, they procure from other sources and sell at higher MRP.
- (iii) Farmers are to pay much higher rates for fertilizers.

The Committee during their visit to Kochi, Munnar Thekkdy and Alleppy from 04 to 08 July 2012 interacted with the farmers, spice grovers and planters association. The Committee were informed by them that tea planters of Kerala are facing scarcity of fertilizers. Scarcity of Muriate of Potash (MoP) was a major problem during 2011-12, especially during the crucial period of application. Tea planters also informed that non availability of urea and indigenous rock phosphate was a matter of concern during first two application of current farming year. Cardamom growers also informed the Committee that they do not get timely availability of fertilizers. Shortage of fertilizers also affected pineapple crop. The farmers told the Committee about the shortage of complex fertilizers, DAP and factum phos. On being asked whether data in respect of Demand of fertilizers are collected from cooperative society, the representatives of Cooperative society at Palamattam village enroute to Munnar from cochi stated that they are not consulted.

(iii) Black Marketing and Artificial Scarcity

3.21 The Committee enquired about the number of cases of hoardings of various fertilizers that have come to the notice of Department of Fertilizers and the action taken thereon. The Department of Fertilizers in their written reply have stated as under:—

“As per Clause 4 (a) of the Fertilizer (Control) Order—Display of stock position of fertilizers—Every dealer, who makes or offers to make a retail sale of any fertilizers, shall prominently display in his place of business—the quantities of opening stock of different fertilizers held by his on each day. Any person violating this mandatory provision of FCO is held liable to be proceeded under the provisions of FCO and Essential Commodities Act. The State Governments as enforcement agencies are adequately empowered to take appropriate action against the offenders who indulge in any kind of malpractices *viz.*, hoarding etc.”

3.22 The Committee during the oral evidence inquired about the creation of artificial scarcity of fertilizers created by the diversion of fertilizers for chemical use and other non-agricultural uses. In this regard the security, Department of Fertilizers during oral evidence clarified as under:—

“As far as the Central Government is concerned, we are developing a system for stopping leakages. In fact, we will roll it out in December. We are developing a system wherein despatches will be confirmed at the retail-level by a SMS system to our FMS system. So, this has been in the process. Today also there was a meeting, and as I told you last time, that by December we will confirm this by which manner we will be able to stop leakages to a great extent. In fact, in the second step—when we move subsidy from the company level to the retailer level—even further control will appear. Finally, I do not know when we will be able to deal with subsidy to the farmer-level.”

3.23 He further elaborated on blackmarketing and hoarding of fertilizers during oral evidence and stated as under:—

“The private traders capture the market and start hoarding that is quite possible. They may be releasing it in the black market and doing profiteering. Besides writing to the Chief Secretaries, tomorrow the Prime Minister may decide to say something on fertilizers in the NDC meeting when all the Chief Ministers will be there. He may decide anything on that. There is no provision at the Central Government level for dealing with hoarding and profiteering. We can write to the Chief Secretary and the DGP. Our Minister of States had visited five or six States. One State where we do not find hoarding or black marketing is the State of West Bengal because they are very strict at the field level. There is no divergence of printed price and price at which it is sold. I cannot say about all other states.”

3.24 The Committee further enquired about the action taken by the Department of Fertilizers in this regard. The Secretary, Department of Fertilizers oral evidence stated as under:—

“When we get the information, we send it to the State Government. It is the responsibility of the State Government to enforce it.”

3.25 He further clarified as under:—

“Let me explain. It has been delegated to the State Government because Central Government does not have force and manpower by which we can monitor this. Therefore, this has been delegated

to the State Government. There are three levels that are Agriculture Department, State Government's, Agriculture Officer and District Magistrate. They have the authority, and not the law."

(iv) Quality Control Of Fertilizers

3.26 The Committee enquired regarding quality control of fertilizers but in this regard they were informed that State Governments under FCO, are empowered to check adulteration/black marketing etc. of fertilizers and to deal with the offenders. The Committee in this regard enquired about the mechanism for checking adulteration/black marketing of fertilizers and dealing with offenders and criteria of analyzing the fertilizer samples. In this regard the Department of Fertilizers in their written reply have stated as under:—

"Government of India has declared fertilizer as an essential commodity under the Essential Commodities Act, 1955 (ECA) and has notified Fertilizer Control Order, 1985 (FCO) under this Act. The State Governments have been made responsible to ensure the quality of fertilizers supplied by the manufacturers/importers of fertilizers as prescribed under the FCO under the ECA. As per the provision of the FCO, the fertilizers, which meet the standard of quality laid down in the order can only be sold to the farmers. There are 71 fertilizer testing laboratories including four laboratories of the Government of India at Faridabad, Kalyani, Mumbai and Chennai, with an annual analyzing capacity of 1.34 lakh samples. The quality of the fertilizers imported in the Country is invariably checked by the fertilizer quality control laboratories of the Government of India. The State Governments are adequately empowered to draw samples of the fertilizers anywhere in the Country and take appropriate action against the sellers of Non-Standard fertilizers. The penal provision includes prosecution of offenders and sentence if convicted up to seven years imprisonment under the ECA, 1955 besides cancellation of authorization certificate and other administrative action. The Department of Fertilizers make deductions alongwith penal interest on the quantity of the fertilizers reported Non-Standard/Sub-Standard by the State Governments. During the year 2006-07, 2007-08 and 2008-09, the percentage of samples of fertilizers declared Non-Standard at all India level were 6.0%, 6.2% and 5.5% respectively. Payment of concession for P&K fertilizers and for Single Super Phosphate (SSP) is made by the Department taking into account the certificate of quality given by the respective State Governments in Proforma 'B' for the fertilizers received and sold

in the State. Further, SSP units are required to produce month-wise 'Quality Certificates' issued by the State Governments of the State in which the units are located. The units are required to have well equipped laboratory to test the sample of its SSP. The SSP units are also required to print 'Quality Certified' on each bag released in the market. DOF also deposes PDIL to conduct first time technical inspection of the new SSP units. PDIL conducts six monthly inspections of the SSP units to check the quantity and quality of the fertilizers for which the units are claiming payment of subsidy. The units are also required to use only those grades of Rock Phosphate as inputs for manufacturing SSP under the NBS, which are notified by DOF from time to time. DOF has also asked the State Government to constitute teams with that of PDIL to test samples of Single Super Phosphate (SSP) at the retailer level. The marketer of the SSP are also responsible for the quality of the fertilizer marketed by them. Department of Fertilizers has also constituted vigilance teams of the Officers of the Department to check the availability and quality of the fertilizers in the States. Also, a State-wise number of fertilizer samples analysed and found non-standard during 2009-10 and 2010-11 is enclosed at Annexure-F."

(v) Import of Fertilizers

3.27 The Committee enquired about the efforts being made by the Government to reduce the foreign exchange outgo in the account. The Department of Fertilizers in this regard in their written reply have stated as under:—

"India imports about 20% of its requirements of Nitrogenous Fertilizers, 80% of the requirement of Phosphatic Fertilizers and 100% of the requirement of Potassic Fertilizers. Thus, our country is heavily import dependent in fertilizer sector and Foreign Exchange outgo on this account cannot be avoided. However, with the objective to obtain fertilizers and fertilizer inputs at cheaper prices to reduce the foreign exchange outgo, the Government has been encouraging Indian companies to establish Joint ventures production facilities with buy back arrangement in other countries, which are rich in fertilizer resources *i.e.* Rock Phosphate, Potash, Sulphur, Natural Gas etc. The fertilizer entities of India are also being encouraged for entering into long-term supply agreements with the International suppliers of fertilizers and raw materials with assured supply of mutually agreed quantities with some preferential prices *vis-à-vis* prices in international market."

3.28 During the Oral Evidence, the Secretary, Department of Fertilizers further elaborated with regard to present situation as under:—

“..... because of the disturbances in the Middle East, this year we are going to have some problems as far as DAP is concerned, but we had assured that we would be able to maintain the same level of supply as last year as far as the complex fertilisers are concerned. The unfortunate position is that as far as MOP is concerned, the cartel is adamant and they have refused to provide India anything. Even a tonne of contracting has not been done this year. They have asked for \$530 whereas they have provided China at \$470. During the Montreal meeting of the International Fertiliser Association, they had promised that they would give us MOP at the same price at which they give to China. They have refused to do so and Indian importers have also refused to import MOP at anything more than \$470. Now, this is going to have two implications. One, MOP itself is a problem. Secondly, in the production of NPK, many of our domestic plants, without having MOP, may have to shut down for a while and there will be a shortage of NPK also. This position was briefed to the Cabinet Secretary in the meeting of Secretaries last Monday and we have been advised that when we are preparing a note on the status report for the Group of Ministers to take a view, we may also suggest as to what action the Government needs to take as far as MOP is concerned.”

3.29 As result of the efforts put by the Government and the Fertilizer entities in India (both in private as well as public sector), the Joint Ventures establish so far and under implementation are:—

OMIFCO Oman: A Joint Venture company of KRIBHCO, IFFCO, OMAN Oil Company and the Government of India for production of Ammonia and Urea. The entire quantity of Urea is off taken by the Government of India as per Urea Off-Take Agreement (UOTA) at pre-determined prices. Government of India also off takes surplus quantity of Urea, if any, as per price agreed for the additional quantity. The Ammonia produced by the company is being imported by IFFCO to India.

Industries Chimiques du Senegal (ICS Senegal): A Joint Venture company of the Government of India (GoI), Indian Farmers Fertilizer Cooperative Ltd. (IFFCO) and Southern Petrochemicals Industries Corporation Ltd. (SPIC) in Senegal. Letter on SPIC has been replaced by a consortium of Indian companies. ICS Senegal has a capacity to produce 6.60 lakh tonnes of phosphoric acid per

annum and also finished phosphate fertilizer such as DAP and Complex fertilizers. A major portion of the phosphoric acid, about 5.5 LMT produced in the ICS plant is off-taken by IFFCO as per a long term buy back arrangement and utilized for production of phosphate fertilizers in India.

IJC Jordan: SPIC, Jordan Phosphates Mines Company Ltd. (JPMC) and Arab Investment Company (AIC) set up a joint venture project, Indo-Jordan Chemicals Company Limited (IJC) in Jordan in May 1997 with a capacity of 2.24 lakh tonnes of phosphoric acid production per annum. Phosphoric Acid produced by IJC is off-taken by SPIC and other fertilizer units in India.

IMACID Morocco: A joint venture between Office Cherifien des Phosphates (OCP), Morocco, and Chambal Fertilizers & Chemicals Ltd. (CFCL), India and Tata Chemicals Ltd. to produce 3.60 lakh MT of phosphoric acid per annum. was commissioned.

Overseas Joint Ventures under Implementation/Consideration

JIFCO Jordan: Indian Farmers Fertilizers Cooperative Ltd. (IFFCO) and Jordan Phosphate Mining Company (JPMC) have agreed for setting up of a joint-venture Phosphoric Acid production plant, Jordan India Fertilizer Company (JIFCO) in Jordan with an installed capacity of 1500 MT of phosphoric acid per day (MTPD). Plant is expected to be commissioned in 2010.

TIFERT Tunisia: Gujarat State Fertilizers & Chemicals Ltd. (GSFC) and Coromandel International Ltd. (CIL), formerly Coromandel Fertilizers Ltd. (CFL) both Indian entities alongwith Groupe Chimique Tunisien (GCT) & Compagnie Des Phosphates De Gafsa (CPG), both Tunisian entities are setting up a joint venture project, Tunisian Indian Fertilisers S.A. (TIFERT) at Skhira in Tunisia for production of 3.6 lakh MT of Phosphoric Acid per annum. The entire production of phosphoric acid would be for off-take by GSFC and CIL. The project is expected to be commissioned in 2010.

Projects under discussions with different countries

Cooperation in Syria

A consortium of Indian entities including MECON, RITES and PDIL (All Central Government PSUs), having expertise in the fields of mining, beneficiation, processing, setting-up and running the

phosphatic plants and logistic aspects have undertaken capacity enhancement consultancy study with GECOPHAM in Syria. Government of India is funding the study, which have now been completed and the Pre-Feasibility Report has been submitted to the Syrian Authorities. A Government level MoU spelling out broad frame work of cooperation in Phosphate sector between the Countries has also been signed in October 2010. A delegation from DOF and the consortium has visited Syria in February, 2011 to discuss the Draft Feasibility Report and other modalities to proceed further, with the Syrian Authorities.

Cooperation with Russia

On 12.03.2010 an MoU has been signed between the Government of India and the Government of Russia, during the visit of Prime Minister of Russia to India, envisaging *inter-alia* encouraging possible establishment of Joint Ventures, exchange of information and holding of consultations on the issues of production and consumption of mineral fertilizers.

Cooperation in Indonesia

During the visit of the President of Indonesia Chief Guest on occasion of the Republic Day is January 2011 following two documents have been signed between Indonesia and India:

- (i) Memorandum of Understanding for setting up an Ammonia Urea Plant in Indonesia and agreement for off-take of surplus urea produced in the plant.
- (ii) Agreement for supply of 3 lakh MT of Urea and 2.5 LMT of NPK Complex fertilizers in designated grades.

Modalities to proceed further in the matter are being finalized.

Cooperation in Australia

Indian Farmers Fertilizer Cooperative Ltd. (IFFCO) has entered into a 'Principles of Off-take Agreement' with Legend International Holdings of Australia to undertake joint mining of rock phosphate in Lady Annie mines (Georgina Basins in Queensland) along with an assured three million MT annual off-take. IFFCO would provide both technical and financial facilitation to Legend International Holdings in the development of its phosphate mining and shipment of its product to India.

In Ammonia-Urea sector, KRIBHCO and NWCF, a private company in Australia are in the process of setting up of a coal bases ammonia-urea plant in Australia. The Australian company proposed to enter into a 20 year agreement for supply of urea. Agreement on mutual Terms & Conditions including the price on which the urea will be made, are yet to be finalized.

Cooperation in Ghana

Given its gas reserves, Ghana is considered a rich source of nitrogenous feedstock. Chairman of Ghana National Petroleum Corporation (GNPC), Ghana during his visit to India, in September 2009 and discussed with the Secretary (F) the possibility of cooperation in Fertilizer sector was discussed. It is proposed to set-up a Ammonia-Urea plant (Gas based) in Ghana. To give proper shape to the project proposal, an MoU has been signed in July, 2010 at the Government level between the Countries. The work of Site selection has been completed and Pre-feasibility reports has been prepared by RCF and PDIL and handed over to the Ghanian Authorities. In January, 2011 a team led by Secretary (F) visited Ghana to discuss further modalities in the matter.

Apart from above, discussion are on with the fertilizer and mining entities in following resource rich countries for long term cooperation for setting up of projects for production and off-take of fertilizers:

- (i) Discussion at Government level is underway with the Government of Senegal for development of Matam phosphate mines.
- (ii) Two separate consortia of Indian entities comprising IPL & IFFCO and MMTC & RCF are in discussion with M/s. Potash One and M/s. Athabasca Inc. respectively of Saskatchewan province for setting up Joint Venture projects in mining of Potash and off-take to India. Consortium of RCF and MMTC which is pursuing with Athabasca, have signed an MoU for JV project with Athabasca for evaluation and assessment in technical, marketing and financial aspect. Consortium of IFFCO and IPL have requested Potash One for providing detailed costing and other economic parameters involved in the project.
- (iii) RCF and IDC/FOSKOR of South Africa are exploring the possibilities to set up a Phosphoric Acid and Ammonia-Urea fertilizer project near Maputo Port, the capital city of

Mozambique. The project proposes to source Rock from the new mines of FOSKOR in Phalaborwa, South Africa. An MoU has been signed between RCF and IDC/FOSKOR. Department of Fertilizers has been pursuing with M/s. SASOL, for allocation of gas in Mozambique for setting up a JV ammonia-urea project.

- (iv) M/s. SPIC and Chambal Fertilizers are in the process of setting-up a gas based nitrogenous fertilizer plant at Dubai in UAE to produce 4.00 LMT of urea per annum.

Discussion are also going on for exploring possibilities for a Ammonia-Urea project Qatar with buy back by India. IFFCO and QUAFCO (Public sector entity of Qatar) have signed 'Agreement of Intention'."

CHAPTER IV

MOVEMENT OF FERTILIZERS

Under the allocation of Business Rules, the Department of Fertilizers has been entrusted the responsibility of ensuring movement, distribution and allocation of controlled fertilizer, *i.e.* urea, from various fertilizer plants and ports in accordance with the State-wise requirement assessed by the Department of Agriculture & Co-operation (DAC). The distribution of imported urea is made keeping in view the requirements of each of the States.

4.2 The major share in transportation of fertilizers is of the Railways. During 2009-10, Railways has moved about 75% of the fertilizers produced and/or imported in the country.

4.3 Judicious management of the demand-supply balance has helped in maintaining the average lead of fertilizer movement by rail. During 2009-10 the average lead was 827 KMs. During the current year the average lead for the period April-November, 2010 would also be almost same.

4.4 The Committee enquired about system of the distribution of fertilizers to small and marginal farmers in the country. The Department of Fertilizers in their written reply in this regard have stated as under:—

“In order to ensure availability of fertilizers in remote, inaccessible and low consuming areas, Department of Fertilizers has been releasing subsidy only on receipt of fertilizers in the district. Secondary freight up to dealers point is reimbursed to fertilizer companies so that fertilizers are delivered at dealers/retailer point and no extra transportation charges are borne by the dealers/retailers. Department of Fertilizers ensures availability of fertilizers at State level. The distribution of fertilizers within the State is decided by the State Governments. As such State Governments being law enforcement agencies, may enforce the provisions laid down under clause 4 and 5 of the FCO, 1985 *i.e.* Display of Stock position and price list of fertilizers—each dealer, who makes or offers to make a retail sale of any fertilizers shall prominently display in his place of business:—

- (a) The quantities of opening stock of different fertilizers held by him on each day;

- (b) A list of prices or rates of such fertilizer fixed under clause 3 and for time being in force;
- (c) Issue of cash/credit memo—Every dealer shall issue a cash or credit memorandum to a purchaser of a fertilizer in the prescribed form to curb hoarding/black marketing of fertilizers like other essential commodities;
- (d) No subsidy is directly given to the farmers directly as of now.”

(i) Transportation

4.5 The Committee with regard to transportation asked about the major constraints faced by the Department of Fertilizers from ports to the farmers. Also, the steps taken by the Department to overcome the problems in consultation with Ministry of Shipping and Ministry of Railways. The Department of Fertilizers in their written reply have stated as under:—

“At times, there is congestion in movement of fertilizers from Ports due to various reasons like heavy rains, shortage of labour during festival seasons, etc. However, these problems are resolved through discussion with Port Authorities, Ministry of Railway, Ministry of Shipping, etc. A due care is taken that fertilizer is moved/ dispatched to various consumption points from Ports well in time.”

(ii) Freight Rates

4.6 To ensure easy availability of fertilizers in all parts of the country, Department of Fertilizers has notified on 7 July, 2008 a uniform freight subsidy regime for all fertilizers, wherein freight subsidy will be paid separately on receipt of all fertilizers in districts/blocks. In this regard, the Committee enquired about the freight rate of the new pricing policy and whether any freight scheme is being carried out in the hilly areas. The Department of Fertilizers in their written reply have in this regard stated as under:—

“To ensure that fertilizer companies supplying fertilizers are able to supply to each district, the urea suppliers are compensated for freight based on actual rail and normative road leads under uniform freight policy with effect from 1st April, 2008. In case of decontrolled fertilizers like DAP, MOP and NPK fertilizers, the primary freight from port/plant to rake point is reimbursed on the basis of actual freight and Rs. 300 PMT is reimbursed for secondary movements.”

(iii) Shortage of Railway Rakes

4.7 The Committee enquired about the main reasons for shortage of railway rakes for transportation of fertilizers from ports to inland and steps being taken by Department of Fertilizers to overcome the shortage of railways rakes. The Department of Fertilizers in their written reply have stated as under:—

“The Department of Fertilizers regularly interacts with Ministry of Railways for provision of rakes at all ports/plants. Ministry of Railways has been providing adequate number of rakes for transportations of fertilizers to the States. Due to this reason the sufficient quantities of fertilizers have been made available during the year in the country.”

(iv) Fertilizers Monitoring System

4.8 The Committee have been informed that Fertilizers Monitoring System (FMS) is path breaking initiative undertaken by Department of Fertilizers, FMS monitors different fertilizers at various stages in their value chain. In this context the Committee asked in detail the system of monitoring by the Department of Fertilizers to ensure availability of fertilizers to farmers in every nook and corner of the country, the Department of Fertilizers in their written reply have stated as under:—

“Fertilizer Monitoring System (FMS) is being used very effectively to monitor the availability of the fertilizers namely Urea, DAP, MOP and NPK fertilizers in all the districts in the country. The payment of subsidy/concession is made only on receipt of the fertilizers in the district duly captured in the FMS. The State Governments are also monitoring the availability of fertilizers through FMS only. Besides, the Department of Fertilizers is monitoring the availability of fertilizers on daily basis by contacting all the major fertilizer consuming states.

- Each State in consultation with the fertilizer supplier units is required to prepare a monthly supply plan for ensuring availability of fertilizers on a month-wise, company-wise and district-wise format;
- To ensure that fertilizer companies supplying fertilizers are able to supply to each district, the urea suppliers are compensated for freight based on actual rail and normative road leads under uniform freight policy with effect from 1st April, 2008;

- DOF has introduced Nutrient Based Subsidy (NBS) Policy with effect from 1st April, 2010. The response of industry has been very favourable. As a result of NBS, the availability of de-controlled fertilizer is very comfortable. The requirement, indigenous production, likely imports and estimated availability of Urea, DAP, MOP & NPK fertilizers during the year 2010-11 would be as follows:—

(Figures in LMT)

Product	Requirement	Indigenous Production	Imports	Availability
UREA	290.78	213.00	80.00	293.00
DAP	120.92	36.00	85.00	121.00
MOP	47.80	-	50.00	50.00
NPK	92.00	92.00	13.60	105.80

As can be seen that the overall availability of fertilizers in the year 2010-11 would be comfortable.

- The cumulative requirement, availability and sales of Urea, DAP, MOP and NPK (complex) fertilizers during Kharif, 2010 (April, 2010 to September, 2010) is **annexed**. The availability of all the major fertilizers has been comfortable. The sufficient quantities of fertilizers, particularly phosphatic (DAP & NPK) have been supplied in major fertilizer consuming States to meet the requirement.
- Similarly, the requirement, estimated opening stock, indigenous production, likely imports and estimated availability during current Rabi, 2010-11 would be as follows:—

(Figures in LMT)

Product	Requirement	Opening stock	Indigenous Production	Imports	Availability
UREA	154.14	8.10	108.55	40.00	156.65
DAP	52.17	5.13	18.89	28.16	52.18
MOP	24.82	2.57	-	25.00	27.57
NPK	43.31	4.32	47.49	6.38	58.19

As can be seen, the estimated availability of all fertilizers would be comfortable.”

4.9 Further, the Committee enquired about the role of cooperative societies in the country for distribution of fertilizers in various rates in the country. The Department of Fertilizers in this regard in their written reply have stated as under:—

“Cooperative societies at district level play the role of Stockiest who sell fertilizers to the Primary cooperative societies. The retail sale of fertilizers is made by these cooperative societies. The cooperative societies at district level will keep a detailed record of quantity and type of fertilizers received and sold to the primary cooperative societies. The sales of fertilizer to farmers in village will be maintained by primary cooperative societies in separate register indicating names and details of farmers, etc.”

PART II

OBSERVATIONS/RECOMMENDATIONS

Fertilizers have played a crucial role in accelerating the production of food grains from a very modest level of 52 million MT in 1951-52 to an increase of about 218.20 million MT in 2009-10 indicating a fourfold increase. The Committee felt that this momentum have to be maintained and increase the production of food grains to feed the growing population of the country. There are mainly three kinds of fertilizers for agriculture production *viz.* Nitrogen, Phosphate and Potash. Urea, a nitrogen fertilizer, is controlled fertilizer and is under price and distribution control whereas DAP and MOP which are phosphatic and potash fertilizers respectively are decontrolled fertilizers.

In phosphatic fertilizers, DAP production is mainly dependent on availability of imported raw materials/intermediates. Similarly in the absence of commercially exploitable potash sources in the country, the entire demand of potash fertilizers for direct application as well as for production of complex fertilizers is met through imports. The demand of fertilizers is assessed at the beginning of the crop seasons *viz.* Kharif (April-September) and Rabi (October-March) every year by the Department of Agriculture and Cooperation before the commencement of every crop season.

2. Production of Fertilizers

The Committee during the examination of the subject were dismayed to note that a growing trend of less indigenous production of fertilizers and growing trend of import of fertilizers. The Committee note that production of urea in 2011-12 is at 221.00 lakh MT with imports of around 90.00 lakh MT. Further no new urea plants have come after 1998 primarily due to non-availability of natural gas at pre-decided price. In order to facilitate new investments in urea sector, an investment policy was proposed by Department of Fertilizers (DoF) based on the recommendation of Prof. Abhijit Sen, Member Planning Commission, was notified on 4 September, 2008. However, the availability of natural gas as expected by the Sen Committee has not fructified, meanwhile the estimated capital cost of new projects has also increased. Therefore, again a Group of Ministers (GoM) was constituted to review the fertilizer policy has

decided the proposal submitted by Department of Fertilizers in the meeting held on 5 January, 2011 and a Committee was constituted under Chairmanship of Dr. Saumitra Chaudhari, Member Planning Commission with Secretary (Fertilizers) and Secretary (Petroleum) as members to examine the issues relating to the Investment Policy and amendments proposed therein and make appropriate comments. The Committee in this regard have been further informed that the Committee constituted under Dr. Saumitra Chaudhari, Member, Planning Commission has submitted its report on 24.4.2011 on the proposal for Nutrient Based Subsidy in urea sector. Draft Note in this regard is placed before Cabinet Committee on Economic Affairs (CCEA) and final CCEA note, incorporating comments of all Ministries/Departments is being finalized. The Committee, therefore, strongly recommend that since the report has been submitted by Committee under Chairmanship of Dr. Saumitra Chaudhari Member Planning Commission and it is now under consideration of the Department of Fertilizers, the finalization of New Investment Policy should be done as soon as possible to facilitate more investments in the fertilizer sector.

The Committee are further disappointed to note that with regard to issue of revival of fertilizer plants in the public sector have not been able to complete due to non-availability of gas. Further, for some units in public sector their revival plan has been submitted to the Cabinet. This was the result mainly due to failure of new investment policy which was formulated in 2008 under Chairmanship of Shri Abhijit Sen Committee. Further, according to the Department of Fertilizers the new investment policy did not succeed largely due to uncertainty of the gas price. The report of the new Committee is yet to be presented which will finalize the new investment policy and this has been stated as another factor as to why production of fertilizer have gone down. Also, the Secretary, Department of Fertilizer has submitted that time for reviving of a unit is lengthy. Further, the crunch in availability of gas for fertilizer plants is the biggest hindrance in the increasing production of fertilizers. The Committee, therefore, are of the view that the Department, should make all out efforts to revamp and revive the fertilizers units and recommend that Government should provide managerial and technical support, feedstock and adequate infrastructure specially ensuring the availability of gas.

3. Investments in Fertilizers Sector

The Committee note that the fertilizer industry is responding positively towards the New Investment Policy by inviting investment decision for revamp of existing capacities. However, the Committee

are concerned with the fact that the fertilizer units for expansion projects have expressed their apprehensions regarding pricing and firm availability of gas before taking final investment decision to undertake expansion of their existing units. The Committee further note that in absence of firm price and availability of gas, a proposal for amendments in the new Investment Policy is under consideration of Department of Fertilizers. The Committee therefore recommend that the Department of Fertilizers should make efforts to fix the price of gas reasonably for fertilizer sector and ensure the availability of gas in order to attract fresh investments in the fertilizers industries. The Committee also expect amendments in New Investment Policy will bring more investments in the fertilizers industry. The Committee are also of the view that the Government should frame policies in consultation with the major fertilizer industries so as to make investments more attractive in the core industry. The Committee are also of the opinion that Public-Private Partnership (PPP) can play a crucial role in reviving, expanding and setting up of new fertilizer units.

4. *Single Super Phosphate (SSP)*

Regarding availability of raw material for Single Super Phosphate (SSP), the Committee have observed that paucity of raw material is a major constraint in achieving self-sufficiency of fertilizers in the country. The indigenous rock phosphate supplies meet only 5-10% of the total requirement of P_2O_5 . The Committee also note the Government has announced revised concession scheme for SSP *w.e.f.* 1.5.2008 up to 30.9.2009 according to which manufacturers were requested to sell SSP at all India Uniform rate at Rs. 3400/- per MT and this led to increase in the production and availability. The Nutrient Based Subsidy (NBS) policy for SSP was introduced *w.e.f.* 1.5.2010 according to which the manufacturers are required to claim NBS who can produce 50% of the actual installed capacity or 40,000 MTS per annum, whichever is lower. In this regard, though the Committee are happy to note the measures being taken by the Government, the Committee desire that in order to reduce the dependence on import of SSP, the Government should make arrangements for procurement of raw materials and intermediates in time. The Committee also recommend that periodic and timely revision on concession part of SSP under NBS should be done so as to make SSP units more viable and fully productive.

5. *Production of Bio-Fertilizers*

Bio-fertilizers are useful in providing agricultural production as they are eco-friendly and cost effective fertilizers. The Committee are happy to observe that overall production of fertilizers have

increased in the year 2008-09 at 25,065.03 tonnes but are dismayed at the fact that the production of Bio-fertilizers was at 20,040.35 tonnes in 2009-10. Now, the Committee are happy to note that the total production of Bio-fertilizers has gone upto 37997.61 Metric Tonnes during the year 2010-11. However, the Committee express their displeasure over the fact that in some States are production has been 'Nil' in the years 2007-08, 2008-09, etc. The Committee therefore, strongly recommend that the Government should take adequate steps to raise the production of bio-fertilizers zone-wise and educate the farmers about the benefits of bio-fertilizers and thereby encourage them to use it. The Committee are of opinion that the increased use of bio-fertilizers would also have considerable benefits to the environment and also to the health of the soil and reduce dependence on artificial fertilizers. The Committee also recommend that Department of Fertilizers should take up the issue with Ministry of Agriculture so as to provide incentive to farmers and manufacturers producing bio-fertilizers. The Committee feel that such a step would encourage the use of bio-fertilizers.

6. Consumption Pattern of Fertilizers

The Committee regret to note that the consumption of fertilizers has not increased significantly in the country specially in the States such as Karnataka, Tamil Nadu, Chhattisgarh, Uttarakhand, Jharkhand, Jammu & Kashmir and almost all North-Eastern States. Therefore, the Committee are of opinion that Department of Fertilizers should encourage the consumption of fertilizers and this will result in two pronged benefits, one that it will lead to increase in production and marketing of fertilizers and on other hand it will increase the production of food crops. The Committee also recommend that an integrated plan should be drawn to identify the hurdles in the way of increased consumption of fertilizers. The Committee also desires that Department of Fertilizers should perform the role of facilitator in this task.

7. Nutrient Based Subsidy

The Committee have been informed that the Government has introduced the first phase of Nutrient Based Subsidy (NBS) policy for decontrolled phosphatic and potassic fertilizers in April, 2010. The subsidy on fertilizers will be determined on the basis of nutrient subsidy fixed by the Government and the nutrient contained in the fertilizers. The NBS regime is expected to bring about a balanced use of fertilizers and also give a boost to indigenous production of fertilizers. The Committee recommend that the Department of

Fertilizers should closely monitor the implementation of the policy for its success and fruitful results. The Committee also recommend that the Department should take steps for the implementation of this policy which is likely to increase quality and fertility of the soil and agricultural productivity as well as attaining self-sufficiency of fertilizers in the country. The Committee further note that a Committee has been formed under the Chairmanship of Shri Nandan Nilekani for feasibility of implementing a mechanism for transfer of subsidy under NBS to enable tracking of sale of fertilizers and disbursement of subsidy thereon. This would enable disbursement of direct subsidy to the farmers. The Committee in this regard have been informed that Department of Fertilizers will be able to implement the scheme by December 2012. The Committee, therefore, recommend that the dream of direct subsidy to the farmers should be fulfilled in a time bound manner and expect that the scheme will be implemented by the targeted time frame.

8. Joint Ventures (JVs)

The Government in the recent years has been encouraging Indian companies to establish Joint Venture Production facilities with buy-back arrangement, in other countries which have rich resources of raw materials. The Committee are happy to note that the Government is encouraging Indian companies to establish joint venture projects with other countries which have rich resources of raw material to phosphatic and potassic fertilizers as it would help in augmenting the supply of complex fertilizers. The Committee, therefore, recommend that the Government should encourage these initiatives and explore the possibilities of new joint ventures which would help in making available assured sources of supply of raw materials to the fertilizers.

9. Demand and Availability of Fertilizers

The Committee were informed that Department of Fertilizers has an elaborate and meticulous system of supply of fertilizers of various States and Union Territories for uninterrupted flow of fertilizers to farmers at reasonable prices throughout the country. The Committee were informed that Department of Agriculture and Cooperation (DAC) holds weekly video-conference with the State Agriculture Department and if there is shortage of fertilizers in any district of the country it is informed to the Department of Fertilizers (DOF) so that they may make adequate arrangements for supply of fertilizers. However, the Committee are dismayed to note that despite repeated assurance from Department of Fertilizers the availability of fertilizers

has not been upto mark in various districts of the country. The Committee are very unhappy to note that the farmers in various parts of the country have been suffering on account of untimely availability of fertilizers and this is causing much distress among the farmers. The Committee, therefore, strongly recommend that the Department of Fertilizers should ensure that there is timely availability of fertilizers to the farmers and the farmers should not suffer for the want of fertilizers. The Committee are also of the view that there should be proper coordination between Department of Fertilizers (DOF) and Agriculture Department of the State Government. The Committee are also dismayed to note that on record there is availability of fertilizers as required but in reality there is acute shortage of fertilizers at ground level. The Committee feel that there is a mismatch in data available with the Department of Fertilizers and other sources regarding the availability of fertilizers. The Committee are, therefore, of the view that Department of Fertilizers should explore possibility of creating direct communication link between the farmers and Department of Fertilizers to assess the correct demand of fertilizers. The Committee are also of the view that proper distribution mechanism of fertilizers at the district level should also be developed so that adequate fertilizers are available to farmers on time.

The Committee during study visit to Kolkata, Shillong, Cherrapunji, Guwahati, Aizawl, Dimapur and Kolkata from 13 to 19 July, 2010 observed that there is very acute scarcity of fertilizers in North Eastern States specially in states of Nagaland, Meghalaya and Mizoram. The Committee also noted that the dealers faced difficulties in lifting of fertilizers from the company to the retail market and subsequently to the farmers. The Committee, therefore, recommend that the Department of Fertilizers should take adequate steps for procuring facilities for the dealers for lifting of fertilizers from the companies to the retail outlets and then to the farmers. In this regard the Committee were suggested at Dimapur that the fertilizers companies should make available all the requirement of fertilizers at Central Warehousing Corporation (CWC) Dimapur as this will ensure easy lifting and delivery of fertilizers well ahead of season for timely application of fertilizers. The Committee feel that this kind of arrangement can be made for other parts of the country for ensuring timely availability of fertilizers. Further, the Committee also observed that farmers were paying exorbitant prices especially in the North Eastern States for fertilizers even if the fertilizers are available in surplus. The Committee, therefore, desire that the Department should look into the matter and take necessary steps in this regard.

The Committee during study visit to Kochi, Munnar, Alleppy and Thekkady from 4 to 8 July 2012 observed that tea and spice growers were not provided timely availability of fertilizers especially Muriate of Phosphate (MOP), complex fertilizers and Factum Phos. There was shortage of fertilizers also. On the contrary the Department of Fertilizers vehemently say that there is no dearth of fertilizers. The Committee therefore derive the conclusion that either there is something wrong in the assessment of requirement of fertilizers or the artificial scarcity has been created by the hoarders and black marketeers. The Committee also noted that Cooperative societies are not consulted while assessing the requirement of fertilizers. The Committee therefore recommend that Cooperative societies should also be involved in the process of data collection in respect of demand of fertilizers well before the sowing season so as to ensure that farmers do not feel any scarcity of fertilizers during their sowing/application period. The Committee are of the view that some device should be explored in consultation with State Governments to check black marketing of fertilizers.

10. Black-Marketing and Artificial Scarcity

The Committee are dismayed to note that though the Department of Fertilizers has a well planned system of assessing requirement and availability of fertilizers there is a rampant instances of black marketing and artificial scarcity of fertilizers being created by the hoarders. The Committee are not satisfied by the reply of the Government that when the Central Government gets the information regarding black marketing and artificial scarcity, the information is sent to the State Government and it is the State Government's responsibility to enforce action against such cases. The Department of Fertilizers has further informed that as the Central Government does not have force and manpower, the responsibility of checking the hoarders and black-marketeers has been delegated to the State Governments. The Committee, therefore, are of view that Central Government should not shirk from the responsibility of curbing artificial scarcity and hoarding of fertilizers. Department of Fertilizers should take adequate and stringent steps to curb and reduce such instances. The Committee feel that fertilizer companies should also have some control in checking such mal-practices by cancelling of dealerships of individuals involved in black-marketing and hoarding of fertilizers so as to further deter individuals to indulge in such activities. The Committee expect that Department of Fertilizers will take more proactive steps in this regard.

11. Quality Control of Fertilizers

The Committee note that in total the number of labs for analysis of fertilizers is at 74 and in the States of West Bengal, Madhya Pradesh, Maharashtra and Uttarakhand the percentage of non-standard samples is at 12.7%, 13.1%, 15.5% and 6.0% for the year 2010-11 which is high in comparison to other States. The Committee also note that the capacity utilization for checking of non-standard samples in some States such as West Bengal, Mizoram, Jharkhand, Uttarakhand the capacity utilization is below 50%. The Committee are therefore of the view that Department of Fertilizers should ensure that State Government should make optimum use of capacity utilization of labs for checking of non-standard fertilizers and also to improve the quality of fertilizers in the States where percentage of non-standard samples have been detected higher so that substandard/ spurious fertilizers are not sold in the market. The Committee note that there are only 71 fertilizers testing laboratories in the country including only 4 laboratories of Government of India. The Committee therefore recommend that more fertilizers testing laboratories in the country should be set up to ensure quality control of fertilizers specially in those States where large quantities of fertilizers are in use. State Governments should also be asked in this regard and if required necessary financial and technical assistance should be provided. Further, a check should be maintained on the hand mixing of fertilizers as it leads to inferior quality of fertilizers.

12. Import of Fertilizers

The Committee note that India imports about 20% of its requirements of Nitrogenous fertilizers, 80% of Phosphatic fertilizers and 100% of the requirement of potassic fertilizers. Thus, the country is heavily import dependent in fertilizer sector and foreign exchange outgo on this account cannot be avoided. The Committee are satisfied to note that the Government is making all out efforts to establish joint ventures with the countries which are rich in raw material for producing fertilizers. The Committee are also happy to note that various projects are under discussion with different countries such as Syria, Russia, Indonesia, Australia and Ghana. The Committee hope that the projects under discussion with these countries will be fruitful and beneficial to the country. Further, the Committee were informed that at present the "cartel" at international level has been dictating unfair price for raw material making it difficult for Department of Fertilizers to import the same. The Committee therefore, recommend that the Department of Fertilizer should take

adequate steps to address the problem of unfair pricing at the international level. The Department of Fertilizers should take into confidence other friendly countries to negotiate prices of raw materials for fertilizers in the international market at a reasonable rates.

13. Transportation

The Committee note that various problems are faced by Department of Fertilizers with regard to transportation of fertilizers. Some of them among others are heavy rains, shortage of labour during festival seasons etc. This leads to congestion in movement of fertilizers from ports to rake points. Further, Committee note that to ensure easy availability of fertilizers, Department of Fertilizers has notified Uniform Freight Regime for all fertilizers, wherein freight subsidy will be paid separately on receipt of all fertilizers in districts/blocks. Also, with regard to shortage of railways rakes the Committee were informed that Department of Fertilizers regularly interacts with Ministry of Railways for provision of rakes at all ports/plants. The Committee, are therefore, of the view that Department of Fertilizers should ensure that the movement of fertilizers from ports to inland is carried out without undue hassles and hindrances.

14. Monitoring

The Committee are satisfied to note that Fertilizer Monitoring System (FMS) is path breaking initiative undertaken by Department of Fertilizers. However, in some parts of the country farmers are facing acute difficulty in getting urea, potash, DAP etc., the Committee, therefore, desire that the Central Government should devise a foolproof mechanism for proper and equitable distribution of fertilizers in all parts of the country especially in remote, hilly and inaccessible areas. Further, to tackle the problem of artificial shortage, if any, created in some region, special efforts may be made to provide adequate quantity of fertilizers so that the farmers are not left at the mercy of hoarders and black-marketeers.

NEW DELHI;
31 July, 2012

9 Sravana, 1934 (Saka)

GOPINATH MUNDE,
Chairman,
Standing Committee on
Chemicals and Fertilizers.

ANNEXURE A

BIO-FERTILIZER PRODUCTION IN INDIA DURING THE PERIOD
FROM 2008-09 TO 2010-11

Sl.No.	State	Actual production of biofertilizers in MT during years			
		2007-08	2008-09	2009-10	2010-11
1	2	3	4	5	6
1.	Andhra Pradesh	4515.81	168.136	1345.28	999.60
2.	Arunachal Pradesh	0	0	0	0.00
3.	Assam	70.90	129.3552	121.04	130.00
4.	Bihar	20.00	0	0	136.26
5.	Delhi	168.84	1165.1	1021.85	1205.00
6.	Gujarat	1263.30	1149.695	1309.19	6318.00
7.	Goa	0	0	0	443.40
8.	Haryana	8.89	14.25	6.195	6.53
9.	Himachal Pradesh	56.21	0	8.5	9.00
10.	Jharkhand	201.68	15.0	15.0	0.00
11.	Karnataka	2841.26	11921.057	3695.5	6930.00
12.	Kerala	814.44	1187.001	1936.451	3257.00
13.	Madhya Pradesh	1884.86	848.448	1587.6775	2455.57
14.	Maharashtra	2486.41	1249.87	1861.33	2924.00
15.	Manipur	0	0	0	0.00
16.	Mizoram	3.58	1.996	2.5	2.00
17.	Meghalaya	0	0	0	0.00
18.	Nagaland	13.98	16.0092	18.25	21.50
19.	Odisha	331.94	405.03	289.867	357.66
20.	Punjab	1.7	1.14	301.232	2.50
21.	Puducherry	471.28	561.7924	452.79	783.00

1	2	3	4	5	6
22.	Rajasthan	302.30	353.67	805.571	819.75
23.	Sikkim	0	0	0	0.00
24.	Tamil Nadu	3466.96	4687.818	3732.5862	8691.00
25.	Tripura	14.27	14.68	278.402	850.00
26.	Uttar Pradesh	250.05	885.5174	962.6417	1217.45
27.	Uttarakhand	0	48.23	32.00	45.00
28.	West Bengal	922.34	241.24	256.5	393.39
	Total	20111.05	25065.0352	20040.3534	37997.61

ANNEXURE B

STATE-WISE CONSUMPTION OF MAJOR FERTILIZERS VIZ. UREA, DAP, MOP & COMPLEXES DURING 2005-06, 2006-07, 2007-08, 2008-09 AND 2009-10

(In 000 Tonnes)

State/U.T.	UREA					DAP					MOP					Complex				
	2005-06	2006-07	2007-08	2008-09	2009-10	2005-06	2006-07	2007-08	2008-09	2009-10	2005-06	2006-07	2007-08	2008-09	2009-10	2005-06	2006-07	2007-08	2008-09	2009-10
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Andhra Pradesh	2329.42	2228.97	2512.45	2733.86	2602.61	609.81	604.07	694.39	887.23	886.48	410.47	402.99	449.44	601.09	599.40	1568.36	1545.49	1408.92	1543.94	1775.71
Karnataka	1069.44	1099.53	1253.63	1281.99	1377.07	460.02	499.42	437.58	764.51	826.82	347.50	299.03	358.02	504.63	608.25	986.54	891.20	786.72	799.21	1029.47
Kerala	107.03	117.91	133.83	157.08	147.94	17.26	26.86	17.76	24.07	30.29	121.07	118.55	116.45	151.07	151.39	147.73	146.28	140.63	179.11	208.45
Tamil Nadu	874.76	916.17	915.69	1122.20	962.49	359.02	388.66	335.23	363.79	283.55	433.20	421.61	477.72	584.40	511.64	386.34	385.13	316.81	316.68	569.67
Putucherry	28.94	33.79	29.52	24.65	31.53	9.20	12.98	7.53	4.50	4.16	13.68	11.65	13.26	10.37	10.30	31.14	30.58	24.46	16.71	20.48
Andaman and Nicobar Islands	0.69	0.56	0.52	0.42	0.44	0.25	0.55	0.68	0.36	0.44	0.16	0.07	0.20	0.18	0.19	0.00	0.00	0.00	0.01	0.15
Lakshadweep	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SZ Total	4410.28	4396.93	4845.64	5320.20	5122.08	1455.56	1532.54	1493.17	2044.46	2031.74	1326.08	1253.90	1415.09	1851.74	1881.17	3120.11	2998.68	2677.54	2855.66	3603.93
Gujarat	1407.78	1574.76	1805.70	1845.61	1857.10	525.65	557.31	669.92	750.51	829.61	154.81	149.56	179.13	224.79	268.97	280.19	348.96	404.21	411.36	408.40
Madhya Pradesh	989.60	1296.89	1425.08	1371.33	1603.43	415.55	574.30	579.63	760.58	927.08	44.54	60.58	71.79	88.85	139.54	222.74	210.83	233.28	216.06	222.59
Chhattisgarh	420.68	500.39	501.04	474.56	544.37	118.07	132.72	135.52	166.87	255.67	46.40	62.89	62.64	80.91	85.10	93.38	101.81	111.15	111.31	99.31
Maharashtra	1734.34	1985.36	2130.69	2258.26	2288.95	523.40	654.36	552.64	852.57	1356.59	263.79	280.71	326.35	489.84	667.79	1062.26	1171.14	1209.08	1012.80	1106.40
Rajasthan	1159.22	1241.16	1326.63	1296.83	1313.38	415.05	438.25	456.79	574.34	585.03	17.03	8.95	20.61	24.47	42.18	75.95	86.30	79.89	64.29	77.70

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Goa	2.84	3.63	4.52	3.56	4.44	0.61	0.69	1.15	2.76	3.16	0.90	0.94	0.85	0.83	1.14	5.76	5.78	6.76	7.19	6.63	
Daman and Diu	0.00	0.50	0.52	0.33	0.41	0.00	0.10	0.10	0.11	0.10	0.00	0.02	0.04	0.02	0.02	0.00	0.00	0.00	0.00	0.00	0.08
Dadra and Nagar Haveli	1.06	1.12	0.84	0.92	1.12	0.81	1.01	0.87	0.95	0.99	0.09	0.11	0.07	0.09	0.08	0.00	0.00	0.00	0.00	0.00	0.00
WZ Total	5715.52	6603.81	7195.02	7251.40	7613.20	1999.14	2358.74	2996.62	3108.69	3958.23	527.36	563.76	661.48	909.80	1204.82	1740.28	1924.82	2044.37	1823.01	1921.11	
Haryana	1630.88	1671.02	1828.84	1789.21	1804.21	499.24	490.98	515.26	660.12	692.05	36.04	22.61	29.03	40.73	88.64	48.42	35.28	41.37	29.22	47.31	
Punjab	2406.51	2519.24	2570.37	2581.71	2586.21	743.75	716.94	688.35	736.06	870.72	85.67	48.40	57.16	81.47	107.76	80.70	69.20	33.29	49.41	54.92	
Uttar Pradesh	4597.98	5168.29	5254.14	5457.40	5347.89	1216.30	1321.37	1324.04	1445.58	1647.53	166.43	123.51	116.39	246.44	342.53	734.35	693.01	704.79	706.74	916.72	
Uttarakhand	172.22	215.00	230.43	215.32	226.30	28.21	23.03	22.92	28.43	36.56	6.67	3.86	4.93	7.84	4.00	31.22	43.78	43.85	47.86	40.69	
Himachal Pradesh	55.42	55.36	60.27	63.70	55.53	0.17	0.10	0.00	0.00	2.62	4.83	4.50	5.09	5.73	5.40	31.34	33.26	31.25	41.49	36.52	
Jammu and Kashmir	112.36	100.51	107.97	125.82	141.42	54.00	48.26	32.90	59.49	51.17	6.88	10.07	6.23	13.67	2.113	3.15	4.79	6.32	1.55	2.00	
Delhi	0.92	1.62	0.57	1.39	3.55	0.00	0.36	0.13	0.00	0.50	0.00	0.00	0.00	0.00	0.50	0.00	0.11	0.06	0.00	4.55	
Chandigarh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
NZ Total	8976.29	9731.04	10052.59	10234.75	10165.11	2541.67	2601.04	2583.60	2929.68	3301.15	306.52	212.95	218.83	395.88	569.96	929.18	879.43	860.93	876.27	1102.71	
Bihar	1381.27	1598.11	1852.10	1799.64	1700.98	178.54	263.44	312.95	411.47	397.08	130.64	100.03	105.05	212.82	226.09	146.13	182.59	153.52	251.26	267.28	
Jharkhand	154.02	162.44	153.59	148.78	150.35	68.18	67.73	74.25	80.34	82.04	5.28	0.71	8.66	13.75	17.27	30.04	36.15	38.11	37.54	68.53	
Odisha	393.93	423.47	447.30	460.02	450.19	88.68	96.84	170.60	196.84	208.55	90.50	80.23	95.17	128.80	118.54	186.76	180.65	154.10	251.88	222.38	
West Bengal	1038.65	1165.77	1167.40	1165.48	1171.26	344.20	374.87	378.29	380.20	438.79	257.58	283.57	275.71	459.12	497.17	540.79	596.76	642.15	709.21	888.88	
EZ Total	2967.87	3349.79	3620.39	3573.92	3472.78	679.60	802.88	936.09	1068.85	1126.46	484.00	464.54	484.59	814.49	859.07	903.69	996.15	987.88	1249.89	1397.01	
Assam	172.61	194.40	195.41	223.48	251.31	78.98	70.55	74.83	68.93	64.73	80.95	82.87	92.43	95.27	110.44	0.00	0.00	0.00	0.00	0.00	
Tripura	20.76	23.85	15.87	15.97	17.03	1.65	2.29	1.32	1.06	1.51	3.75	3.55	3.66	4.62	5.13	0.60	0.26	0.00	0.00	0.00	
Manipur	25.35	28.27	28.76	19.14	22.55	2.43	6.50	6.24	3.52	1.67	1.21	2.17	2.17	2.17	2.46	0.61	0.00	0.00	0.00	0.00	

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Meghalaya	5.68	5.44	4.89	5.22	5.31	2.09	2.48	1.59	1.10	0.33	0.36	0.40	0.55	0.66	0.57	0.01	0.00	0.00	0.00	0.00
Nagaland	0.54	0.51	0.72	0.79	0.80	0.44	0.48	0.51	0.61	0.60	0.09	0.12	0.24	0.20	0.28	0.00	0.00	0.00	0.00	0.00
Assam	0.80	0.90	0.85	0.96	0.97	0.28	0.28	0.34	0.15	0.15	0.14	0.15	0.15	0.25	0.25	0.15	0.05	0.00	0.00	0.00
Mizoram	1.40	2.30	3.01	3.38	0.00	1.80	3.00	2.30	4.16	0.00	0.80	1.20	1.50	1.96	0.00	0.00	0.00	0.00	0.00	0.00
Sikkim	0.41	0.42	0.00	0.00	2.30	0.28	0.27	0.00	0.00	5.26	0.00	0.00	0.00	0.00	1.76	0.00	0.00	0.00	0.00	0.00
NE Total	227.55	256.09	249.51	268.94	300.27	87.95	85.85	87.13	79.53	74.25	87.30	90.46	100.70	105.42	119.04	0.76	0.31	0.00	0.00	0.00
All India	22297.51	24337.66	25963.15	26649.21	26673.44	6763.92	7381.05	7496.61	9231.21	10491.83	2731.26	2585.61	2880.69	4077.33	4634.06	6694.02	6799.39	6570.72	6804.83	8024.82

Contd. ANNEXURE B

STATE-WISE CONSUMPTION (SALES) OF UREA, DAP, MOP & COMPLEX FERTILIZERS DURING THE YEAR 2010-11 & 2011-12

2011-12 (Figures in LMT)

Name of State	Year	UREA Consumption (Sales)	DAP Consumption (Sales)	MOP Consumption (Sales)	Complex Consumption (Sales)
1	2	3	4	5	6
Andhra Pradesh	2010-11	31.30	10.30	6.04	21.88
	2011-12	29.34	10.39	3.82	23.58
Karnataka	2010-11	14.28	8.42	4.14	13.51
	2011-12	14.45	9.06	3.64	16.40
Kerala	2010-11	1.44	0.41	1.56	2.22
	2011-12	1.49	0.41	1.42	1.99
Tamil Nadu	2010-11	10.15	3.19	4.72	6.83
	2011-12	10.45	3.71	4.16	7.56
Gujarat	2010-11	21.19	8.09	2.02	6.55
	2011-12	21.18	6.80	1.72	7.08
Madhya Pradesh	2010-11	16.92	10.92	1.33	3.52
	2011-12	17.86	10.57	0.75	4.66
Chhattisgarh	2010-11	5.54	2.41	0.94	1.32
	2011-12	6.30	2.58	0.83	197.00
Maharashtra	2010-11	25.51	14.31	6.37	17.92
	2011-12	25.43	12.22	3.99	19.74
Rajasthan	2010-11	15.70	7.16	0.28	1.37
	2011-12	16.90	7.07	0.23	1.40
Haryana	2010-11	18.38	7.37	0.66	0.69
	2011-12	19.15	8.32	0.46	0.71

1	2	3	4	5	6
Punjab	2010-11	27.17	9.01	0.96	1.03
	2011-12	28.25	9.66	0.69	1.19
Uttar Pradesh	2010-11	54.51	17.64	1.92	10.30
	2011-12	58.05	18.15	1.80	11.26
Uttarakhand	2010-11	2.23	0.28	0.05	0.57
	2011-12	2.50	0.38	0.04	0.50
Jammu and Kashmir	2010-11	1.27	0.81	0.19	0.00
	2011-12	1.19	0.65	0.08	0.00
Bihar	2010-11	16.94	4.59	1.97	3.11
	2011-12	18.11	4.41	1.26	3.56
Jharkhand	2010-11	1.35	0.65	0.06	0.36
	2011-12	2.16	0.68	0.06	0.47
Odisha	2010-11	4.57	2.19	1.32	2.31
	2011-12	5.10	1.73	0.83	3.12
West Bengal	2010-11	11.26	4.62	3.23	8.76
	2011-12	12.74	4.76	3.01	8.13
Assam	2010-11	2.50	0.27	0.96	0.11
	2011-12	2.68	0.28	0.91	0.05
All India	2010-11	282.23	112.87	38.91	102.98
	2011-12	294.77	111.95	29.91	113.93

**CUMULATIVE REQUIREMENT & ESTIMATED AVAILABILITY OF FERTILISERS
DURING KHARIF 2011 (APRIL TO SEPTEMBER)**
Qty. in ('000) MTs

State	UREA			DAP			MOP			Complex			Phosphatic Fertilizers (DAP+NPK)		
	Requirement	Availability	Stock Pre-positioned	Requirement	Availability	Stock Pre-positioned	Requirement	Availability	Stock Pre-positioned	Requirement	Availability	Stock Pre-positioned	Requirement	Availability	Stock Pre-positioned
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Andhra Pradesh	1500.00	1463.83	730.00	69.52	546.52	325.00	82.53	1150.00	90.16	1175.18	1880.00	159.68	1721.70	1881.38	
Karnataka	800.00	781.16	615.00	160.14	378.54	290.00	83.73	630.00	225.06	785.48	1245.00	385.20	1164.02	1549.22	
Kerala	90.00	93.30	25.00	1.51	22.35	90.00	60.06	130.00	10.30	111.08	155.00	11.81	133.43	145.24	
Tamil Nadu	450.00	426.07	200.00	32.92	176.59	211.00	100.15	271.00	32.09	329.08	471.00	65.01	505.67	570.68	
Gujarat	1100.00	1076.97	480.00	99.87	369.42	110.00	78.49	260.00	14.84	324.04	740.00	114.71	693.46	808.17	
Madhya Pradesh	625.00	706.76	610.00	144.70	383.61	90.00	25.52	180.00	45.18	200.24	790.00	189.88	583.85	773.73	
Chhattisgarh	475.00	405.14	225.00	41.47	126.41	85.00	18.69	100.00	23.00	116.31	325.00	64.47	242.72	307.19	
Maharashtra	1500.00	1461.33	1075.00	140.07	567.14	325.00	80.81	900.00	125.00	994.38	1975.00	265.07	1561.52	1826.59	
Rajasthan	575.00	659.18	380.00	70.06	333.33	30.00	7.79	90.00	0.39	59.57	470.00	70.45	392.90	463.35	
Haryana	850.00	879.29	320.00	68.98	331.92	35.00	11.11	35.00	4.00	45.04	355.00	72.98	376.96	449.94	

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Punjab	1250.00	1328.26	600.00	35.95	419.62	56.00	23.34	50.00	16.00	50.71	650.00	51.95	470.33	522.28
Himachal Pradesh	36.00	31.23	0.00	0.00	0.00	1.00	0.00	18.00	2.00	7.96	18.00	2.00	7.96	9.96
Jammu and Kashmir	67.50	50.45	40.00	0.99	31.48	10.00	0.00	0.00	0.00	0.00	40.00	0.99	31.48	32.47
Uttar Pradesh	2500.00	2604.11	1050.00	62.32	669.07	150.00	46.12	525.00	194.61	587.54	1575.00	256.93	1256.61	1513.54
Uttarakhand	12.50	138.39	20.00	0.00	19.32	4.60	0.79	25.00	0.00	21.89	45.00	0.00	41.21	41.21
Bihar	925.00	797.11	225.00	0.00	179.27	80.00	15.24	175.00	0.40	155.77	400.00	0.40	335.04	335.44
Jharkhand	160.00	124.44	80.00	0.35	45.17	20.00	1.83	38.00	0.20	28.92	118.00	0.55	74.09	74.64
Odisha	450.00	373.56	170.00	7.88	105.22	120.00	25.15	200.00	0.00	207.26	370.00	7.88	312.48	320.36
West Bengal	500.00	495.76	250.00	7.32	202.27	150.00	31.48	400.00	19.80	309.18	650.00	27.12	511.45	538.57
Assam	140.00	130.09	20.00	0.00	19.46	60.00	10.60	7.50	7.50	1.49	27.50	7.50	20.95	28.45
All India	14216.25	14026.43	7137.76	944.04	4926.71	2254.77	708.43	5205.96	810.53	5511.12	12343.72	1754.57	10437.83	12192.40

ANNEXURE D

TOTAL DEMAND OF FERTILIZERS IN THE COUNTRY, TOTAL
INDIGENOUS PRODUCTION AND THE QUANTITY
IMPORTED DURING LAST FOUR YEARS

(in LMT)

Sl.No.	Year	Product	Demand	Indigenous production	Import
1.	2007-08	Urea	271.70	198.48	69.27
		DAP	89.21	42.15	29.78
		MOP	36.13	—	44.31
		NPK	87.40	58.49	—
		Urea	281.33	19899	56.66
2.	2008-09	DAP	94.82	29.88	6631
		MOP	37.85	—	43.46
		NPK	92.31	68.48	—
		Urea	281.89	211.05	52.08
		DAP	106.98	4245	60.02
3.	2009-10	MOP	43.85	—	41.62
		NPK	87.73	82.28	—
		Urea	290.79	21879	66.09
		DAP	120.92	35.36	76.97
		MOP	47.80	—	45.00
4.	2010-11	NPK	92.00	87.27	9.80

DEMAND (REQUIREMENT), INDIGENOUS PRODUCTION AND IMPORTS OF UREA, DAP, MOP & COMPLEX FERTILIZERS DURING THE YEAR 2010-11 AND 2011-12

(Figures in lakh MTs)

Year	UREA		DAP		MOP		COMPLEX		
	Demand (Requirement)	Indigenous Production	Demand (Requirement)	Indigenous Production	Demand (Requirement)	Indigenous Production	Demand (Requirement)	Indigenous Production	
2010-11	290.79	218.79	120.92	35.36	47.80	NA	92.00	87.27	9.80
2011-12	305.16	219.57	126.16	39.58	48.27	NA	107.36	77.65	36.71

* Agriculture use

CUMULATIVE AVAILABILITY OF FERTILIZERS DURING THE YEAR 2008-09 (APRIL 2008 TO MARCH 2009)

(Qty. in MTs)

State	UREA			DAP			MOP			COMPLEX		
	Requirement	Availability	Sales	Requirement	Availability	Sales	Requirement	Availability	Sales	Requirement	Availability	Sales
1	2	3	4	5	6	7	8	9	10	11	12	13
Andhra Pradesh	27.50	27.84	27.33	8.50	9.98	9.97	5.85	6.27	6.04	20.50	16.50	16.30
Karnataka	13.50	12.88	12.82	6.05	8.12	8.07	4.55	5.14	5.05	11.17	8.44	8.39
Kerala	1.49	1.68	1.63	0.31	0.24	0.24	1.33	1.53	1.51	1.72	1.85	1.81
Tamil Nadu	10.37	11.28	11.28	4.31	3.85	3.85	4.84	5.95	5.84	3.62	3.55	3.51
Gujarat	8.65	18.69	18.48	7.10	8.24	8.19	1.90	2.26	2.22	4.39	4.92	4.70
Madhya Pradesh	15.75	13.83	13.59	8.25	8.31	8.14	1.20	1.17	0.88	4.35	2.20	2.15
Chhattisgarh	5.40	5.23	5.06	1.75	2.31	2.28	0.77	0.95	0.92	1.31	1.23	1.22
Maharashtra	23.25	22.84	22.46	8.60	10.19	10.15	3.70	5.17	4.92	15.65	10.40	10.29
Rajasthan	15.10	13.21	12.97	5.60	5.90	5.77	0.33	0.32	0.24	1.42	0.67	0.66
Haryana	19.90	17.59	17.36	6.00	6.69	6.61	0.46	0.47	0.39	0.67	0.31	0.31

1	2	3	4	5	6	7	8	9	10	11	12	13
Punjab	25.50	26.28	25.77	8.10	8.82	8.82	0.95	0.98	0.81	1.01	0.59	0.57
Himachal Pradesh	0.65	0.66	0.66	0.00	0.00	0.00	0.07	0.06	0.06	0.044	0.40	0.40
Jammu and Kashmir	1.35	1.28	1.26	0.80	0.59	0.59	0.33	0.14	0.14	0.00	0.01	0.01
Uttar Pradesh	55.00	55.74	54.83	15.50	15.12	14.93	2.50	2.79	2.47	10.50	7.44	7.32
Uttarakhand	2.30	2.22	2.20	0.35	0.31	0.31	0.18	0.08	0.08	0.45	0.51	0.51
Bihar	21.25	18.33	17.96	4.25	4.12	4.11	1.90	2.28	2.13	3.60	2.59	2.59
Jharkhand	2.00	1.57	1.54	1.05	0.80	0.80	0.13	0.16	0.14	0.40	0.38	0.38
Odisha	5.50	4.74	4.61	2.00	1.89	1.89	1.35	1.53	1.34	2.88	2.66	2.55
West Bengal	13.00	11.94	11.67	4.86	4.03	4.03	4.15	4.80	4.62	7.49	7.29	7.23
Assam	2.40	2.30	2.30	1.03	0.14	0.14	1.06	1.08	0.95	0.30	0.06	0.06
All India	281.34	270.88	266.51	94.83	99.78	99.03	37.86	43.34	40.95	92.32	72.26	71.22

\$Excludes 10.4 LMT of urea extra sold in March, 2008
(March, 08 requirement 10.36 LMT, the sales was 22.76 LMT)
Note: DOF started monitoring of complex fertiliser *vs.e.f.* Khari, 2008.

**CUMULATIVE REQUIREMENT, AVAILABILITY & SALES OF FERTILISERS
DURING THE YEAR 2009-10 (APRIL TO MARCH)**

State	UREA			DAP			MOP			COMPLEX		
	Requirement	Availability	Sales	Requirement	Availability	Sales	Requirement	Availability	Sales	Requirement	Availability	Sales
1	2	3	4	5	6	7	8	9	10	11	12	13
Andhra Pradesh	27.50	26.16	25.95	9.75	8.89	8.85	6.60	6.07	6.01	20.50	18.69	18.15
Karnataka	13.75	13.77	13.77	8.20	8.46	8.46	5.15	6.12	6.08	11.20	10.95	10.76
Kerala	1.63	1.53	1.53	0.35	0.30	0.30	1.54	1.57	1.54	1.90	2.12	2.05
Tamil Nadu	11.50	9.98	9.98	4.25	2.94	2.94	5.84	5.14	5.12	4.00	6.18	6.13
Gujarat	18.75	18.21	18.12	8.00	7.64	7.62	2.30	2.86	2.69	4.72	4.20	4.01
Madhya Pradesh	15.25	16.00	15.93	8.50	9.52	9.47	1.20	1.67	1.43	3.55	2.48	2.43
Chhattisgarh	5.48	5.27	5.27	1.77	2.65	2.65	0.84	0.96	0.90	1.42	1.04	1.04
Maharashtra	24.75	22.87	22.87	12.50	13.83	13.82	5.60	7.07	7.06	14.00	11.25	11.13
Rajasthan	15.10	13.37	13.15	6.50	5.86	5.85	0.35	0.55	0.42	1.37	0.78	0.78

(Qty. in LMT)

1	2	3	4	5	6	7	8	9	10	11	12	13
Haryana	19.65	18.05	17.95	7.00	6.66	6.66	0.52	0.90	0.90	0.45	0.48	0.48
Punjab	25.50	24.65	24.46	8.50	8.08	8.06	0.91	1.00	1.08	0.55	0.57	0.55
Himachal Pradesh	0.67	0.54	0.54	0.00	0.02	0.02	0.07	0.05	0.05	0.50	0.38	0.38
Jammu and Kashmir	1.40	1.22	1.22	0.78	0.48	0.48	0.26	0.18	0.18	0.00	0.00	0.00
Uttar Pradesh	55.00	53.64	53.08	17.00	16.51	16.49	2.85	3.47	3.43	8.50	9.47	9.40
Uttarakhand	2.15	2.33	2.33	0.40	0.38	0.38	0.13	0.04	0.04	0.45	0.41	0.40
Bihar	19.00	17.04	17.03	4.50	3.98	3.97	2.10	2.26	2.26	3.10	2.68	2.68
Jharkhand	2.05	1.50	1.50	1.15	0.82	0.82	0.15	0.17	0.17	0.50	0.69	0.68
Odisha	5.75	4.61	4.59	2.25	2.24	2.21	1.70	1.31	1.27	3.00	2.28	2.24
West Bengal	13.00	11.71	11.71	4.80	4.56	4.55	4.15	4.97	4.97	7.50	8.39	8.39
Assam	2.60	2.56	2.56	0.35	0.22	0.22	1.26	0.97	0.97	0.06	0.06	0.06
All India	281.90	265.97	264.48	106.98	104.09	103.92	43.85	47.60	46.74	87.73	83.38	82.03

**CUMULATIVE REQUIREMENT, AVAILABILITY & SALES OF UREA, DAP, MOP & NPK
DURING THE YEAR 2010-11 (APRIL, 2010 TO MARCH, 2011)**

(Figures in LMTs)

State	UREA			DAP			MOP			COMPLEX		
	Requirement	Availability	Sales	Requirement	Availability	Sales	Requirement	Availability	Sales	Requirement	Availability	Sales
1	2	3	4	5	6	7	8	9	10	11	12	13
Andhra Pradesh	28.50	30.38	29.95	11.00	10.40	10.36	6.60	6.09	6.04	20.50	22.12	21.88
Karnataka	14.00	14.28	14.28	8.60	8.46	8.42	5.65	4.24	4.14	11.20	13.78	13.51
Kerala	1.90	1.44	1.44	0.35	0.42	0.41	1.55	1.58	1.56	2.50	2.28	2.22
Tamil Nadu	11.50	10.23	10.15	4.25	3.20	3.19	5.84	4.74	4.72	4.25	6.91	6.83
Gujarat	19.50	21.26	21.19	8.40	8.11	8.09	2.30	2.02	2.02	4.83	6.62	6.55
Madhya Pradesh	16.75	17.05	16.92	10.00	10.94	10.92	1.45	1.36	1.33	3.69	3.55	3.52
Chhattisgarh	5.70	5.56	5.54	2.84	2.41	2.41	1.06	0.96	0.94	1.40	1.32	1.32
Maharashtra	25.25	25.52	25.51	16.70	14.35	14.31	6.75	6.52	6.37	14.80	17.98	17.92
Rajasthan	15.60	15.73	15.70	7.00	7.20	7.16	0.55	0.35	0.28	1.18	1.40	1.37

1	2	3	4	5	6	7	8	9	10	11	12	13
Haryana	19.65	18.75	18.38	7.20	7.40	7.37	0.70	0.66	0.66	0.55	0.69	0.69
Punjab	26.00	27.61	27.17	9.25	9.04	9.01	1.06	1.06	0.96	0.70	1.05	1.03
Himachal Pradesh	0.64	0.61	0.61	0.00	0.00	0.00	0.07	0.04	0.04	0.50	0.41	0.41
Jammu and Kashmir	1.50	1.28	1.27	0.85	0.81	0.82	0.36	0.19	0.19	0.00	0.00	0.00
Uttar Pradesh	57.60	55.08	54.51	19.60	17.71	17.64	3.70	2.17	1.92	9.45	10.61	10.30
Uttarakhand	2.20	2.24	2.23	0.40	0.28	0.28	0.09	0.05	0.05	0.05	0.57	0.57
Bihar	19.50	16.96	16.94	4.75	4.60	4.59	2.30	2.00	1.97	3.35	3.14	3.11
Jharkhand	2.10	1.36	1.35	1.10	0.66	0.65	0.15	0.08	0.06	0.85	0.36	0.36
Odisha	5.75	4.74	4.57	2.50	2.20	2.19	1.90	1.36	1.32	3.00	2.33	2.31
West Bengal	13.00	11.26	11.26	5.10	4.64	4.62	4.00	3.29	3.23	8.25	8.95	8.76
Assam	2.60	2.50	2.50	0.60	0.29	0.27	1.30	0.96	0.96	0.05	0.11	0.11
All India	290.79	284.62	282.23	120.92	113.09	112.87	47.80	39.83	38.91	92.00	104.39	102.98

**CUMULATIVE REQUIREMENT, AVAILABILITY & SALES OF FERTILIZERS DURING
THE YEAR 2011-12 (APRIL, 2011 TO FEBRUARY, 2012)**

(Figures in LMTs)

State	UREA			DAP			MOP			COMPLEX		
	Requirement	Availability	Sales	Requirement	Availability	Sales	Requirement	Availability	Sales	Requirement	Availability	Sales
1	2	3	4	5	6	7	8	9	10	11	12	13
Andhra Pradesh	28.75	27.91	27.44	11.80	10.21	9.10	6.20	3.75	3.05	21.20	23.00	20.67
Karnataka	1363	13.82	13.51	8.49	8.86	7.88	5.30	3.34	3.10	12.19	15.62	14.16
Kerala	1.82	1.40	1.39	0.45	0.42	0.39	1.75	1.42	1.29	2.47	2.04	1.81
Tamil Nadu	10.71	10.04	9.96	4.11	3.59	3.44	4.99	3.72	3.53	6.25	7.58	6.51
Gujarat	21.40	20.00	19.85	8.55	6.43	5.73	2.17	1.62	1.46	4.94	6.72	5.68
Madhya Pradesh	17.41	17.50	17.19	10.93	9.98	8.94	1.65	0.88	0.64	4.05	4.88	4.29
Chhattisgarh	6.18	5.64	5.52	2.87	2.48	2.23	1.14	0.68	0.60	1.52	2.06	1.81
Maharashtra	25.75	23.55	23.20	16.40	11.60	10.60	5.90	3.74	3.20	17.34	19.17	17.08
Rajasthan	15.65	16.44	16.30	7.15	6.92	6.68	0.48	0.25	0.23	1.67	1.42	1.29
Haryana	19.25	18.31	18.17	7.12	7.60	7.32	0.70	0.42	0.40	0.80	0.69	0.63

1	2	3	4	5	6	7	8	9	10	11	12	13
Punjab	25.00	25.77	25.53	10.05	9.51	9.12	1.01	0.70	0.65	0.98	1.22	1.11
Himachal Pradesh	0.64	0.58	0.58	0.00	0.00	0.00	0.06	0.07	0.07	0.53	0.31	0.31
Jammu and Kashmir	1.42	0.84	0.83	0.83	0.58	0.53	0.34	0.06	0.06	0.00	0.00	0.00
Uttar Pradesh	56.00	54.26	53.52	19.45	17.11	14.58	3.90	1.50	1.37	11.05	12.35	10.39
Uttarakhand	2.20	2.38	2.35	0.33	0.34	0.32	0.10	0.04	0.04	0.68	0.50	0.42
Bihar	19.50	16.80	16.64	4.95	4.47	3.98	2.40	1.21	0.94	3.73	383	3.27
Jharkhand	2.54	2.10	2.06	1.25	0.69	0.60	0.34	0.04	0.02	1.03	0.47	0.43
Odisha	5.85	4.86	4.59	2.52	1.71	1.46	1.91	0.84	0.68	3.03	3.21	2.77
West Bengal	12.21	10.95	10.79	4.98	4.62	4.14	3.82	2.61	2.26	8.58	8.10	6.92
Assam	2.79	2.33	2.31	0.55	0.37	0.26	1.30	0.74	0.67	0.25	0.07	0.04
All India	288.68	275.49	271.72	122.77	107.48	97.30	45.44	27.63	24.24	102.27	11323	99.59

ANNEXURE F

STATE-WISE NUMBER OF FERTILISER SAMPLES ANALYSED
AND FOUND NON-STANDARD DURING 2009-10

Sl. No.	Name of State	No. of Labs	Annual Analysing Capacity	No. of samples analysed	Non-Standard			% Capacity Utilisation	% Samples Non-standard
					Nutrient deficient	Physical parameter & impurities	Total		
1	2	3	4	5	6	7	8	9	10
1.	Assam	1	500	232	9	Nil	9	46.4	3.9
2.	Mizoram	1	250	Nil	Nil	Nil	Nil	Nil	Nil
3.	Jharkhand	1	3330	678	9	Nil	9	20.4	1.3
4.	Bihar	1	2000	2143	63	4	67	107.2	3.1
5.	Odisha	2	3500	2603	107	17	124	80.1	4.4
6.	West Bengal	3	4500	2501	267	3	270	55.6	10.8
	Total East & NE	9	14080	8357	455	24	479	59.4	5.7
7.	Gujarat	3	7500	4658	49	0	49	62.1	1.1
8.	Madhya Pradesh	4	5200	4142	648	11	659	79.7	15.9
9.	Chhattisgarh	1	3150	2306	143	6	149	73.2	8.5
10.	Maharashtra	4	13640	14778	1747	335	2082	108.3	15.0
11.	Rajasthan	4	8000	9827	143	18	161	122.8	1.6
	Total West Zone	16	37490	35711	2730	370	3100	95.3	8.7
12.	Haryana	3	5100	4099	62	23	85	80.4	2.1
13.	Himachal Pradesh	2	2000	1618	41	3	44	80.9	2.7
14.	Jammu and Kashmir	2	1400	1332	10	3	13	95.1	1.0
15.	Punjab	2	3000	3067	24	0	24	102.2	0.8
16.	Uttar Pradesh	5	10000	10873	662	Nil	662	108.7	6.1
17.	Uttarakhand	2	800	274	29	1	30	34.3	10.9
	Total North Zone	16	22300	21263	828	30	858	95.3	4.0

1	2	3	4	5	6	7	8	9	10
18.	Andhra Pradesh	5	15000	14432	225	39	264	96.2	1.8
19.	Karnataka	7	10065	6305	375	20	395	62.6	6.3
20.	Kerala	2	5000	3944	105	0	105	78.9	2.7
21.	Puducherry	1	700	491	2	1	3	70.1	0.6
22.	Tamil Nadu	14	17500	18082	424	170	594	103.3	3.3
	Total South Zone	29	48265	43254	1131	230	1361	89.6	3.1
23.	Govt. of India	4	8500	10832	324	81	405	127.4	3.7
	Total All India	74	130635	119417	5468	735	6203	91.4	5.2

Contd. ANNEXURE F

STATE-WISE NUMBER OF FERTILISER SAMPLES ANALYSED
AND FOUND NON-STANDARD DURING 2010-11

Sl. No.	Name of State	No. of Labs	Annual Analysing Capacity	No. of samples Analysed	Non-Standard			% Capacity Utilisation	% Samples Non-standard
					Nutrient deficient	Physical parameter & impurities	Total		
1	2	3	4	5	6	7	8	9	10
1.	Assam	1	500	271	7	0	7	54.2	2.6
2.	Mizoram	1	250	5	0	0	0	2.0	0.0
3.	Jharkhand	1	3385	682	4	0	4	20.1	0.6
4.	Bihar	1	2000	1748	58	1	59	87.4	3.4
5.	Odisha	2	3500	2396	38	27	65	68.5	2.7
6.	West Bengal	3	4500	2064	259	3	262	45.9	12.7
	Total East & NE	9	14135	7166	366	31	397	50.7	5.5
7.	Gujarat	3	7500	5977	30	0	30	79.7	0.5
8.	Madhya Pradesh	4	5200	4560	570	26	596	87.7	13.1
9.	Chhattisgarh	1	2500	2098	110	8	118	83.9	5.6
10.	Maharashtra	4	13630	14989	1897	433	2330	110.0	15.5
11.	Raiasthan	4	8000	14336	260	31	291	179.2	2.0
	Total West Zone	16	36830	41960	2867	498	3365	113.9	8.0
12.	Haryana	3	5100	4089	49	11	60	80.2	1.5
13.	Himachal Pradesh	2	2000	1866	31	2	33	93.3	1.8
14.	Jammu and Kashmir	2	1400	1395	7	2	9	99.6	0.6
15.	Punjab	2	3000	3123	50	0	50	104.1	1.6
16.	Uttar Pradesh	5	100.00	9205	538	0	538	92.1	5.8
17.	Uttarakhand	2	700	200	12	0	12	26.6	6.0
	Total North Zone	16	22200	19878	687	15	702	89.5	3.5

1	2	3	4	5	6	7	8	9	10
18.	Andhra Pradesh	5	15000	14935	255	47	302	99.6	2.0
19.	Karnataka	7	10065	5948	274	33	307	59.1	5.2
20.	Kerala	2	3000	2574	46	0	46	85.8	1.8
21.	Puducherry	1	700	627	6	0	6	89.6	1.0
22.	Tamil Nadu	14	17500	18011	527	175	702	102.9	3.9
	Total South Zone	29	46265	42095	1108	255	1363	91.0	3.2
23.	Govt. of India	4	8500	10769	199	179	378	126.7	3.5
	Total All India	74	127930	121868	5227	978	6205	95.3	5.1

APPENDIX I

MINUTES

MINUTES OF THE TWENTIETH SITTING OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2009-10)

The Committee sat on Wednesday, 23 June, 2010 from 1500 hours to 1630 hours.

PRESENT

Shri Gopinath Munde — *Chairman*

MEMBERS

Lok Sabha

2. Smt. Susmita Bauri
3. Shri Ganeshrao Nagorao Dudhgaonkar
4. Shri Baidyanath Prasad Mahato
5. Shri Ponnamp Prabhakar
6. Shri Ashok Kumar Rawat
7. Shri Suresh Kumar Shetkar
8. Shri N. Cheluvarya Swamy

Rajya Sabha

9. Shri Raghunandan Sharma
- #10. Dr. C.P. Thakur
11. Shri Brijlal Khabri
12. Shri Raj Mohinder Singh Majitha
13. Shri Anil Kumar Sahani
14. Shrimati Naznin Faruque

#In the absence of the Chairman, the Committee chose Dr. C.P. Thakur to act as Chairman under rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha. Accordingly, Dr. Thakur was in the chair till 1610 hrs. when Hon'ble Chairman occupied the chair.

SECRETARIAT

1. Shri N.K. Sapra — *Additional Secretary*
2. Shri C.S. Joon — *Director*
3. Shri A.K. Srivastava — *Deputy Secretary*

**I. Ministry of Chemicals and Fertilizers
(Department of Fertilizers)**

1. Shri S. Krishnan Secretary (Fertilizers)
2. Dr. V. Rajagopalan Additional Secretary & FA
3. Shri Satish Chandra Joint Secretary, (A&M)

II. Representatives from other Ministries/Departments

1. Shri P.D. Sharma ADG, Indian Council of Agricultural Research (ICAR)
2. Shri S.C. Garg JS (Trade), Department of Agriculture and Cooperation
3. Shri Rakesh Srivastava JS (Port), Ministry of Shipping
4. Shri S.K. Das ED (Traffic), Ministry of Railways

III. REPRESENTATIVES OF PSUs

1. Shri Sunil Dayal CMD, FCI Aravali Gypsum and Minerals India Limited (FAGMIL)
2. Shri J. Kohareswaran Dir. Marketing, Rashtriya Chemicals and Fertilizers Ltd. (RCF)
3. Shri V.K. Sharma CMD, National Fertilizers Ltd. (NFL)
4. Shri S.C. Srivastava Chief Manager, Brahmaputra Valley Fertilizer Corporation Ltd. (BVFCL)
5. Shri Rakesh Kamra Dir. (Finance), Krishak Bharati Cooperative Ltd. (KRIBHCO)
6. Shri N.S. Rao Dir. (Marketing), KRIBHCO
7. Shri A. Ashokan CMD, Fertilizers and Chemicals Travancore Ltd. (FACT)

- | | |
|--------------------------|--|
| 8. Shri M. Sagar Mathews | CMD, Madras Fertilizers Ltd.
(MFL) |
| 9. Shri K.C. Katta | Dir., Finance, Projects &
Developments India Ltd.
(PDIL) |

2. At the outset, Hon'ble Chairman welcomed the members of the Committee.

3. Thereafter, he called the officials of the Ministry of Chemicals and Fertilizers (Department of Fertilizers), Ministry of Agriculture (Department of Agriculture & Cooperation), Ministry of Shipping, Ministry of Railways and Public Sector Undertakings and invited their attention to the provisions contained in Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the Committee's proceedings.

4. Then the Secretary, Department of Fertilizers briefed the Committee about the subject 'Demand and Availability of Fertilizers and their Distribution'.

5. Subsequent to the power-point presentation, the Chairman and members of the Committee raised some questions which were answered by the Secretary (Department of Fertilizers) and other officers of Ministries/PSUs. They also promised to furnish the requisite information in writing which was not readily available with them.

6. During the briefing, the following issues were discussed:—

- (i) Movement of Fertilizers specifically in remote areas.
- (ii) Proper Coordination between Department of Fertilizers, Ministry of Railways and Ministry of Shipping.
- (iii) Adequate availability of Railways rake.
- (iv) Difficulties regarding procurement of labour.
- (v) Cooperation between Central and State Government.
- (vi) Artificial scarcity and black marketing of fertilizers.
- (vii) Import of fertilizers.
- (viii) Proper distribution of fertilizers at district level.
- (ix) Setting up of Soil Testing Laboratories.
- (x) Direct transfer of subsidy to farmers.

APPENDIX II

MINUTES

MINUTES OF THE FIRST SITTING OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2010-11)

The Committee sat on Thursday, 7 October, 2010 from 1500 hours to 1600 hours in Committee Room 'G074', Parliament Library Building, New Delhi.

PRESENT

Shri A.A. Jinnah — *In the Chair*

MEMBERS

Lok Sabha

2. Smt. Susmita Bauri
3. Shri Prabhatsinh P. Chauhan
4. Smt. Santosh Chowdhary
5. Adv. Ganeshrao Nagorao Dudhgaonkar
6. Shri T.K.S. Elangovan
7. Shri Baidya Nath Prasad Mahato
8. Shri Jagdambika Pal
9. Shri Suresh Kumar Shetkar

Rajya Sabha

10. Smt. Naznin Faruque
11. Shri Brijlal Khabri
12. Prof. Anil Kumar Sahani
13. Shri Abani Roy
14. Shri Biswajit Daimary

SECRETARIAT

1. Shri N.K. Sapra — *Additional Secretary*
2. Shri C.S. Joon — *Director*
3. Smt. Emma C. Barwa — *Under Secretary*

WITNESSES

**I. The Ministry of Chemicals and Fertilizers
(Department of Fertilizers)**

- | | |
|------------------------|---------------------------|
| 1. Dr. Sutanu Behuria | Secretary (Fertilizers) |
| 2. Dr. V. Rajagopalan | Additional Secretary & FA |
| 3. Shri Satish Chandra | Joint Secretary |

II. Other Ministries/Departments

- | | |
|-----------------------------|--|
| 1. Shri Sanjay Vikram Singh | Joint Secretary, INM |
| 2. Shri P.D. Sharma | Assistant Director General,
Indian Council of Agricultural
Research (ICAR) |
| 3. Shri S.K. Das | ED (Traffic), Ministry of
Railways |
| 4. Shri Ashwani Kumar | Director, Ministry of Shipping |

III. Representatives of PSUs

- | | |
|-------------------------------|--|
| 1. Shri V.K. Sharma | CMD, National Fertilizers
Limited (NFL) |
| 2. Shri Sunil Dayal | CMD, FCI Aravali Gypsum and
Minerals India Limited
(FAGMIL) |
| 3. Shri V.G. Sankaranarayanan | CMD, Fertilizers and Chemicals
Travancore Limited (FACT) |
| 4. Shri M. Sagar Mathews | CMD, Madras Fertilizers
Limited (MFL) |
| 5. Shri J. Kohareswaran | CMD, Marketing, Rashtriya
Chemicals and Fertilizers
Limited (RCF) |
| 6. Shri R.G. Rajan | CMD, Finance, Projects and
Development (India) Limited
(PDIL) |
| 7. Shri S.C. Srivastava | Chief Manager, Brahmaputra
Valley Fertilizer Corporation
Limited (BVFCL) |
| 8. Shri N.S. Rao | Director, Marketing (KRIBHCO) |

APPENDIX III

MINUTES

MINUTES OF THE TWELFTH SITTING OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2010-11)

The Committee sat on Wednesday, the 06 July, 2011 from 1500 hrs. to 1630 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Gopinath Munde — *Chairman*

MEMBERS

Lok Sabha

2. Smt. Susmita Bauri
3. Shri Prabhatsinh P. Chauhan
4. Smt. Santosh Chowdhary
5. Adv. Ganeshrao Nagorao Dudhgaonkar
6. Shri Baidya Nath Prasad Mahato
7. Shri Jagdambika Pal
8. Shri Tapas Paul
9. Shri Ashok Kumar Rawat
10. Shri N. Chalugaraya Swamy
11. Shri Narendra Singh Tomar

Rajya Sabha

12. Shri Silvius Condpan
13. Prof. Anil Kumar Sahani
14. Shri Raghunandan Sharma
15. Shri Abani Roy
16. Shri Biswajit Daimary

SECRETARIAT

1. Shri N.K. Sapra — *Secretary*
2. Shri C.S. Joon — *Director*
3. Shri A.K. Srivastava — *Additional Director*

WITNESSES

**I. Ministry of Chemicals and Fertilizers
(Department of Fertilizers)**

- | | |
|------------------------|---|
| 1. Dr. Sutanu Behuria | Secretary (Fertilizers) |
| 2. Dr.V. Rajagopalan | Additional Secretary &
Financial Advisor |
| 3. Shri Satish Chandra | Joint Secretary (A&M) |
| 4. Shri Sham Lal Goyal | Joint Secretary (P&P) |
| 5. Shri A.K. Parashar | Economic Advisor |
| 6. Shri M.P. Johnson | Deputy Director General |

II. Representatives from Ministries/Departments

- | | |
|--------------------|---|
| 1. Shri A.S. Lamba | Special Secretary, Department of
Agriculture and Cooperation
(DAC) |
| 2. Dr. P.S. Minhas | Additional Director General,
Indian Council of Agricultural
Research (ICAR) |
| 3. Shri S.K. Das | Executive Director (Traffic),
Ministry of Railways |

III. Representatives of PSUs

- | | |
|---------------------|--|
| 1. Dr. S.K. Das | CMD, FCI Aravali Gypsum &
Minerals India Ltd. (FAGMIL) |
| 2. Shri R.G. Rajan | CMD, Rashtriya Chemicals and
Fertilizers Limited (RCF) |
| 3. Shri M.M. Patil | E.D., Rashtriya Chemicals and
Fertilizers Limited (RCF) |
| 4. Smt. Neeru Abrol | Dir. (Finance), National
Fertilizers Limited (NFL) |
| 5. Capt. P.K. Kaul | Dir. (Marketing), National
Fertilizers Limited (NFL) |
| 6. Shri R. Singh | CMD, Brahmaputra Valley
Fertilizer Corporation Limited
(BVFCL) |
| 7. Shri P. Dutta | DGM, Brahmaputra Valley
Fertilizer Corporation Limited
(BVFCL) |

8. Shri B.D. Sinha	CMD, Krishak Bharati Cooperative Limited (KRIBHCO)
9. Shri N.S. Rao	Dir. (Marketing), Krishak Bharati Cooperative Limited (KRIBHCO)
10. Shri K.C. Katta	CMD, Projects and Development India Ltd. (PDIL)

2. At the outset, Hon'ble Chairman welcomed the members of the Committee and officials of Department of Fertilizers and Public Sector Undertakings and stated that the sitting of Committee has been convened to take oral evidence of representatives of the Ministry of Chemicals and Fertilizers (Department of Fertilizers) on the subject 'Demand and Availability of Fertilizers and their Distribution'. The Chairman also invited their attention to the provisions contained in Direction 55(1) of the Directions by the Speaker regarding confidentiality of the Committee's proceedings.

3. A representative from the Department of Fertilizers gave power-point presentation briefly explaining the salient points relating to the subject. Thereafter, Chairman and members of the Committee raised some queries which were replied to by the Secretary and other senior officials of the Department of Fertilizers. They also promised to furnish the requisite information in writing which was not readily available with them. Apart from various aspects concerning 'Demand and Availability of Fertilizers and their Distribution' the following issues were also discussed:—

- (i) Movement of Fertilizers, particularly in remote and hilly areas.
- (ii) Proper Coordination among Department of Fertilizers, Ministry of Railways and Ministry of Shipping.
- (iii) Adequate availability of Railway rakes.
- (iv) Difficulties regarding procurement of labour.
- (v) Cooperation between the Central and the State Governments.
- (vi) Artificial scarcity and black marketing of fertilizers.
- (vii) Import of fertilizers.
- (viii) Proper distribution of fertilizers at district level.
- (ix) Setting up of Soil Testing Laboratories.

APPENDIX IV

MINUTES

MINUTES OF THE FOURTEENTH SITTING OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2010-11)

The Committee sat on Wednesday, 27 July, 2011 from 1530 hrs. to 1715 hrs. in Committee Room-D, Parliament House Annexe, New Delhi.

PRESENT

Shri Gopinath Munde—*Chairman*

MEMBERS

Lok Sabha

2. Smt. Susmita Bauri
3. Shri Prabhatsinh P. Chauhan
4. Shri K.D. Deshmukh
5. Adv. Ganeshrao Nagorao Dudhgaonkar
6. Shri T.K.S. Elangovan
7. Shri Baidya Nath Prasad Mahato
8. Shri Ponnam Prabhakar
9. Shri Ashok Kumar Rawat
10. Shri N. Chaluvaraya Swamy

Rajya Sabha

11. Shri Silvius Condpan
12. Smt. Naznin Faruque
13. Shri A.A. Jinnah
14. Shri Brijlal Khabri
15. Prof. Anil Kumar Sahani
16. Shri Raghunandan Sharma
17. Shri Parshottam Khodabhai Rupala
18. Shri Abani Roy

SECRETARIAT

1. Shri N.K. Sapra — *Secretary*
2. Shri C.S. Joon — *Director*
3. Shri A.K. Srivastava — *Additional Director*

WITNESSES

**I. Ministry of Chemicals and Fertilizers
(Department of Fertilizers)**

1. Dr. Sutanu Behuria Secretary (Fertilizers)
2. Shri P.K. Sinha Additional Secretary &
Financial Advisor
3. Shri Satish Chandra Joint Secretary (A&M)
4. Shri Sham Lal Goyal Joint Secretary (P&P)
5. Shri Suresh Chandra Gupta Joint Secretary (F&P)
6. Shri A.K. Parashar Economic Advisor
7. Shri M.P. Johnson Deputy Director General

II. Representatives from Ministries/Departments

1. Shri Pankaj Kumar Joint Secretary, Department of
Agriculture and Cooperation
(DAC)
2. Dr. P.P. Vishwas Pr. Scientist, Indian Council of
Agricultural Research (ICAR)

III. Representatives of PSUs

1. Dr. S.K. Das CMD, FCI Aravali Gypsum &
Minerals India Ltd. (FAGMIL)
2. Shri R.G. Rajan CMD, Rashtriya Chemicals and
Fertilizers Limited (RCF)
3. Smt. Neeru Abrol Dir. (Finance), National
Fertilizers Limited (NFL)
4. Shri R. Singh CMD, Brahmaputra Valley
Fertilizer Corporation Limited
(BVFCL)
5. Shri N.S. Rao Dir. (Marketing), Krishak
Bharati Cooperative Limited
(KRIBHCO)
6. Shri K.C. Katta CMD, Projects and
Development India Ltd. (PDIL)

2. At the outset, Hon'ble Chairman welcomed the members of the Committee and officials of Department of Fertilizers and Public Sector Undertakings and stated that the sitting of Committee has been convened to take oral evidence of representatives of the Ministry of Chemicals and Fertilizers (Department of Fertilizers) on the subject 'Demand and Availability of Fertilizers and their Distribution'. The Chairman also invited their attention to the provisions contained in Direction 55(1) of the Directions by the Speaker regarding confidentiality of the Committee's proceedings.

3. Joint Secretary (A&M) from the Department of Fertilizers gave power-point presentation, briefly explaining the salient points relating to the subject. Thereafter, Chairman and members of the Committee raised some queries which were replied to by the Secretary and other senior officials of the Department of Fertilizers. They also promised to furnish the requisite information in writing which was not readily available with them. Apart from various aspects concerning 'Demand and Availability of Fertilizers and their Distribution', following issues were also discussed:—

- (i) Mismatch of data available with the Ministry and other sources regarding the availability of fertilizers.
- (ii) Possibility of creating direct communication link between farmers and the Ministry to assess the correct demand of fertilizers.
- (iii) Cooperation between the Central and the State Governments.
- (iv) Artificial scarcity and black-marketing of fertilizers.
- (v) Import of fertilizers.
- (vi) Proper distribution of fertilizers at district level.
- (vii) Direct transfer of subsidy to farmers.
- (viii) Revival of sick fertilizers units.

The witnesses then withdrew.

4. A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

APPENDIX V

MINUTES

MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2011-12)

The Committee sat on Friday, 21 October, 2011 from 1530 hrs. to 1700 hrs. in Room No. 63, Parliament House, New Delhi.

PRESENT

Shri Gopinath Munde—*Chairman*

MEMBERS

Lok Sabha

2. Shri Prabhatsinh Pratapsinh Chauhan
3. Shri K.D. Deshmukh
4. Shri Yashbant N.S. Laguri
5. Shri Baidya Nath Prasad Mahato
6. Shri Kamlesh Paswan
7. Shri Ponnamp Prabhakar
8. Shri Ashok Kumar Rawat
9. Shri Tufani Saroj
10. Shri Om Prakash Yadav

Rajya Sabha

11. Shrimati Naznin Faruque
12. Shri A.A. Jinnah
13. Shri Brijlal Khabri
14. Shri Parshottam Khodabhai Rupala
15. Prof. Anil Kumar Sahani
16. Shri Raghunandan Sharma

SECRETARIAT

1. Shri C.S. Joon — *Director*
2. Shri A.K. Srivastava — *Additional Director*

WITNESSES

**I. Ministry of Chemicals and Fertilizers
(Department of Fertilizers)**

- | | |
|------------------------------|---|
| 1. Dr. Sutanu Behuria | Secretary (Fertilizers) |
| 2. Shri V. Rajagopalan | Additional Secretary &
Financial Advisor |
| 3. Shri Satish Chandra | Joint Secretary (A&M) |
| 4. Shri Sham Lal Goyal | Joint Secretary (P&P) |
| 5. Shri Suresh Chandra Gupta | Joint Secretary (F&P) |
| 6. Shri A.K. Parashar | Economic Advisor |
| 7. Shri M.P. Johnson | Deputy Director General |

II. Representatives from Ministries/Departments

- | | |
|-------------------|--|
| Shri Pankaj Kumar | Joint Secretary, Department of
Agriculture and Cooperation
(DAC) |
|-------------------|--|

III. Representatives of PSUs

- | | |
|-------------------------|---|
| 1. Dr. S.K. Das | CMD, FCI Aravali Gypsum &
Minerals India Ltd. (FAGMIL) |
| 2. Shri R.G. Rajan | CMD, Rashtriya Chemicals and
Fertilizers Limited (RCF) |
| 3. Shri P.B. Asai | Ex. Dir. (Marketing), Rashtriya
Chemicals and Fertilizers
Limited (RCF) |
| 4. Ms. Neeru Abrol | Dir. (Finance), National
Fertilizers Limited (NFL) |
| 5. Capt. P.K. Kaul | Dir. (Marketing), National
Fertilizers Limited (NFL) |
| 6. Shri R. Singh | CMD, Brahmaputra Valley
Fertilizer Corporation Limited
(BFVCL) |
| 7. Shri S.C. Srivastava | DGM, Brahmaputra Valley
Fertilizer Corporation Limited
(BFVCL) |
| 8. Shri N.S. Rao | Dir. (Marketing), Krishak
Bharati Cooperative Limited
(KRIBHCO) |
| 9. Dr. M. Ravi Kanth | CMD, Projects and
Development India Ltd. (PDIL) |

APPENDIX VI

MINUTES

MINUTES OF THE NINTH SITTING OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2011-12)

The Committee sat on Thursday, 19 July, 2012 from 1530 hrs. to 1650 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Gopinath Munde—*Chairman*

MEMBERS

Lok Sabha

2. Shri Prabhatsinh Pratapsinh Chauhan
3. Shri K.D Deshmukh
4. Smt. Paramjit Kaur Gulshan
5. Shri Yashbant N.S. Laguri
6. Shri Baidya Nath Prasad Mahato
7. Shri Shakti Mohan Malik
8. Shri N. Peethambara Kurup
9. Shri Ponnamm Prabhakar
10. Shri Kamlesh Paswan
11. Shri Ashok Kumar Rawat
12. Shri Tufani Saroj
13. Shri Suresh Kumar Shetkar
14. Shri Raju Shetti
15. Shri Adagooru Viswanath
16. Shri Om Prakash Yadav

Rajya Sabha

17. Shri Biswajit Daimary
18. Shri A.A. Jinnah
19. Shri Brijlal Khabri
20. Shri Raghunandan Sharma
21. Shri Dilipbhai Pandya
22. Prof. Anil Kumar Sahani

ANNEXURE
(*vide* Para 2 of the minutes)

Page No.	Para No.	Line	Amendments/modifications
55	11	Add at the end of paragraph	The Committee note that there are only 71 fertilizers testing laboratories in the country including only 4 laboratories of Government of India. The Committee therefore recommend that more fertilizers testing laboratories in the country should be set up to ensure quality control of fertilizers specially in those States where large quantities of fertilizers are in use. State Governments should also be asked in this regard and if required necessary financial and technical assistance should be provided. Further, a check should be maintained on the hand mixing of fertilizers as it leads to inferior quality of fertilizers.
