

39**STANDING COMMITTEE ON
CHEMICALS & FERTILIZERS
(2012-13)****MINISTRY OF CHEMICALS AND FERTILIZERS
(DEPARTMENT OF FERTILIZERS)****PRICING OF FERTILIZERS****THIRTY-NINTH REPORT****LOK SABHA SECRETARIAT
NEW DELHI***August, 2013/ Bhadrapada 1935, (Saka)*

REPORT**STANDING COMMITTEE ON
CHEMICALS AND FERTILIZERS
(2012-13)****FIFTEENTH LOK SABHA****MINISTRY OF CHEMICALS AND FERTILIZERS
(DEPARTMENT OF FERTILIZERS)****PRICING OF FERTILIZERS**

Presented to Lok Sabha on 29.08.2013

Laid in Rajya Sabha on 29.08.2013



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2013/ Bhadrapada 1935, (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS
(2012-13)**

Shri Gopinath Munde - Chairman	
MEMBERS LOK SABHA	
2.	Shri S. Alagiri
3.	Shri Gajanan D. Babar
4.	Shri P.P. Chauhan
5.	Shri K.D. Deshmukh
6.	Shri Sher Singh Ghubaya
7.	Shri SK. Nurul Islam
8.	Shri Sakti Mohan Malik
9.	Shri Paswan Kamlesh
10.	Shri Amarnath Pradhan
11.	Shri Ashok Kumar Rawat
12.	Shri Tufani Saroj
13.	Shri Suresh Kumar Shetkar
14.	Shri Raju Shetti
15.	Shri G.M. Siddeshwara
16.	Shri D. Venugopal
17.^	Shri Sai Prathap Annayyagari
18.*	Vacant
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 Dilipbhai Pandya
27.	Shri Raghunandan Sharma
28.%	Vacant
29.^	Vacant
30.^#	Vacant
31.	Vacant

SECRETARIAT

1.	Smt Rashmi Jain	-	Joint Secretary
2.	Shri U.B.S. Negi	-	Director
3.	Shri Anil Kumar Srivastava	-	Additional Director
4.	Smt. Emma C. Barwa	-	Under Secretary
5.	Shri Nishant Mehra	-	Committee Officer

 * Shri P. Balaram Naik appointed as a minister of state
 #Shri Vitthalbhai Hansrajbhai (LS) has resigned w.e.f. 03.01.2013
 ^ Shri Sai Prathap Annayyagarin (LS) nominated w.e.f. 09.01.2013.
 % Dr. Vijay Mallya (RS) has resigned w.e.f. 26.02.2013
 ^ Shri K.C. Tyagi (RS) nominated w.e.f. 07.03.2013.
 ^ Shri Pyarimohan Mohapatra (RS) has resigned w.e.f. 22.03.2013
 # Shri K.C. Tyagi (RS) has resigned w.e.f. 01.04.2013

INTRODUCTION

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2012-13) having been authorised by the Committee to submit the Report on their behalf, present this Thirty-Ninth Report on the subject 'Pricing of Fertilizers' of the Ministry of Chemicals and Fertilizers (Department of Fertilizers).

2. The subject, 'Pricing of Fertilizers' was taken up by the erstwhile Committee on Chemicals and Fertilizers (2011-12) for examination and report. A sitting of the erstwhile Committee was held on 31 July 2012 to have a briefing on the subject. As the examination of the subject remained inconclusive during the term of the erstwhile Committee (2011-12), the subject was again taken up for examination by the Committee (2012-13). The Committee took oral evidence of the representatives of the Ministry of Chemicals and Fertilizers (Department of Fertilizers) at their sittings held on 21 November 2012 and 17 May 2013.

3. The Committee (2012-13) considered and adopted the Report at their sitting held on 23 August 2013.

4. The Committee wish to express their thanks to the Officers of the Ministry of Chemicals and Fertilizers (Department of Fertilizers) and other Ministries/ Departments for furnishing the written replies and other material/ information and for appearing before the Committee to tender their evidence in connection with the examination of the subject. The Committee also express their thanks to the previous Committee for their work on the subject.

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

New Delhi;

23 August 2013
1 Bhadrapada 1935 (Saka)

GOPINATH MUNDE
Chairman,
Standing Committee on
Chemicals and Fertilizers

PART I
CHAPTER I
INTRODUCTION

1.1 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 food grains 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 259.320 million MT in 2011-12. In India's success in agriculture sector, not only in terms of meeting total requirement of food grains but also generating exportable surpluses, the significant role played by chemical fertilizers is well recognized and established.

1.2 Growth of agriculture sector has been the main focus of the Government to promote rural livelihood and employment, ensure food security and also to sustain the overall growth in the economy. Agricultural productivity plays critical role in ensuring the level of food security, which in turn, requires availability of fertilizers as input on sustained basis. To make fertilizers available to the farmer at affordable prices, subsidy/concession to fertilizers is an integral part of Government policy.

1.3 Keeping in view the vital role played by chemical fertilizers in the success of India's green revolution and consequent self-reliance in food-grain 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 277.39 lakh MT 2011-12, while per hectare consumption of fertilizers, which was less than 1 Kg in 1951-52 has risen to the level of 141.80 Kg (estimated) in 2011-12.

1.4 As of now, the country has achieved 75% 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, 50% 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.

CHAPTER II

PRICING OF FERTILIZERS

A. Measures of Support for Fertilizers

2.1 For sustained agricultural growth and to promote balanced nutrient application, it is imperative that fertilizers are made available to farmers at affordable prices. With this objective, urea being the only controlled fertilizer, is sold at statutorily notified uniform sale price, and decontrolled Phosphatic and Potassic fertilizers are sold at indicative maximum retail prices (MRPs). The problems faced by the manufacturers in earning a reasonable return on their investment with reference to controlled prices, are mitigated by providing support under the New Pricing Scheme for urea units and the Concession Scheme for decontrolled Phosphatic and Potassic fertilizers. The statutorily notified sale price and indicative MRP is generally less than the cost of production of the respective manufacturing unit. The difference between the cost of production and the selling price/ MRP is paid as subsidy/ concession to manufacturers. As the consumer prices of both indigenous and imported fertilizers are generally same, financial support is also given on imported urea and decontrolled Phosphatic and Potassic fertilizers.

B. Mechanism for Pricing of Fertilizers

For P&K Fertilizers - Concession Scheme

2.2 The Government of India decontrolled Phosphatic and Potassic (P&K) fertilizers with effect from 25th August, 1992. Consequent upon the decontrol, the prices of the Phosphatic & Potassic fertilizers registered a sharp increase in the market, which exercised an adverse impact on the demand and consumption of the same. It led to an imbalance in the usage of the nutrients of N, P & K (Nitrogen, Phosphate and Potash) and the productivity of the soil. Keeping in view the adverse impact of the decontrol of the P&K fertilizers, Department of Agriculture & Cooperation introduced Concession Scheme for decontrolled Phosphatic & Potassic (P&K) fertilizers on ad-hoc basis w.e.f. 1.10.1992, which has been allowed to continue by the Government of India upto 31.3.2010 with changed parameters from time to time.

2.3 The basic purpose/ objective of the Concession Scheme for P & K fertilizers has been to provide P & K fertilizers to the farmers at affordable prices as to increase the food productivity in the country through balanced use of fertilizers. It was also aimed at ensuring reasonable rate of returns on the investments made by the entrepreneurs in the fertilizer sectors.

2.4 Under the Scheme, the computation of subsidy on P&K fertilizers was based on Cost Price Study on DAP and MOP conducted by Bureau of Industrial Costs and Prices (BICP) now called Tariff Commission (TC). The subsidy rates were decided on the cost plus approach on quarterly basis w.e.f. 1.4.1999. The total delivered cost of the fertilizers being invariably higher than MRP indicated by the Government, the difference between delivered price of fertilizers at farm gate level and the MRP was compensated by Government in the form of subsidy.

Nutrient Based Subsidy (NBS) Policy

2.5 The Government introduced Nutrient Based Subsidy (NBS) Policy for P&K fertilizers w.e.f. 01.04.2010. It was observed that over the last few years the product based subsidy regime (erstwhile concession scheme) had been proving to be a losing proposition for all the stake holders viz., farmers, industry and the Government. The subsidy outgo of Government had increased exponentially by 500% during the past five years (2005-06 to 2009-10) under the Concession Scheme with about 94% of the increase due to increase in international prices of fertilizers and fertilizer inputs, and only 6% attributable to increase in consumption. It, therefore, became imperative to introduce NBS policy so as to address the issues relating to agriculture productivity, balanced fertilization and growth of indigenous fertilizer industry, competitiveness amongst the fertilizer companies and to overcome the deficiency of Concession Scheme.

2.6 Under the NBS Policy, a fixed rate of subsidy (in Rs. per Kg basis) is announced on nutrients namely Nitrogen (N), Phosphate (P), Potash (K) and Sulphur (S) by the Government on annual basis. The per Kg subsidy rates on the nutrient N, P, K, S is converted into per Tonne subsidy on the various P&K fertilizers covered under NBS Policy. Any variant of the fertilizers covered under the subsidy scheme with micronutrients namely Boron and Zinc, is eligible for a separate per tonne subsidy to encourage their application along with primary nutrients. At present, 22 grades of P&K fertilizers namely, Di-Ammonium Phosphate (DAP), Mono Ammonium Phosphate (MAP), Triple Super Phosphate (TSP), Muriate of Potash (MOP), Ammonium Sulphate, Single Super Phosphate (SSP) and 16 grades of NPKS complex fertilizers are covered under the NBS Policy.

2.7 Under the NBS regime, MRP of P&K fertilizers has been left open and fertilizer manufacturers/marketeers are allowed to fix the MRP at reasonable rates.

The factors which are considered while fixing NBS rates are:

- International prices of DAP, MOP, Urea and Sulphur prevailing at the time of fixation of rates.
- Exchange rate prevailing at that time
- Prevailing MRPs of P&K fertilizers in the country
- Inventory level of P&K fertilizers

The NBS rate for 'N' is fixed after computing the delivered cost of Urea as per its international prices prevailing at the time. The MRP of Urea is subtracted from the delivered price so calculated to arrive at subsidy per tonne of Urea. This is converted into subsidy per Kg of N taking into consideration the nutrient content in Urea. For example, if the international price of urea is 350 \$ PMT and exchange rate is Rs.50 per US \$ and handling cost at port is Rs.1000 PMT, the delivered cost of urea shall be $350 \times 50 + 1000 = \text{Rs.}18500$ PMT. MRP of urea being Rs.5310 PMT, then subsidy per tone on urea shall be $\text{Rs.}18500 - 5310 = \text{Rs.}13190$ PMT. Accordingly, NBS rate for nutrient 'N' shall be $\text{Rs.}13190 / 460 = \text{Rs.}28.67$ per kg of N.

2.8 When the Committee enquired about the elements required for fixing the MRP, the Secretary, Department of Fertilizers during oral evidence stated as under:-

“...MRP is fixed only in case of urea. The Government does not fix the MRP of any other fertilizer. The MRP which is fixed by the private companies for Phosphatic and Potassic fertilizer..... it is based on the delivered cost minus the subsidy that we give to them... what is the delivered cost it is not very difficult to calculate because there is an international price. At what price they are procuring these fertilizers is known. Then you know the exchange rates. So you multiply that and that is the way you arrive at the landed cost. Out of that you take out the subsidy element and that is the way the prices are fixed.”

Maximum Retail Price (MRP) of P&K fertilizers under Nutrient Based Subsidy (NBS) Policy

2.9 Prior to 1.4.2010, i.e., before the introduction of NBS Policy, the MRPs of the P&K fertilizers were fixed by the Government of India at below the actual cost of the P & K fertilizers and the difference between the actual cost and the MRPs was reimbursed by the Government to the manufacturers/ importers in the form of subsidy. Under the NBS Policy w.e.f. 1.4.2010, the MRPs of the P & K fertilizers have been left open and the manufacturers/ importers/ marketeers are allowed to fix the MRP of P&K fertilizers at reasonable level. As India is fully dependent on imports in Potassic (K) fertilizers and to the extent of 90% in case of Phosphatic (P) fertilizers, any rise or fall in international prices of P & K fertilizers and its inputs have direct bearing on the prices of fertilizers in the country. Further, variation in exchange rate also affects the delivered prices of these fertilizers.

2.10 When the Committee asked about the details as to how the prices are being determined at 'reasonable rates' by manufacturers/ marketeers and about the provision to identify and to take action against manufacturers/ marketeers not fixing the prices at reasonable rates, the Department of Fertilizers in its written reply stated as under:

"There is at present no institutional mechanism under the NBS Policy to determine the reasonableness of MRP fixed by the fertilizer companies or any express provision for taking action against manufacturers/ marketeers in this behalf. The Department, however, keeps a watch on the MRP fixed by the fertilizer companies. In case it is noticed that the prices are not reasonable, the matter is taken up with the concerned companies and they are asked to rectify the situation."

2.11 On being enquired by the Committee for evolving an institutional mechanism under NBS policy to determine the reasonableness of MRP fixed by the fertilizers companies and about fixing benchmark prices for decontrolled fertilizers periodically and taking punitive action against the erring companies as well as the manner in which prices fixed by the companies are monitored, the Department of Fertilizers, in its written reply stated as under:

"It is mandatory for the companies to print MRP of fertilizers on the bags. The State Government agencies are empowered to take punitive action in case of breach of MRP under the provisions of Essential Commodities Act. The MRP of various Phosphatic & Potassic fertilizers (P&K) are entered in the Fertilizer Monitoring System (FMS) along with the details of dispatches made by the fertilizer companies. Thus, the MRP of fertilizers dispatched to the market are available on the FMS website, www.urvarak.co.in. "Based on information provided by the fertilizer companies on FMS about their contracted price of fertilizers and knowing the prevailing exchange rate the delivered cost of imported fertilizer can be ascertained by the Department. In case of DAP manufactured indigenously, its MRP will tend to be determined by the price of imported DAP. In case of other P&K fertilizers, their cost of production would depend on prices of raw materials which is imported and other company specific variables. The MRP of these fertilizers is fixed by the concerned companies, accordingly. There is at present no institutional mechanism available under the NBS policy to monitor the reasonableness of MRP. However, the Department takes up the issue of prices with the industry, in case there is an apprehension about prices being fixed by the companies are high. It will be useful to have an in-built mechanism under NBS policy to ascertain the reasonableness of MRPs."

Price Rise of Fertilizers

2.12 MRP trends in P&K Fertilizers (DAP – MOP) during the last six years from 2007-08 onwards may be stated as under:-

Year	DAP (Rs PMT)	MOP(Rs PMT)
2007-08	9350	4455
2008-09	9350	4455
2009-10	9350	4455
2010-11	10750	5055
2011-12	18200	12080
2012-13	24000	16800

2.13 On being asked by the Committee about the details of the comparative prices of fertilizers before and after the prices were decontrolled and the reason for increase of prices of fertilizers, the Department of Fertilizers in its written reply stated as under:

"The quarter-wise prices of fertilizers before and after the prices were decontrolled is at **Annexure-I**. As can be seen from the table, the prices of fertilizers have increased after the prices were decontrolled. The prices of P&K fertilizers were decontrolled under the NBS Policy implemented with effect from 1.4.2010. Under the policy, a fixed amount of subsidy decided on annual basis is provided on each grades of subsidized fertilizers depending on its nutrient content. India is fully dependent on imports in Potassic fertilizers and to the extent of 90% in case of phosphatic fertilizers in terms of either finished fertilizers or raw materials. Subsidy being fixed, any rise or fall in international prices of P&K fertilizers and its inputs have effect on the MRP of these fertilizers in the country. Further, variation in exchange rate also affects the delivered prices of these fertilizers. In the year 2010-11, the prices of P&K fertilizers increased marginally. In spite of increase in subsidy during the year 2011-12, due to sharp increase in the prices of P & K fertilizers and its raw materials in international market, the MRP of P&K fertilizers increased during the year. The depreciation of Indian Rupee further added to the increase in MRP of these fertilizers. The subsidy rates for the year 2012-13 was fixed keeping in view that prices will not increase if the market conditions remains favorable. However, due to unprecedented depreciation of Indian Rupee during the year 2012-13, the prices of fertilizers increased. To summarize, the prices of fertilizers post decontrol of prices increased mainly on account of fluctuation in international prices of fertilizers and depreciation of India Rupee."

2.14 When the Committee enquired about the reasons for increase of the MRP by three times during the last three years, the Secretary, Department of Fertilizers during oral evidence replied as under:-

"The basic reason, of course, for the last three years is that the international prices have gone up very high. Since March, April, 2010 when the NBS Scheme came in, the pricing was left free. Now this is what the international prices are. Whatever the international prices are, they will determine and in the last three years, the international prices have gone up. Whatever, I had said earlier is the exchange rate fluctuation that is to multiply the exchange rate against the price and that is how you determine the price"

The Secretary further added as under:-

"for phosphorus and potash, we are relying on international prices."

2.15 On being asked by the Committee about the reasons for high escalation of prices of fertilizers and the corrective measures that are being taken to bring down the fertilizer prices, the Department of Fertilizers in its written reply stated as under:

"The country is fully dependant on imports in potash sector and to the extent of 90% in Phosphatic sector either in form of finished fertilizers or its raw material. Therefore, the delivered price of P&K fertilizers depends on its international price and exchange

rate. The subsidy being fixed, the prices of fertilizers have increased due to fluctuation in international prices, which is beyond the control of the Government, and due to depreciation of Indian rupee.”

2.16 On being enquired by the Committee about the visible positive impact noticed under NBS policy after two years of its operation, the Department of Fertilizers in its written reply stated as under:

“The subsidy on P&K fertilizers during last five years is as under:

In crores

Period	Subsidy on P&K Fertilizers		
	Indigenous	Imported	Total
2007-08	10333.8	6600	16933.8
2008-09	32957.1	32597.69	65554.79
2009-10	16000	23452.06	39452.06
2010-11	20650	20850	41500
2011-12	19943	16164.94	36107.94
BE 2012-13	16000.01	12576.11	28576.12

The NBS Policy has been implemented on P&K fertilizers w.e.f 1.4.2010. It is seen that under NBS regime the subsidy has been contained to around Rs 40000 Crores even though the consumption of P&K fertilizers in the country has increased. The increase in consumption of P & K fertilizers has been shown in table below. There have been no issues with respect to availability of P&K fertilizers during past two years.

In MT

Year	Consumption				
	DAP	Complexes	MOP	SSP	Total P&K
2006-07	69.24	74.64	23.93	28.06	195.87
2007-08	75.55	58.5	27.92	19.97	181.94
2008-09	99.04	71.22	40.89	30	241.15
2009-10	103.9	82.03	46.74	29.44	262.13
2010-11	112.4	103.8	38.91	31.46	286.63
2011-12	111.9	113.8	29.79	47.59	303.08
% increase in 2011-12 over 2009-10	8%	39%	-36%	62%	16%

A comprehensive study on the impact of NBS Policy is being considered by the Department.”

2.17 A Starred Question dated 23.8.2012 enquired whether the Government has made any study regarding the impact of the NBS Policy on the prices of fertilizer, Department of Fertilizers in this regard replies as under:

“Nutrient Based Subsidy (NBS) Policy on Phosphatic and Potassic (P&K) fertilizers has been implemented only for past two years and its implementation in third year is in progress. A formal study on impact of NBS Policy including its impact on prices of fertilizers is yet to be conducted. However, monitoring of the implementation of policy and its impact on prices is being done by the Government regularly”

2.18 On being asked by the Committee as to whether instead of fixing subsidy on decontrolled fertilizers, the MRP of decontrolled fertilizers should be fixed as is done in the case of urea, the Department of Fertilizers in its written reply stated as under:

“Fixation of MRP of all P&K fertilizers was earlier being done by the Government in the concession scheme in vogue prior to implementation of NBS Policy. This system had certain limitations and deficiencies. In order to overcome them, NBS Policy was implemented w.e.f. 1.4.2010.... Under NBS Policy, the MRP of fertilizers is allowed to be fixed by the manufacturers/importers and the Government has no role in it.”

2.19 When the Committee asked to state, in brief the benefits of NBS regime over Product Based Subsidy regime and how the present system would lower the price of P&K fertilizers and incentivize fertilizer industry and whether NBS regime would also curtail the burgeoning subsidy amount, the Department of Fertilizers in its written reply stated as under:

“An Inter-Ministerial Group (IMG) with Secretary (Fertilizers) as Chairman and Secretaries of Department of Expenditure, Agriculture & Planning Commission as members, was constituted in November 2008 to look into all aspects of fertilizer subsidy regime. The report of IMG was discussed in the meeting of Committee of Secretaries (COS) held on 31st July 2009 and further in GOM. The main observations made on the prevailing Fertilizer Subsidy regime are as under:

- (i) Concession Scheme had led to increase in consumption of fertilizers during the last three decades and consequently increase in food grain production within the country. However, it was observed in last few years that the marginal response of agricultural productivity to additional fertilizer usage in the country had fallen sharply, leading to near stagnation in agricultural productivity and consequently agricultural production.
- (ii) The unbalanced NPK application, rising multi-nutrient deficiency and lack of application of organic manures leading to reduction in carbon content of the soil, was attributed to the stagnating agricultural productivity.
- (iii) The innovation in fertilizer sector suffered as very few products are introduced by fertilizer companies, since they get out priced by subsidized fertilizers. The industry had no incentive to focus on farmers leading to poor farm extension services, which were necessary to educate farmers about the modern fertilizer application techniques, soil health and promote soil test based application of soil and crop specific fertilizers.
- (iv) The fertilizer industry also suffered from low profitability as compared to other sectors and worked in a highly regulated environment with cost of production and selling prices being determined by the Government. The industry was stagnated with virtually no investments for the past eight to nine years in P&K sector.
- (v) The industries had no incentive to invest towards modernisation and increase efficiency.
- (vi) Due to assured sales, customers’ satisfaction / welfare, brand promotion and innovation were not a priority of the industry.

Considering all the issues relating to agriculture productivity, balanced fertilization and growth of indigenous fertilizer industry, and to overcome the deficiency of product based Concession Scheme it was decided to implement the NBS Policy. Under the NBS policy, it has been expected that

- (i) The competition at farmgate level will regulate the farm gate prices.
- (ii) Encourage fertilizer industry to focus more on farmers through development of new innovative fertilizer products customised to their requirements, farm extension services, brand building, product differentiation etc.
- (iii) It is also expected expanding the basket of subsidized fertilizers under NBS regime will cover new fertilizers containing secondary and micro-nutrients that will help in achieving twin objectives of balanced fertilization through better fertilizer products and growth of indigenous industry based on buoyant demand of fertilizers in the country.”

Under NBS policy, a fixed rate of subsidy decided on annual basis is provided on each grade of subsidized P&K fertilizers depending on their nutrient contents. The NBS rates for P&K fertilizers are fixed taking into various considerations including the likely impact of these rates on total subsidy payout. The subsidy rates do not change with fluctuation of international prices and exchange rate variation and total subsidy payout depends on the total consumption of P&K fertilizers during the year. Therefore, the subsidy payout on P&K fertilizers is within manageable limits. The details of subsidy payment under the NBS regime vis-à-vis concession scheme has already been provided at para 2.16.

2.20 In this regard, in response to a Starred Question dated 23.8.2012 asking as to whether the prices of fertilizers have increased as a result of NBS Policy, the Department of Fertilizers replied as under:-

“Under the NBS policy, a fixed amount of subsidy decided on annual basis, is provided on all grades of subsidized P&K fertilizers depending upon its nutrient contents. The Maximum Retail Price (MRP) of P&K fertilizers is fixed by fertilizer companies. Since the country is dependent on imports of P&K fertilizers either in the form of finished fertilizers or its raw materials, the delivered prices of P&K fertilizers are dependent on international prices of P&K fertilizers and its raw materials and exchange rate of Indian Rupees against US\$. During the year 2010-11, the international prices of P&K fertilizers and its raw materials increased marginally and the exchange rate also remained stable, therefore, the prices of P&K fertilizers in the country increased only marginally. During the year 2011-12, in spite of increase in the rates of subsidy rates, the prices of P&K fertilizers rose due to increase in international prices of P&K fertilizers and increase in exchange rate. During the year 2012-13, the prices of P&K fertilizers have increased mainly due to depreciation of Indian Rupees from around Rs. 50 per US\$ in March 2012 to more than Rs.56 per US\$ in June 2012. It is seen that the increase & decrease in the prices of P&K fertilizers is attributable mainly to international prices of P&K fertilizers and also exchange rate variation.”

2.21 When the Committee asked about the steps taken by the Department of fertilizers to control the price rise of the fertilizers in the recent years, the Department of Fertilizers in their written reply stated as under:

“During the year 2010-11 the MRPs of P&K fertilizers remained more or less stable with marginal increase. To contain the MRPs during 2011-12, the subsidy rates on P&K fertilizers were revised twice and finally increased subsidy rates were paid on

P&K fertilizers. In spite of increasing the subsidy rates, the international prices of P&K fertilizers further increased due to which the prices increased during the year. Depreciation of rupee further added to increase in prices during the year."

The subsidy rates for the year 2012-13 was fixed keeping in view that prices will not increase if the market conditions remains favorable. However, due to unprecedented depreciation of Indian Rupee during the year 2012-13, the prices of fertilizers increased.

"The Government has attempted to fix subsidy rates for each of the year in such a way that MRPs do not increase from the prevailing MRPs. The experience of 2011-12 however, has been that in spite of increasing the subsidy rates which were revised twice, the MRPs increased on account of increase in price of fertilizers in the international market which is beyond the control of the Government. Depreciation of Indian rupee which is another reason for increase in prices cannot be anticipated.

Under the NBS Policy, there is at present no mechanism to control the prices of fertilizers except to continue to provide subsidy as per the policy."

C. Pricing of Fertilizers

For Urea - Retention Price Scheme (RPS)

2.22 Until 31.3.2003, the subsidy to urea manufacturers was being regulated in terms of the provisions of the Retention Price Scheme (RPS). Under RPS, the difference between retention price (cost of production as assessed by the Government plus 12% post tax return on networth) and the MRP was paid as subsidy to the urea units. Retention Price used to be determined unit wise, which differed from unit to unit depending upon the technology, feedstock used, the level of capacity utilization, energy consumption, distance from the source of feedstock/raw materials etc.

New Pricing Scheme (NPS)

2.23 New Pricing Scheme (NPS) for urea units has come into existence w.e.f. 1.4.2003 replacing the erstwhile RPS. It aims at inducing the urea units to achieve internationally competitive levels of efficiency, besides ringing in greater transparency and simplification in subsidy administration. NPS is being implemented in stages. Stage-I was of one year duration from 1.4.2003 to 31.3.2004. Stage-II was of two and a half years duration, from 1.4.2004 to 30.9.2006. During Stage-1, the concession rates payable to the urea units were determined on the basis of group averaging of retention prices of urea units as on 31.3.2003. The Government had approved the pricing policy for urea units for Stage-III of New Pricing Scheme (NPS) w.e.f. 1.10.2006 to 31.3.2010.

2.24 The salient features of the NPS Stage-III Policy are promoting further investment in the urea sector, maximize urea production from the Urea units including through conversion of non-gas based Units to gas, incentivizing additional urea production and encourage investment in Joint Venture (JV) projects abroad. It is also aimed at establishing a more efficient urea distribution and movement system in order to ensure availability of urea in the

remotest corners of the country. The Stage-III policy seeks to promote usage of most efficient and comparatively cheaper feed stock natural gas/LNG for production of urea in the country. The policy lays down a definite plan for conversion of all non gas based urea units to gas. Considering the likely growth in consumption of urea in the years to come, the policy encourages the existing urea units to produce beyond 100% of their installed capacities by introducing a system of incentives for additional urea production subject to merit order procurement. The policy seeks to rationalize distribution and movement of urea and the system of freight reimbursement with the objective of ensuring availability of urea in all parts of the country. The Government will continue to regulate movement of urea up to 50% of production depending upon the exigency of the situation. The State Government will be required to allocate the entire quantity of planned urea arrivals including both regulated and de-regulated urea in district wise, month-wise and supplier-wise format. The Department will operate a buffer stock through the state institutional agencies/fertilizer companies in the major urea consuming States up to a limit of 5% of the seasonal requirement.

2.25 The policy for stage III of New Pricing Scheme (NPS-III) was effective from 1.10.2006 till 31.03.2010. The provisions of Policy for Stage-III of NPS have been extended beyond the validity period of NPS- III i.e. 31.3.2010 till further orders. A proposal for formulation of policy for existing urea units beyond Stage-III of New Pricing Scheme (NPS) is under consideration of Department of Fertilizers.

2.26 On being enquired by the Committee about the reasons for extension of the Stage-III of NPS beyond 31.3.2012., the Department of Fertilizers in its written reply stated as under:

“The tenure of NPS (Stage-III) policy was upto 31-03-2010. Thereafter, new policy has not been approved and notified by the Government and therefore, to ensure uninterrupted supply of urea to farmers the Department of Fertilizers extended the Stage-III policy beyond 31.3.2010 till further order.”

MRP of Urea

2.27 The MRP of Urea since 2003 was Rs. 4830 per tonne. The MRP of urea has increased to Rs.5310 per tonne w.e.f. 1st April 2010. With effect from 1st November, 2012, the urea is to be sold at maximum price of Rs.5360 per tone exclusive of the central excise duty, central sales tax, countervailing duty, the state tax and other local taxes wherever levied, whether at the retail sales point or at an intermediate state. The retailer margin is increased by Rs.50 PMT which will be paid to retailers acknowledging the receipt of work and reporting the stock through mFMS as additional incentive in the retailer margin.

D. Availability of Fertilizers

2.28 The Department of Fertilizers in its written reply further informed about the availability of fertilizers is as under:

“The availability of Urea, DAP, NPK and MOP fertilizers during the year 2012-13 (Kharif 2012) are at **Annexure II to V**. As can be seen, the availability of Urea, DAP and NPK fertilizers is comfortable. The availability of MOP is less than requirement, but no State has indicated any stress as stocks are lying in the field. During weekly Video Conference jointly conducted by Department of Fertilizers (DOF) and Department of Agriculture & Cooperation (DAC), the availability of all the fertilizers is reported to be comfortable. The requirement of Fertilizers for Rabi 2012-13 has also been assessed by Department of Agriculture & Cooperation (DAC). Requirement of major fertilizers for Rabi 2012-13 are as under:

(in 000' MTs)

Product	Oct'12	Nov'12	Dec'12	Jan'13	Feb'13	Mar'13	Total
Urea	500.00	650.00	850.00	800.00	500.00	100.00	3400.00
DAP	400.00	400.00	50.00	40.00	15.00	10.00	915.00
NPK	175.00	175.00	125.00	75.00	30.00	20.00	600.00
MOP	65.00	45.00	45.00	35.00	50.00	10.00	250.00

The Department of Fertilizes (DOF) would ensure availability of fertilizers as per demand on month to month basis during Rabi 2012-13 as well.”

2.29 With regard to the availability of fertilizer, the Secretary, Department of Fertilizers during oral evidence held on 31.7.2012 apprised the Committee as under:-

“in the current Khariff season there is no problem of availability of fertilizers. We are having regular interaction with the Department of Agriculture. If there are any problems at any places, they are only logistical issues. The fertiliser availability, on an overall basis, is quite comfortable. We can sort out any problem of availability. It is not an issue at all. If there is any local issue, we are trying to sort it out and there should be no problem.”

2.30 In their action taken reply to the Recommendation No.9 of the Twenty Eighth Report of the Committee on 'Production, Demand and Availability of Fertilizers and its Distribution', the Department had stated that the supply (availability) of fertilizers is adequate and comfortable. In this context, the Department supplied a statement indicating the state-wise demand (requirement) and supply (availability) of Urea, DAP, MOP and Complex Fertilizers during the year 2012 (April 2012 to December 2012) (**Annexure-VII**).

2.31 On the issue of availability of fertilizers, the Committee was not satisfied with reply of the Department given during the course of evidence of the Department. It was observed by the Committee that in some parts of the country like in Medak and Nizamabad in Andhra

Pradesh farmers have to stand in long queues outside the fertilizers shops to get fertilizers and even then the farmers sometimes do not get a single bag of fertilizer.

The Committee, in their study visits to various parts of the country, had also noted that fertilizers are not available to the farmers timely.

2.32 The Committee asked the reasons for the variation in the demand (requirement), Supply (availability) and sales of fertilizers as given in **Annexure-VII**, and steps taken by the Department to bridge this gap between demand (requirement) and supply (availability), the Department of Fertilizers in its written reply stated as under:-

"Following are the processes for assessing requirement and ensuring adequate and timely availability of fertilizers in the states:

(a) The month-wise demand is assessed and projected by the Department of Agriculture & Cooperation (DAC) in consultation with the State Governments before commencement of each cropping season.

(b) On the basis of month-wise & state-wise projection given by Department of Agriculture and Cooperation, Department of Fertilizers allocates sufficient/adequate quantities of fertilizers to the States by issuing monthly supply plan and continuously monitors the availability through following system:

- i) The State Governments are regularly advised to coordinate with manufacturers and importers of fertilizers for streamlining the supplies through timely placement of indents for railway rakes through their state institutional agencies like Markfed etc., in compliance of the monthly supply plan issued by Department of Fertilizers.
- ii) Regular weekly Video conference is conducted jointly by Department of Agriculture & Cooperation (DAC), Department of Fertilizers (DoF), and Ministry of Railways with State Agriculture Officials and corrective actions are taken to dispatch fertilizer as indicated by the State governments.
- iii) The gap in the demand and domestic production of fertilizer is met through imports.

In light of above processes, the reasons for the variations in the demand (requirement) supply (availability) and sales of fertilizers are as following:-

The projection of month-wise and state-wise requirement of fertilizer as assessed by DAC is tentative and based upon the past trends as well as considering ideal weather conditions. As the season progresses actual requirement varies because of various factors like delayed/early monsoon, change in weather conditions, change in irrigation facilities and change in crop patterns. Therefore, actual requirement may not turn out to be the same as the projections given at beginning of the season. As the actual requirement changes on the ground, the states and their institutional agencies lift the fertilizer according to the actual demand, therefore, the actual availability and sales do not match to the projected requirement at the start of the season."

2.33 When the Committee asked whether there is any machinery to talk to the farmers at site and to inquire as to whether the fertilizers reach to the farmers or not, the Secretary, Department of Fertilizers during oral evidence replied as under:

“As far as the Department of Fertilizers, Government of India, is concerned, we do not have any Field Officers. The only officers that we depend are the officers of the State Government because the State Government has its Agriculture Department, which is right up to the Block-level.”

2.34 On being further inquired as to whether there is any interaction with the farmers as well, the Secretary, Department of Fertilizers during oral evidence replied as under:

“No sir, we do not have any direct interaction with the farmers, but we have constituted teams which do go on field inspections to see whether there are any shops available, weights of the fertilizers bag are correct or not, at what prices fertilizers are being sold, etc., however, I must say that such team visit do not happen every week”

2.35 On being asked about the detailed district-wise data regarding demand and availability of different fertilizers, the Department of Fertilizers, in its written note stated as under:

“Department of Fertilizers (DOF) monitors the distribution of fertilizer at State level. Distribution of fertilizer within the State rests with the State Government. Availability of all the fertilizers during Kharif 2012 and Rabi 2012-13 (October 2012) is at **Annexure-VII**. As can be seen the availability of fertilizer during Kharif 2012 as well as Rabi 2012-13 (October 2012) is adequate.”

2.36 When the Committee enquired about level and, between which functionaries weekly video conferences are conducted and as to how the Department ensures that the availability of fertilizers is comfortable, the Department of Fertilizers, in its written reply, stated as under:

“The weekly video conference is conducted jointly by Department of Agriculture, Department of Fertilizers, Ministry of Railways and Ministry of Shipping with State Agriculture officials. This weekly video conference is generally chaired by Addl. Secretary/Joint Secretary (INM), DAC along with Director of the concerned Department, Govt. of India. From State Governments Principal Secretary/Commissioners/ Directors and Joint Director participate in this video conference on all issues related to Agriculture production and productivity and inputs. As regards the fertilizers, the issues regarding availability etc., with all the State Governments are being jointly reviewed by officials of Government of India and action taken. The rakes of the particular fertilizers (urea, DAP, MOP and complex fertilizers) are dispatched.”

2.37 In this regard, the Committee further enquired about the involvement of farmers or their representatives or representatives from Panchayats in such weekly video conferences. The Department of Fertilizers, in its written reply, stated as under:

“The weekly video conference is held at official level only and farmers or representatives of the farmers/ Panchayats do not participate in the video conference.”

2.38 On being further asked by the Committee as to why weekly video Conferences are done at the State level and not at the District level, the Secretary, Department of fertilizers during oral evidence replied as under:

“Logistically, I do not think it is possible because the State Governments are supposed to take data from the Districts and then they talk to us.”

CHAPTER III

FERTILIZER INDUSTRIES

3.1 Presently, there are 30 large size urea plants in the country manufacturing urea (as on date 29 units functioning), 21 units produce DAP and complex fertilizers, 5 units produce low analysis straight nitrogenous fertilizers and the 2 manufacture ammonium sulphate as by-product. Besides, there are about 85 medium and small-scale units in operation producing Single Super Phosphate (SSP). The installed capacity as on 31.3.2012 has reached a level of 120.47 lakh MT of nitrogen and 56.19 lakh MT of phosphate i.e. nutrient, making India the 3rd largest fertilizer producer in the world.

3.2 On being enquired by the Committee about the details regarding capacity addition done during 9th and 10th Five Year Plan periods, the Department of Fertilizers, in their written reply stated as under:

“The details of capacity addition during 9th and 10th Plan period are as under:-
(LMT)

Capacity	At the end of Eight five Year Plan (1996-97)	At the end of Ninth Plan (2001-02)	Capacity created during Ninth Plan	At the beginning of 5 th year of Tenth Plan (2006-07)	Capacity created Tenth Plan
Nitrogen	97.77	120.58	22.81	120.61	0.03
Phosphate	29.05	52.31	23.26	56.59	4.28

A. New Investment Policy - 2012

3.3 The Group of Ministers (GoM) constituted to review the fertilizer policy, decided in its meeting held on 5th January 2011 to constitute a Committee under the Chairmanship of Dr. Saumitra Chaudhary, Member Planning Commission to examine the proposal for introduction of NBS in urea, including various options thereof, and make suitable recommendations. The committee has also to examine the issues relating to investment policy and amendments proposed therein, and make appropriate recommendations. The report of the Committee on Investment Policy in Urea sector was finalized and signed on 7th January 2012. Keeping in view the recommendations made in the report submitted by the Dr. Saumitra Choudhary Committee, the Department of Fertilizers has issued the New Investment Policy 2012 on 2nd January, 2013.

3.4 The Government notified the New Investment Policy 2012 on 2nd January 2013. Background of policy is as under:-

"Purpose - Policy initiative to facilitate fresh investment in urea sector in future to reduce India's import dependency in urea production

Basis - Based on the report submitted by the Committee under the chairmanship of Dr. Saumitra Chaudhuri, Member Planning Commission and the recommendation of Group of Ministers(GoM).

Salient Features of New Investment Policy – 2012

- The policy supports only gas based plants only.
- It has structure of a flexible floor and ceiling price calculated at delivered price of delivered gas from US \$6.5 to US \$ 14/mmbtu (Assumption i.e. Exchange rate: Rs. 50 per US \$)
- The floor price has been determined at a Return on Equity (RoE) of 12% and the ceiling price at a RoE of 20%.
- For Greenfield/Revival and Brownfield Projects floor and ceiling shall increase in tandem with increase in delivered gas price i.e. for every USD 0.1/mmbtu increase in delivered gas price will increase the floor and ceiling by USD 2/MT upto delivered gas price of USD 14/mmbtu.
- Beyond delivered gas price of USD 14/mmbtu, only floor will be increased.
- For Revamp Projects, floor and ceiling has been linked to delivered gas price of USD 7.5/mmbtu and floor and ceiling shall increase by USD 2.2/MT for every increase in delivered gas price of 0.1/mmbtu.
- The policy offers different criteria for Revamp, Expansion, Revival and Greenfield projects and pricing thereof; linked with Import Parity Price (IPP) of Urea i.e. 95% of IPP for Greenfield/Revival Projects, 90% of IPP for Brownfield Projects and 85% of IPP for Revamp Projects.
- It supports Revival of closed units.
- It encourages investment by Indian industry in Joint Venture abroad in resource rich countries
- The policy incentivizes units to produce urea in granulated form or coated/fortified Urea to improve the efficiency in the use of Urea with additional amount of USD 10/MT allowed in floor and ceiling prices.
- For units in North Eastern states the special dispensation regarding gas price that is being extended by GOI/State governments will be available to any new investment. Suitable adjustments will be made to applicable floor and ceiling price in case the delivered price (after allowing for special dispensation) falls below USD 6.5 per mmbtu, subject to approval of Ministry of Finance.
- The policy is applicable to all units whose production starts within five years from the date of notification and has dispensation of guaranteed buy back for eight years from date of start of production."

The Department in its written reply informed the Committee as follows:-

The Government has announced New Investment Policy-2012 on 2.1.2013 to attract investment and enhance domestic production of Urea. Under this policy, the Government has received 15 investment proposals from various fertilizer companies including PSUs/ Cooperatives which are under consideration. It is expected that with the notification of this Policy, our indigenous production of urea will increase."

B. Revival of Closed/Sick Industries

3.5 When the Committee enquired about the reasons for closure/shutdown of the nine Urea plants of various companies as mentioned in the Annual Report 2012-13 (Para 3.2.4) and the details of the efforts made for their revival, the Department of Fertilizers in their written reply stated as under:

“There are five closed units of Fertilizer Corporation of India Ltd. (FCIL) at Sindri (Jharkhand), Talcher (Odisha), Ramagundam (Andhra Pradesh), Gorakhpur (Uttar Pradesh) & Korba (Chhattisgarh) and three closed units of Hindustan Fertilizer Corporation Ltd. (HFCL) at Durgapur (West Bengal), Barauni (Bihar), Haldia (West Bengal). The Government of India decided to close these units in year 2002. In addition one unit in the private sector namely Duncans Industries Limited (DIL) was closed down in 2002.

Reason for closure of units of FCIL- The FCIL was consistently making losses due to a variety of reasons such as vintage of plants, technological obsolescence, mismatch of equipment/ capacity and lack of investment on upgradation/modernization. FCIL was declared a sick company under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), by the Board for Industrial and Financial Reconstruction (BIFR) in 1992.

Reason for closure of units of HFCL- The company had been consistently incurring losses due to a variety of reasons including obsolete technology, design and equipment deficiencies, power shortages, problems in industrial relations, surplus manpower and resource constraints. HFCL was declared sick by the BIFR in November, 1992.

Efforts of Revival

Cabinet approved, in principle, the proposal for revival of closed units of HFCL/FCIL in April 2007. In October 2008, the Cabinet approved the constitution of an Empowered Committee of Secretaries (ECOS) under the Chairmanship of Secretary (F) with the mandate to evaluate all options for revival of closed units of HFCL and FCIL and make suitable recommendations for consideration of CCEA. Based on the recommendation of ECOS, a proposal was submitted to CCEA which approved the same in its meeting held on 4th August 2011 with the stipulation that Board for Industrial and Financial Restructuring (BIFR) proceedings be expedited and thereafter, the matter including changes, if any, required in bid parameters, be placed before the Committee for a final decision. Accordingly, the Draft Rehabilitation Scheme of HFCL and FCIL were submitted to BIFR for approval. The BIFR considered the Draft Rehabilitations Schemes of FCIL and HFCL and appointed State Bank of India as Operating Agency to examine the DRSs. The BIFR has been holding regular meeting since August 2011. The next date of BIFR hearing is scheduled on 30th October 2012. In the BIFR hearing held on 13.7.2012 and 20.7.2012 for FCIL and HFCL respectively, the BIFR considered the miscellaneous application submitted by FCIL/HFCL and approved 1st stage clearance in order to submit fully tied up DRS. BIFR has approved First stage clearance to FCIL to go ahead with revival of Sindri, Talcher and Ramagundam units on ‘nomination basis’ and for obtaining Expression of Interest (EoI) for the revival of Gorakhpur and Korba Unit in line with the revival proposal approved by the Government. It also directed to carry out valuation of entire assets of three Units of HFCL separately from the Government approved valuer and submit report to the Board. HFCL will invite ‘Expression of Interest’ for revival of Barauni & Durgapur Units through bidding route.”

3.6 When the Committee enquired as to whether Department of Fertilizers have assessed the quantum of production of urea likely to be increased as a result of revival of sick/closed units, the Department of Fertilizers, in their written reply, stated as under:

“The proposal for revival of closed units of Hindustan Fertilizer Corporation Ltd. (HFCL) and Fertilizer Corporation of India Ltd. (FCIL) inter-alia envisage to establish

minimum 1.27 million tonnes capacity urea plant at each site. Accordingly, after revival of all the five units of FCIL and three units of HFCL, the production of urea will increase approx. 10.16 million tonnes.”

3.7 When the Committee further enquired as to whether any deadline has been fixed for the revival of sick/ closed units producing urea and P&K fertilizers, the Department of Fertilizers, in their written reply, stated as under:

“For revival of closed units of HFCL and FCIL, the proposal is presently under consideration of BIFR. Recently, in a meeting, held on 5th October 2012 in Prime Minister Office, it was decided to submit the fully tied up proposals to BIFR by April 2013. After clearance from BIFR, matter will be placed before Cabinet Committee on Economic Affairs.”

C. Joint Ventures Abroad

3.8 When the Committee asked about the efforts made towards development of assets abroad and finalization of long term off-take agreements, the Department of fertilizers replied, in their written reply stated as under:

“Due to near total dependence on imports for Phosphatic fertilizer and its raw materials and full import dependence for MOP, the Government has been encouraging Indian companies to establish Joint Ventures abroad in Countries which are rich in fertilizer resources for production facilities with buy back arrangements and also to enter into long term agreements for supply of fertilizers and fertilizer inputs to India. Further, the Department is also working with the goal of having access to / acquisition of the fertilizer raw materials abroad. A list of the existing / ongoing joint ventures in fertilizer sector between the Indian fertilizer entities and the entities in the concerned resources rich countries is given in the table below:-

JV Project- Country	JV participants with equity %	Product and the project status	Input tie up/Model
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
ICS Senegal, Senegal	ICS Senegal and IFFCO consortium	5.5 lakh MT phosphoric acid. Production already started.	Integrated rock phos. supply from Louga mines
Indo-Jordan Chemicals Company (IJC), Jordan	JPMC (Jordan) & SPIC (India)* SPIC is no more in the JV.	2.24 lakh MT phosphoric acid. Already producing.	Rock supplied by JPMC at international price
JPMC – IFFCO JV, Jordan	JPMC & IFFCO	4.8 lakh MT phosphoric acid to be commissioned by 2013.	Rock supplied by JPMC at international price
IMACID, Morocco	OCP (50%) – Morocco, Chambal (25%) & TCL (25%)- India	4.25 lakh MT phosphoric acid	Rock supplied by OCP at international price
Tunisia-India Fertilizer Company (TIFERT), Tunisia	GCT (Tunisia), CFL (Now CIL) & GSFC (India)	3.60 lakh MT of phosphoric acid. Commercial production is likely to start in January 2013.	Rock supplied by GCT at international price

Apart from above, possibilities of cooperation exist in countries like Ghana, Indonesia, Nigeria, Oman, Canada, Iran, Syria, Australia, Russia, Tunisia, Togo, South Africa and Belarus. Some of these opportunities are actively being pursued by Indian companies, including RCF. IFFCO has recently announced about its ongoing Joint Venture Ammonia-Urea fertilizer project with 1.27 million tonne capacity in Canada.”

3.9 On being enquired by the Committee the reasons for PSUs not functioning at their full capacity, the Secretary, Department of Fertilizers during oral evidence replied as under:

“..as phosphate and Potassic fertilizers are concerned, we have no capacity indigenously because we have no raw-materials here. So you have to be dependent on import. So, it is not that we have the capacity and we are not producing here. We do not have indigenous capacity because we do not have raw-materials. Now, as far as urea is concerned, the existing urea units are, in fact, producing either to their installed capacity or they are producing beyond the installed capacity. It is not that the plants are producing below the installed capacity. So, whatever the capacity installed, they are producing unless and until we take a shut down for maintenance and repairs. That is another question but otherwise units are working to their installed capacity.”

3.10 When the Committee enquired about the reasons for not increasing the production of the Public Sector undertakings, the Secretary, Department of Fertilizers during oral evidence replied as follows:

“...as far as urea is concerned, every plant has a capacity and at present, they all are producing at their full capacity. Therefore, we are utilizing their capacity to the optimum. As far as P&K concerned, we are also utilizing their capacity to the maximum. New capacities in the P & K sector are not coming as we have to import the raw material. New capacities in the urea sector can come up if we have the availability of gas. When we are assured of the availability of natural gas then only we will start new plants in urea sector and with the coming up of these new plants our imports dependence on urea sector will completely vanish.”

3.11 The Secretary, Department of Fertilizers during oral evidence further clarified the issue of revival of PSUs and setting up of joint ventures abroad stated as follows:

“I fully agree with you We at the Departments level are trying to facilitate the setting up of joint ventures outside in the Private Sector. In fact, we are trying to do that in our own PSUs to get into the mining of raw materials abroad. I am saying in terms of P&K. And one major thing we are facilitating is that, right now, we are not putting any investment. Then we will say okay, you put in the investment but then we assure you off take for so many years, we will pick it from you. So, that is enough for the guarantee for the companies to be investing money there. But yes, the work has started...As far as the closed units are concerned, you yourself are aware that these are the closed units and I did mention about our plan to revive them and in fact, in the first go, we are looking at three of these our own PSUs at Ramagundam, Sindri and Talcher. That is one which is of course, is on a nomination basis and there are other closed units. They are also on the same process. Then of course, the entire issue of the new investment policy, the policy which came up in 2008 but for resulting in an additional capacity of 2 odd million tons, nothing much has happened. So, we are now in the process of coming up with the new investment policy (Notified on 2nd January, 2013) which we hope would be able to bring in substantial investments and our estimation is that what we are trying to do in case all these things to work out in the next four to five years, then we would be able to add the capacity of 10 odd million tons as far as urea is concerned. Then by the end of the Twelfth Plan Period, we will be self-sufficient as far as our own domestic production is concerned for Urea. On the urea side, we are taking care of. We are also making an effort to facilitate Indian private sectors to put investment there and if our own PSUs can, then we will try to assure for the off take agreement.”

3.12 Further, in reply to a Starred Question dated 23.8.2012 asking as to whether the Department of Fertilizers has completed its study regarding the creation of 'Sovereign Wealth Fund' for acquisition of fertilizer assets abroad, the Department of Fertilizers in this regard replied as under:

"Department of Fertilizers after completing various studies about the requirement of fertilizers and fertilizer raw materials in the country prepared a proposal for creation of a dedicated Sovereign Fund for acquiring fertilizer assets abroad to augment supplies of fertilizers and fertilizer input/raw materials for the Country. The proposal as sent to Department of Economic Affairs on 13.1.2012. Department of Economic Affairs has intimated that the Department is preparing a concept paper on setting up the Sovereign Wealth Fund to acquire assets abroad in energy and fertilizer sectors in consultation with all Ministries concerned including Planning Commission, with a greater focus on mobilizing resources from within, including the public sector undertakings, by creating an attractive instrument of investment."

D. Self Sufficiency in Production of Fertilizer

3.13 On being asked by the Committee regarding the steps being taken towards making India self-sufficient in production of fertilizers, the Department of fertilizers replied as under:

"The Department of Fertilizers is taking following steps towards making India self sufficient in Urea production:

- DOF is considering New Investment Policy 2012 for capacity addition in Urea sector which will enhance indigenous urea production.....
- Revival of eight closed fertilizers units of HFCL and FCIL. Accordingly, the Draft Rehabilitation Scheme of HFCL and FCIL were submitted to BIFR for approval. The BIFR has been holding regular sittings since August, 2011.

3.14 In response to an Un-Starred Question dated 23.8.2012 about the steps taken by the Government to reduce the dependence on imports and enhance the domestic production, the Department of Fertilizers in their reply stated as under:

"India is fully dependent on imports of Potassic fertilizers. India is also dependent on imports of Phosphatic fertilizers to about 90% in the form of finished or in the form of raw material. The details of import of Phosphatic and Potassic (P&K) fertilizers and its raw materials by India are mentioned in the following table:

(In LMT)

Year	Finished P&K Fertilizers					Raw Materials		
	DAP	MOP	MAP	TSP	NP/NPKs	Phosphoric Acid	Rock Phosphate	Sulphur
2009-10	58.8	52.8	1.93	0.87	-	27.21	53.27	12.94
2010-11	74.1	63.5	1.88	0.98	9.81	21.40	63.87	18.08
2011-12	69.0	39.8	4.93	1.60	36.73	20.70 (Est.)	56.50 (Est.)	17.90 (Est.)

The country being dependent on imports to meet the requirements of Phosphatic and Potassic fertilizers including its raw material, the Government is encouraging acquisition of fertilizer assets / resources by Indian PSUs/Companies and setting up of Joint Venture Fertilizer Projects abroad in the resource rich countries. The Government also encourages long-term off-take agreements for supply of fertilizers/fertilizer inputs at some preferential prices from such countries. In Urea

sector, since much of the raw materials are available within the Country, the Government endeavour is to achieve self-sufficiency in this sector. The Government has announced a new policy of urea on 4th September 2008 to attract new investments. The policy is based on import parity Price (IPP) benchmark with suitable floor & ceiling prices aiming to revamp, expansion, revival of existing urea units and setting up of Greenfield projects. The revision in this policy is under consideration.”

3.15 The Committee further desired to know the details regarding the capacity addition planned in the Twelfth Plan Period, the Department of fertilizers in their written reply stated as under:

“The demand and supply scenario of Urea during 2011-12 is as follows:

Requirement in 2011-12	300 LMT
Projected requirement: 12 th Plan end (2016-17)	360 LMT
Indigenous Production	220 LMT
Import	78 LMT
Gap (at the end of 12 th five year Plan (Requirement-indigenous production)	140 LMT

Government is considering the New Investment Policy 2012 to attract investments via expansion, revival of existing urea units and setting up of Greenfield/Brownfield projects. In addition to existing availability of 240 LMT of urea i.e. 220 LMT from domestic production and 20 LMT from OMIFCO, the following new capacities are expected to come by New Investment Policy-2012:

New Capacity in pipeline (Committed)

Matix Fertilizers and Chemicals, Panagarh West Bengal	13 LMT (by April 2013)
Duncans Industries Limited (DIL), Kanpur	7 LMT

New Capacity (Planned)

BVFCL	5LMT (Addl. prodn.)
Three revival units (viz. Talcher, Ramagundam, Sindari)	38 LMT (12.7 LMT each)

Expansion projects (Planned)

RCF Thal, Indo Gulf Jagadishpur, GNFC Barauch, NFCL- Kakinada, CFCL-III Gadepan, TCL-Babrala (each plant of 13 LMT Capacity)	78 LMT
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Joint Ventures Abroad

Ghana	13 LMT
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Total **174 LMT**

After the notification of New Investment Policy-2012, it is expected that there will be capacity addition during the Twelfth Plan Period and with this, the country will be self sufficient in domestic production of urea.”

CHPATER IV

MISCELLANEOUS

A. Diversion of Fertilizers for Non-Agricultural Purposes

4.1 On the issue of diversion of fertilizers for non-agricultural purposes, the Department of Fertilizers stated that about 10-15% of urea is diverted for the non-agricultural purposes.

4.2 On being asked by the Starred Question dated 06.12.2012 as to whether urea and other fertilizers are allegedly being diverted and smuggled to neighbouring countries like Nepal and Bangladesh and the remedial measures having been taken by the Government in this regard, the reply of the Department of Fertilizers is stated as under:

“There are some reports of alleged diversion and smuggling of urea and other fertilizers from India to Nepal, Bangladesh and other neighbouring countries. However, these reports have not been confirmed by any of the State Governments.

Following steps/remedial measures are taken/being taken:-

- (i) State Governments have been advised from `time to time` by the Department of Fertilizers to keep a strict vigil so that no diversion and smuggling of fertilizes to neighbouring countries takes place through land and sea routes.
- (ii) Similarly, Union Home Ministry has also alerted Border guarding forces viz. Board Security Force (BSF), Indo Tibetan Border Police (ITBP), Assam Rifles and Sashastra Seema Bal (SSB) and Indian Coast Guard (ICG) to maintain strict vigilance on the borders so that no smuggling of fertilizers takes place. Further, Ministry of Home Affairs has also addressed the Chief Secretaries of the Government of Arunachal Pradesh, Assam, Bihar, Gujarat, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Rajasthan, Tripura, Uttar Pradesh, Uttarakhand and West Bengal to sensitize the various authorities concerned requesting for taking measures so that diversion and smuggling of fertilizers, if any, to the neighbouring countries should not take place.
- (iii) Department of Fertilizers have also, from time to time, sensitised the concerned State Governments for gearing up the enforcement agencies under their jurisdiction for taking all preventive/punitive steps for ensuring that no diversion of subsidized fertilizer takes place for other than agricultural use.”

4.3 On being asked about the teams which perform field visits to check availability of fertilizers and the details regarding the field visits done by such teams, the Department of fertilizers replied, in its written note as under:

“The Department of Fertilizers (DOF) has formed teams, which would be visiting various States regularly in order to review the following issues with the concern State Government:

- (a) Black marketing, hoarding, smuggling and tagging of fertilizers.
- (b) Diversion of fertilizers for other than agriculture use like industrial use etc.
- (c) Quality of fertilizers/sales of non standard fertilizers.
- (d) Fertilizer availability, mFMS i.e. Mobile Fertilizer Monitoring System.

These teams have been formed recently and their reports are still awaited.”

4.4 On being asked by the Committee as to what steps have been taken to curb the menace of diversion of fertilizers for non-agricultural purposes, the Department of Fertilizers replied as follows:

“In order to curb it, every year, including this year also a letter is written to the State Governments to direct the police to see that there are no instances of black marketing of fertilizers, especially of urea in their States and particularly to the States touching the International borders, where the chances of diversion are quite high. Further, in order to curb the instances of smuggling of fertilizers, a letter was also written to the Para-Military Forces. We have also informed the State Government that the urea is basically diverted for the use in the plywood industries and other industrial usage. In this regard, we have also received letters from the State Government and the Para-Military Forces stating that the issue of diversion is properly being looked into and they are trying their level best to curb such instances.....”

".....The Department of Fertilizers does not have the field formation to check it. That is the reason we request to the State Governments and the paramilitary forces, which are at the border to check this. But what we have done from our side, which does prevent divergence for the industrial purpose, is to have Neem quoted urea. We have now increased it to 50 per cent from 35 per cent, that up to 50 per cent of the plant production, they can make Neem quoted urea.....”

".....in the Weekly Video Conferencing with the State Governments, we have been repeatedly saying that ‘please activate your agricultural officers and your team in the States to go and check that there is no black marketing. You make sure that there is no divergence’. We are doing it every week now”

4.5 When asked as to what steps are taken by the DoF to prevent the cornering of fertilizers by some people or groups and whether Government propose to provide fertilizers through cooperatives in all over the country, the Department of Fertilizers, in its written note stated as under:

“The fertilizers are supplied by IFFCO/KRIBHCO to various states through the cooperatives societies. In addition, Department of Fertilizers has issued instructions vide letter No. 1-8/2012-Shipping II dated 16.08.2012 that the 50% of the imported urea is required to be sold through cooperative societies/state sponsored cooperatives like AGROS/MARKFED by Fertilizers Marketing Entities (FEMs). Department of Fertilizers ensures that sufficient fertilizers are provided through cooperative societies.”

B Adulteration of Fertilizers

4.6 On the issue of adulteration of fertilizers, the Committee pointed out that there have been various farmers’ complaints regarding improper mixing in DAP fertilizer. On being enquired by the Committee, in this regard, about the laboratories at the District or the Block level which can find about such mixing, the Department of fertilizers replied as under:

“The responsibility of getting the samples tested has been given to State Governments under fertilizer control order. There are 74 labs with various State Governments where they randomly get the sample tested. For example, I have the report of 2011-12, a number of samples collected are close to 1,31,000 out of which number of non-standard samples are 6,516 which is close to 4.9 per cent. They are

authorised to take action against the defaulters under FCO.....the fertilizers whose sample is found improper, then the amount is recovered from its subsidy”

4.7 The Committee further pointed out that the Government laboratories do not function properly as quite often the farmers asked to visit another laboratory for testing of fertilizers. At the time of cultivation of crops, farmers do not have much time to visit from one laboratory to another to get the fertilizers tested. In this regard, the Department of Fertilizer, explained its position regarding the fertilizer testing laboratories by stating that it is the responsibility of the State Government to get the sample tested under Fertilizer Control Order. There are total 74 laboratories in the country where the samples are randomly get tested. Out of 74 laboratories, 4 laboratories belong to the Government of India, of which the main laboratory is at Faridabad and the rest belong to the State Governments. Punjab has two soil testing laboratories at Ludhiana and Faridkot. It is the suo-moto responsibility of the District Agricultural Officer and other Officers of the State themselves to get the samples tested. During the Eleventh Plan, 63 laboratories were strengthened and 20 new laboratories were sanctioned.

PART II

OBSERVATIONS/ RECOMMENDATIONS

Nutrient Based Subsidy (NBS)

1. The Committee note that Nutrient Based Subsidy (NBS) policy was introduced w.e.f. 01.04.2010 to address the issues relating to agriculture productivity, balanced use of fertilizers and growth of indigenous fertilizer industry, competitiveness amongst the fertilizer companies, etc. Under this policy, a fixed amount of subsidy decided on annual basis is provided on each grades of subsidized fertilizers depending on its nutrient contents and fertilizer manufactures/marketeers are allowed to fix the MRP at reasonable rate. However, the Committee are distressed to note that after the introduction of NBS policy, the prices of the P&K fertilizers have escalated exponentially almost three or four times. The Committee also regret to note that the Government has yet to conduct a formal study on the impact of NBS Policy on prices of fertilizers since its implementation. In the absence of such study, the Committee feel that the Department of Fertilizers would not be able to take any appropriate and effective corrective measures to contain the escalating prices of the fertilizers in the country. Since NBS regime is for the last more than three years, the Committee, therefore, recommend that the Department of Fertilizers should initiate action to conduct a comprehensive study in this regard without further delay. The study should be completed within a fixed time frame and on the basis of outcome of the study, the Department should take corrective measures to render relief to the farmers through reduction in prices.

Price Rise of Fertilizers

2. The Committee are dismayed to note the increasing trend of price rise of the P&K fertilizers in the recent years. The Department of Fertilizers has attributed various reasons for increase in the prices of fertilizers. According to the Department of Fertilizers, rise in the prices of imported raw material along with the depreciation of rupee against the dollar have led to the increase in the price of fertilizers in recent years. The increase in the price of the oil and natural gas has also led to increase in the prices of fertilizers. However, the Committee are not entirely convinced with the reasons given by the Department of Fertilizers for the sharp and abnormal rise in prices of fertilizers. Under the NBS policy, there is no mechanism to determine the reasonableness of MRP fixed by the fertilizer companies or any express provision for

taking action against those unscrupulous manufacturers/ marketeers which are raking up undue profits as a result of fixation of very high MRP. Needless to say, any increase in the prices of fertilizers adversely affects the farmers particularly those belonging to the poor and marginal sections. The Committee, therefore, recommend that an effective mechanism should be put in place to examine/ scrutinize the reasonableness of the MRP fixed by the fertilizer companies. In this context, fertilizer companies should also be asked to submit the requisite information mandatorily about the cost of fertilizers on which subsidy is being claimed by them and also justify the MRP of fertilizers fixed by them. In this regard, cost audit of the fertilizers produced/ manufactured by the companies should be compulsorily carried out. In case the MRP fixed by the companies is found unreasonable, then the Department should take stern action against them and the subsidy given to them should either be restricted or even recovered from them. The prices at which the fertilizers are being sold to the farmers in the retail market should be strictly monitored by the Department in co-ordination with the State Governments and if anyone found selling the fertilizers above the printed MRP should be strictly dealt with under the EC Act. An institutional mechanism to monitor the sale price of the fertilizers at retail market to the farmers should be set up for the purpose.

New Pricing Scheme

3. The Committee note that New Pricing Scheme (NPS) for urea units came in to existence w.e.f. 01.04.2003 replacing the erstwhile Retention Price System. The Committee also note that there is an imperative need to set up new urea units and expansion of existing urea units for augmenting the domestic production capacity of urea to meet the growing demand of urea for enhancing the agricultural production in the country over the years. The Committee are, therefore, of the view that formulation of policy for existing urea unit beyond stage III of New Pricing Scheme (NPS) is essential to achieve self-sufficiency in domestic production of urea which is also one of the cherished goals which the Government plans to achieve by the end of Twelfth Plan period. Hence, the Committee recommend that the formulation of the policy for existing urea units beyond Stage III of New Pricing Scheme may be expedited.

Availability of Fertilizers

4. The Committee were informed that the weekly video conference is conducted jointly by Department of Agriculture, Department of Fertilizers, Ministry of Railways and Ministry of Shipping with State Agriculture officials with regard to all issues

related to agricultural production, productivity and inputs such as availability of fertilizers. The video conference is held at official level only and farmers or Panchayats do not participate in such video conferences. The Committee were also informed that logistically it would not be possible to hold video conferences at the district level as the State Government are supposed to take data from the districts. It also came to the notice of the Committee that the Department of Fertilizers does not have any direct interaction with the farmers as they do not have any field officers and the Department has to depend entirely upon the officers of the State Government for getting the required information. The Committee were further informed that the teams constituted by the Department of Fertilizers conduct on field inspections to see whether the shops are available, weights of the fertilizer bags are correct or not and at what prices fertilizers are being sold etc. Nevertheless, the Committee are of the view that the ground reality with regard to availability of fertilizers and on related issues could be ascertained only by way of direct interaction with the farmers at the Village or Panchayat levels. The Committee, therefore, recommend that the farmers or their representatives from Panchayats should invariably be involved and interacted in weekly or monthly video conferences organized by the Department of Fertilizers. Such conferences should be held at the District level and an Action Taken Report on the issues jointly reviewed by officials of the Government of India and the State Governments should be placed on the website of the Department. The Committee also recommend that Department should also find out the feasibility to establish an annual programme for regular field visits of their own field officers for interaction directly with the farmers in order to get first hand information about the demand, availability and prices of fertilizers and on related issues.

5. The Committee were informed that there was no problem about the availability of fertilizers to the farmers in the last Kharif season and overall availability of fertilizer was comfortable. However, contrary to the claim of the Department of Fertilizers, it came to the notice of the Committee that the farmers in some parts of the country like in Medak and Nizamabad in Andhra Pradesh have to stand in long queues outside the fertilizer shop just to get one bag of fertilizer which sometimes they fail to get. In the action taken reply to the Recommendation No.9 of the Twenty Eighth Report of the Committee on 'Production, Demand and Availability of Fertilizers and its Distribution', the Department had stated that the supply (availability) of fertilizers is adequate and comfortable. However, on careful analysis of demand and supply of fertilizers during the year 2012, as reflected in the statement (Annexure-VII), the Committee have noted that the overall supply (availability) of fertilizers is not as per the demand (requirement), irrespective of sale

of fertilizers. In fact, the availability of Urea, DAP, MOP and NPK in most of the States is less than the demand (requirement) which clearly indicates the shortage of fertilizers in the States. As for example, the demand (requirement) of urea in Maharashtra is 2190.00 MT whereas only 1779.42 MT of Urea was available. Similarly, as against the demand of 1301.00 MT of DAP, 482.00 MT of MOP and 1522.00 MT of NPK only 743.49 MT of DAP, 314.99 MT of MOP and 1325.73 of NPK was available. Similar is the position of demand and supply in reality in Karnataka, Kerala, Chhattisgarh, Gujarat, and other States as well. The Committee, therefore, recommend that the Department should find out the reported shortage of fertilizer in various parts of the country and simultaneously should take effective measures to streamline the movement and distribution system in coordination with the officials of the State Government concerned with a view to ensure timely and adequate supply of fertilizer to the farmers at affordable prices.

6. The Committee also observe that there is huge variation in the actual sales in comparison to availability (supply) of fertilizers. As for example, the availability of Urea in Haryana was 1542.77 MT, whereas, corresponding sales was 1461.06 MT only. Similarly, as against the availability of 776.72 MT of DAP, 21.45 MT of MOP and 23.09 MT of NPK and only 473.82 MT of DAP, 18.36 MT of MOP and 17.19 MT of NPK was sold . The Committee, therefore, come to the conclusion that the requirement of fertilizers assessed by States is unrealistic and inflated if we go by the present way of assessment. The Committee, therefore, desire that a scientific mechanism need to be developed for working out a realistic assessment of requirement of fertilizers in the country. This is all the more essential in order to restrict import of fertilizers particularly P&K fertilizers so as to check outgo of precious foreign exchange. Therefore, the Committee recommend that the Department of Fertilizers should take initiative in cooperation with the Department of Agriculture and Cooperation to evolve a scientific process for realistic assessment of requirement of fertilizers. The Committee would like to be apprised of the steps taken by the Department in this regard.

New Investment Policy- 2012

7. The Committee note that the New Investment Policy-2012 has since been notified by the Government on 2nd January 2013. The initiative of the policy is to facilitate fresh investment in urea sector to reduce India's import dependency in urea sector. The policy not only supports gas based plants but it also supports revival of closed units in the country. It encourages investment by Indian industry in Joint Venture abroad in resource rich countries. The Committee hope that the New

Investment Policy would address comprehensively all the issues which are affecting the growth of fertilizer sector and reduce the gap between the indigenous production and import of urea in the country. The Committee, however, expect that the New Investment Policy would be implemented effectively and expeditiously. The Committee would like to be apprised of the action plan formulated by the Government in this regard.

Revival of Closed Fertilizer Units

8. The Committee note that there are five closed units of Fertilizer Corporation of India Ltd. (FCIL) at Sindri, Talcher, Ramagundam, Gorakhpur and Korba and three closed units of Hindustan Fertilizer Corporation Ltd. (HFCL) at Durgapur, Barauni and Haldia. The Government of India decided to close these units in 2002. In addition, one unit in the private sector namely Duncans Industries Limited (DIL) was closed down in 2002. All these units were closed down as these companies were consistently making losses due to a variety of reasons such as technological obsolescence, lack of investment on up-gradation/modernization, power shortage etc. However, the Committee were informed that the efforts are being made to revive these closed units of FCIL/HFCL. The Committee were informed that after revival of all the units of FCIL and HFCL, the production of urea will increase approx. 10.16 million tonnes. Keeping in view the significant role which are expected to be played by these units after their revival, in augmenting the production of urea in the country, the Committee regret to note the slow progress made by the Government in this regard and the units are still not revived even after a lapse of more than 12 years. The Committee, therefore, recommend that the process of revival of closed units of fertilizers be expedited with in a fixed time frame. The Committee would like to be apprised of the action taken in this regard.

Joint Ventures Abroad

9. The Committee note that due to near total dependence on imports for Phosphatic fertilizer and its raw materials and full import dependence for MOP, the efforts are being made by the Government to encourage Government PSUs to establish joint ventures with the countries which are rich in raw material with the assurance to buy/ off take the fertilizers and fertilizer inputs regularly from them for using as fertilizer/ producing fertilizers indigenously. The Committee expect that the Department would provide suitable incentives to the Public Sector companies and would actively pursue the opportunities that exist with resource rich countries like Ghana, Indonesia, Nigeria, Oman, Canada, Iran, Russia, Tunisia, South Africa etc. for

effective and expeditious development of assets and setting up of Joint Venture Fertilizer projects abroad. The Committee would further like the Department to take up the matter with a view to ensure that these joint ventures abroad are materialised expeditiously. The Committee would like to be apprised of the initiatives taken by the Department in this regard.

10. The Committee also note that the Department of Fertilizers has prepared a proposal for creation of a dedicated 'Sovereign Wealth Fund' for acquiring fertilizer assets abroad to augment supplies of fertilizers and fertilizer input/raw materials for the Country. Since the proposed creation of Fund would help in acquiring fertilizer assets abroad which is very essential for the country, the Committee would like the Department of Fertilizers to pursue vigorously with all the stakeholders in the matter to get it finalised at the earliest. The Committee would like to be apprised of the initiatives taken by the Department in this regard.

DIVERSION OF FERTILIZERS FOR NON-AGRICULTURAL PURPOSES

11. The Committee note that about 10-15% of urea is diverted for the non-agricultural purposes. There are reports of alleged diversion and smuggling of urea and other fertilizers from India to Nepal, Bangladesh and other neighboring countries. In this regard, the Department of Fertilizers has informed the Committee that several steps/measures have been taken/ are being taken to curb the diversion and smuggling of fertilizers to neighboring countries. State Governments have been advised by the Department of Fertilizers to keep a strict vigil to check such activities through land and sea routes. Similarly, Union Home Ministry has also alerted Border guarding forces viz. BSF, ITBP, SSB, Assam Rifles etc. to maintain strict vigilance on the borders to check smuggling of fertilizers. The Committee were also informed that the Department had also written to State Governments particularly to the States touching the international borders to direct the police to see that there are no instances of black marketing of fertilizers, especially of urea in their States. Also through the weekly video conferencing with the State Governments, the Department of Fertilizers has repeatedly been instructing the State Governments to ensure that there is no divergence. However, the Committee note that the Department of Fertilizers do not have any field formation to check the divergence of fertilizers themselves. The Committee, therefore, would like to recommend that the Department should find out the feasibility of establishing an institutional mechanism in cooperation with the State Governments to take notice of instances of smuggling and divergence of fertilizers for non-agricultural purposes and to ensure stringent

punishment for those who are involved in such activities. The Committee may be apprised of the action taken by the Department in this regard.

ADULTERATION OF FERTILIZERS

12.0 The Committee note that there have been various complaints from farmers regarding improper mixing in DAP fertilizer. In this regard, the Committee were informed that the responsibility of getting the samples tested has been given to the State Governments under Fertilizer Control Order (FCO). There are 74 labs with various State Governments where they randomly get the sample tested. They are authorized to take action against the defaulters under FCO. However, it has come to the notice of the Committee that these labs do not function quite often and the farmers are asked to visit from one lab to another to get the fertilizers tested. At the time of cultivation of crops, farmers do not have much time to visit from one laboratory to another to get the fertilizers tested.

12.1 The Committee regret to note that there is no mandatory requirement or mechanism for checking the quality of fertilizers at the factory or manufacturers' level till it reaches to the farmers for usage. The superior quality of fertilizer is absolutely essential to maintain the fertility of soil for sustained growth of agricultural production. The Committee feel that Department of Fertilizers should impress upon the State Governments to ensure that the labs under their control are well equipped and functioning properly all the time and especially during the time of cultivation of crops. The Committee, therefore, recommend that the Government should work out a mechanism in coordination with the Ministry of Agriculture and the State Governments to make testing of fertilizers mandatory at every possible level right from the factory level till it reach to the farmers. The Committee also recommend that the Department of Fertilizers should look into the possibility of getting opened atleast one laboratory in all the districts of the country especially in those districts where consumption of fertilizers is comparatively more and provide all the assistance to the State Governments for that purpose. The setting up of laboratories at district level would facilitate farmers to get the fertilizers checked from the nearest laboratory. The Committee would like to be apprised of the initiatives taken by the Government in this regard.

New Delhi;

23 August 2013
1 Bhadrapada 1935 (Saka)

GOPINATH MUNDE
Chairman,
Standing Committee on
Chemicals and Fertilizers

Availability of UREA during Kharif 2012 (April'12 To Septemeber'12 along with Stock Pre-Positioned)					
KHARIF 2012 (April-September 2012)					
States	Requirement	Stock Pre-Positioned	Opening Stock	Receipts	Availability
	1	2	3	4	5
Andhra Pradesh	1650.00		52.65	1414.57	1467.22
Karnataka	800.00	1.03	8.55	647.14	656.72
Kerala	100.00		0.98	72.24	73.21
Tamil Nadu	450.00		2.80	352.45	355.25
Gujarat	1200.00		8.18	982.00	990.17
Madhya Pradesh	750.00	116.63	30.13	668.88	815.64
Chhattisgarh	500.00	94.66	0.08	424.59	519.32
Maharashtra	1550.00	14.54	24.24	1302.68	1341.46
Rajasthan	675.00	23.47	67.82	560.35	651.63
Haryana	875.00	78.01	30.90	794.16	903.08
Punjab	1325.00	219.46	24.31	1178.36	1422.14
Himachal Pradesh	35.00	4.29	0.00	32.52	36.81
Jammu & Kashmir	67.50	35.26	0.23	55.79	91.29
Uttar Pradesh	2600.00	386.98	107.48	2636.19	3130.66
Uttarakhand	135.00	8.47	1.47	137.16	147.10
Bihar	1000.00	15.64	5.38	913.88	934.90
Jharkhand	170.00	8.69	3.31	117.01	129.01
Orissa	450.00		17.75	360.93	378.68
West Bengal	500.00	131.55	1.88	531.24	664.67
Assam	145.00	1.91	0.00	123.77	125.68
All India	15083.40	1140.58	388.27	13357.56	14886.41

<Figures in 000 MTs>

Availability of DAP during Kharif 2012 (April'12 To Septemeber'12 along with Stock Pre-Positioned)					
States	KHARIF 2012 (April-September 2012)				
	Requirement	Stock Pre-Positioned	Opening Stock	Receipts	Availability
	1	2	3	4	5
Andhra Pradesh	730.00	122.51	49.05	398.27	569.83
Karnataka	615.00	192.96	31.85	224.04	448.85
Kerala	25.00	3.16	3.66	15.80	22.62
Tamil Nadu	225.00	2.39	13.41	114.17	129.97
Gujarat	480.00	92.32	16.49	156.13	264.94
Madhya Pradesh	650.01	245.35	42.95	657.05	945.35
Chhattisgarh	221.84	59.69	12.13	123.86	195.69
Maharashtra	1000.00	207.63	27.55	378.68	613.86
Rajasthan	380.00	99.82	8.52	244.15	352.48
Haryana	320.00	203.76	11.50	265.70	480.97
Punjab	475.00	125.25	42.02	415.19	582.47
Himachal Pradesh	0.00	0.00	0.00	0.00	0.00
Jammu & Kashmir	40.00	10.60	2.31	12.54	25.45
Uttar Pradesh	900.00	435.52	51.31	918.97	1405.79
Uttarakhand	20.00	9.14	1.75	11.82	22.71
Bihar	225.00	54.10	30.43	272.45	356.98
Jharkhand	80.00	9.72	3.36	34.92	48.00
Orissa	175.00	2.03	16.70	72.84	91.57
West Bengal	250.00	72.01	26.04	169.67	267.72
Assam	25.00		7.96	9.43	17.40
All India	6940.37	1947.97	399.32	4499.75	6847.04

<Figures in 000 MTs>

Availability of NPK during Kharif 2012 (April'12 To Septemeber'12 along with Stock Pre-Positioned)					
KHARIF 2012 (April-September 2012)					
States	Requirement	Stock Pre-Positioned	Opening Stock	Receipts	Availability
	1	2	3	4	5
Andhra Pradesh	1150.00	245.60	213.45	788.34	1247.40
Karnataka	740.00	181.98	92.58	441.36	715.92
Kerala	130.00	9.01	20.81	81.98	111.80
Tamil Nadu	306.00	88.01	117.98	202.03	408.03
Gujarat	275.00	147.30	23.77	205.65	376.72
Madhya Pradesh	220.00	47.03	65.34	103.22	215.60
Chhattisgarh	125.00	18.20	24.66	67.17	110.03
Maharashtra	950.00	275.57	110.78	682.25	1068.59
Rajasthan	90.00	3.18	13.67	37.63	54.47
Haryana	50.00		7.52	13.05	20.57
Punjab	50.00	5.13	11.22	18.09	34.44
Himachal Pradesh	17.50	5.35	0.12	4.11	9.58
Jammu & Kashmir	0.00	0.00	0.00	0.00	0.00
Uttar Pradesh	575.00	104.71	156.94	287.41	549.06
Uttarakhand	25.00	5.35	2.53	13.69	21.57
Bihar	175.00	53.13	46.11	76.65	175.90
Jharkhand	40.00		4.86	13.91	18.77
Orissa	205.01	30.44	34.26	101.53	166.23
West Bengal	400.00	73.80	82.33	269.23	425.36
Assam	7.52		1.98	2.24	4.22
All India	5551.63	1293.80	1031.97	3415.77	5741.54

<Figures in 000 MTs>

Availability of MOP during Kharif 2012 (April'12 To Septemeber'12 along with Stock Pre Positioned)					
States	KHARIF 2012 (April-September 2012)				
	Requirement	Stock Pre-Positioned	Opening Stock	Receipts	Availability
	1	2	3	4	5
Andhra Pradesh	325.00	35.87	60.97	140.28	237.12
Karnataka	287.00	21.88	17.95	173.51	213.33
Kerala	90.00	11.32	8.39	45.78	65.49
Tamil Nadu	211.00	10.83	10.11	91.60	112.54
Gujarat	100.00	2.22	2.61	37.13	41.96
Madhya Pradesh	90.00	15.21	18.64	57.42	91.28
Chhattisgarh	85.00	30.02	1.93	46.54	78.49
Maharashtra	325.00	23.17	26.24	231.24	280.65
Rajasthan	32.00		1.71	10.40	12.11
Haryana	35.00		1.71	19.23	20.95
Punjab	56.00	8.20	3.72	31.13	43.05
Himachal Pradesh	0.30	0.29	0.00	0.00	0.29
Jammu & Kashmir	10.00	1.05	0.03	3.72	4.80
Uttar Pradesh	100.00	7.11	1.93	102.59	111.63
Uttarakhand	5.00	1.49	0.00	2.73	4.22
Bihar	80.00	35.89	2.55	51.30	89.74
Jharkhand	20.00	4.36	0.00	2.27	6.63
Orissa	110.00		7.39	53.68	61.07
West Bengal	150.00	67.03	2.65	111.75	181.43
Assam	60.00	9.49	3.58	17.42	30.50
All India	2197.73	285.44	172.12	1235.28	1692.85

Annexure - VI

Availability of UREA during the year 2012-13 (April'12 To October'12 along with Stock Pre-Positioned)

States	KHARIF 2012 (April-September 2012)					Rabi 2012-13 (October 2012)					
	Requirement 1	Stock Pre- Positioned 2	Opening Stock 3	Receipts 4	Availability 5	Sales 6	Requirement 7	Opening Stock 8	Receipts 9	Availability 10	Sales 11
Andhra Pradesh	1650.00		52.65	1414.57	1467.22	1453.72	300.00	13.49	326.16	339.65	295.21
Karnataka	800.00	1.03	8.55	647.14	656.72	647.59	140.00	8.09	224.57	232.66	210.91
Kerala	100.00		0.98	72.24	73.21	72.29	26.00	0.69	8.93	9.62	8.90
Tamil Nadu	450.00		2.80	352.45	355.25	353.77	173.00	1.46	133.83	135.29	133.43
Gujarat	1200.00		8.18	982.00	990.17	974.77	220.00	15.40	125.39	140.79	99.47
Madhya Pradesh	750.00	116.63	30.13	668.88	815.64	683.09	240.99	15.93	231.56	247.49	219.28
Chhattisgarh	500.00	94.66	0.08	424.59	519.32	419.18	20.00	5.48	19.84	25.32	17.55
Biharashtra	1550.00	14.54	24.24	1302.68	1341.46	1314.44	195.00	12.47	192.35	204.82	168.81
Rajasthan	675.00	23.47	67.82	560.35	651.63	627.18	177.10	0.99	192.47	193.46	192.79
Haryana	875.00	78.01	30.90	794.16	903.08	813.42	250.00	11.64	176.50	188.14	170.79
Punjab	1325.00	219.46	24.31	1178.36	1422.14	1201.35	300.00	1.33	321.69	323.02	319.15
Himachal Pradesh	35.00	4.29	0.00	32.52	36.81	32.47	5.00	0.06	1.73	1.79	1.75
Jammu & Kashmir	67.50	35.26	0.23	55.79	91.29	55.34	13.70	0.68	8.48	9.16	6.07
Uttar Pradesh	2600.00	386.98	107.48	2636.19	3130.66	2700.75	500.00	42.92	494.12	537.04	464.11
Uttarakhand	135.00	8.47	1.47	137.16	147.10	135.95	5.00	2.69	9.46	12.15	8.71
Bihar	1000.00	15.64	5.38	913.88	934.90	907.93	180.00	11.33	191.73	203.06	184.43
Jharkhand	170.00	8.69	3.31	117.01	129.01	119.14	21.25	1.19	20.33	21.52	14.65
Orissa	450.00		17.75	360.93	378.68	372.51	40.00	6.01	38.50	44.51	24.15
West Bengal	500.00	131.55	1.88	531.24	664.67	518.93	78.00	14.19	89.66	103.85	83.29
Assam	145.00	1.91	0.00	123.77	125.68	123.50	13.00	0.27	18.72	18.99	17.27
All India	15083.40	1140.58	388.27	13357.56	14886.41	13579.08	2913.31	166.34	2828.97	2995.31	2643.66

Availability of DAP during the year 2012-13 (April'12 To October'12 along with Stock Pre-Positioned)											
States	KHARIF 2012 (April-September 2012)					Rabi 2012-13 (October 2012)					
	Requirement 1	Stock Pre-Positioned 2	Opening Stock 3	Receipts 4	Availability 5	Sales 6	Requirement 7	Opening Stock 8	Receipts 9	Availability 10	Sales 11
Andhra Pradesh	730.00	122.51	49.05	398.27	569.83	350.52	100.00	86.03	25.18	111.21	22.43
Karnataka	615.00	192.96	31.85	224.04	448.85	183.38	60.00	72.49	8.27	80.76	12.04
Kerala	25.00	3.16	3.66	15.80	22.62	14.63	7.00	4.83	1.74	6.57	2.02
Tamil Nadu	225.00	2.39	13.41	114.17	129.97	112.38	70.00	13.30	49.34	62.64	39.32
Gujarat	480.00	92.32	16.49	156.13	264.94	141.04	110.00	23.61	8.03	31.64	9.47
Madhya Pradesh	650.01	245.35	42.95	657.05	945.35	576.21	223.79	123.78	173.67	297.45	111.75
Chhattisgarh	221.84	59.69	12.13	123.86	195.69	108.50	10.00	27.49	16.40	43.89	7.49
Maharashtra	1000.00	207.63	27.55	378.68	613.86	317.86	86.00	77.66	19.75	97.41	12.55
Rajasthan	380.00	99.82	8.52	244.15	352.48	234.96	112.36	15.47	173.88	189.35	146.44
Haryana	320.00	203.76	11.50	265.70	480.97	242.81	225.00	33.17	162.98	196.15	129.19
Punjab	475.00	125.25	42.02	415.19	582.47	424.62	230.00	32.53	228.66	261.19	183.51
Himachal Pradesh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jammu & Kashmir	40.00	10.60	2.31	12.54	25.45	13.86	7.79	0.98	13.55	14.53	8.78
Uttar Pradesh	900.00	435.52	51.31	918.97	1405.79	789.66	400.00	177.96	441.17	619.13	373.01
Uttarakhand	20.00	9.14	1.75	11.82	22.71	10.32	1.00	3.25	4.93	8.18	6.35
Bihar	225.00	54.10	30.43	272.45	356.98	216.14	80.00	86.75	110.11	196.86	102.25
Jharkhand	80.00	9.72	3.36	34.92	48.00	26.46	11.50	11.83	3.91	15.74	3.09
Chissa	175.00	2.03	16.70	72.84	91.57	77.88	10.00	11.67	1.37	13.04	4.44
West Bengal	250.00	72.01	26.04	169.67	267.72	143.58	24.53	52.13	29.17	81.30	43.86
Assam	25.00		7.96	9.43	17.40	14.18	3.60	3.22	4.49	7.71	3.91
India	6940.37	1947.97	399.32	4499.75	6847.04	4003.37	1776.64	858.15	1477.63	2335.78	1222.94

<Figures in 000'MT's>

Availability of NPK during the year 2012-13 (April'12 To October'12 along with Stock Pre-Positioned)												
States	KHARIF 2012 (April-September 2012)						Rabi 2012-13 (October 2012)					
	Requirement	Stock Pre-Positioned	Opening Stock	Receipts	Availability	Sales	Requirement	Opening Stock	Receipts	Availability	Sales	
	1	2	3	4	5	6	7	8	9	10	11	
Andhra Pradesh	1150.00	245.60	213.45	788.34	1247.40	894.95	150.00	96.70	188.36	285.06	122.60	
Karnataka	740.00	181.98	92.58	441.36	715.92	449.72	125.00	70.01	71.92	141.93	42.61	
Kerala	130.00	9.01	20.81	81.98	111.80	87.50	40.00	15.29	13.55	28.84	17.43	
Tamil Nadu	306.00	88.01	117.98	202.03	408.03	292.42	90.76	18.45	57.31	75.76	53.72	
Gujarat	275.00	147.30	23.77	205.65	376.72	183.26	73.70	46.17	22.48	68.65	26.51	
Madhya Pradesh	220.00	47.03	65.34	103.22	215.60	142.30	89.46	26.26	35.25	61.51	32.10	
Chhattisgarh	125.00	18.20	24.66	67.17	110.03	86.37	5.00	5.46	0.19	5.65	0.19	
Maharashtra	950.00	275.57	110.78	682.25	1068.59	710.94	205.00	82.08	69.50	151.58	36.52	
Rajasthan	90.00	3.18	13.67	37.63	54.47	49.82	34.49	1.48	18.19	19.67	16.46	
Haryana	50.00		7.52	13.05	20.57	14.37	15.00	6.19	0.56	6.75	1.75	
Punjab	50.00	5.13	11.22	18.09	34.44	27.74	35.00	1.57	1.76	3.33	2.09	
Himachal Pradesh	17.50	5.35	0.12	4.11	9.58	4.13	7.50	0.10	5.27	5.37	5.21	
Jammu & Kashmir	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Uttar Pradesh	575.00	104.71	156.94	287.41	549.06	402.91	175.00	41.44	108.60	150.04	74.47	
Uttarakhand	25.00	5.35	2.53	13.69	21.57	14.86	6.00	1.36	9.27	10.63	8.26	
Bihar	175.00	53.13	46.11	76.65	175.90	98.77	40.00	23.99	50.11	74.10	46.81	
Jharkhand	40.00		4.86	13.91	18.77	16.43	20.00	2.35	6.33	8.68	5.01	
Orissa	205.01	30.44	34.26	101.53	166.23	113.85	8.50	21.95	9.16	31.11	3.84	
West Bengal	400.00	73.80	82.33	269.23	425.36	312.74	56.74	38.81	108.79	147.60	104.97	
Assam	7.52		1.98	2.24	4.22	3.24	1.80	0.99	1.26	2.25	0.25	
All India	5551.63	1293.80	1031.97	3415.77	5741.54	3912.66	1182.01	501.60	780.35	1281.95	602.70	

Availability of PHOSPHATIC FERTILIZERS (DAP+NPK) during the year 2012-13 (April 12 To October 12 along with Stock Pre-Positioned)											
States	Requirement	Stock Pre-Positioned	Opening Stock	Receipts	Availability	Sales	Requirement	Opening Stock	Receipts	Availability	Sales
Andhra Pradesh	1880.00	368.12	262.50	1186.61	1817.23	1245.47	250.00	182.73	213.54	396.27	145.03
Karnataka	1355.00	374.94	124.43	665.39	1164.77	633.10	185.00	142.50	80.19	222.69	54.66
Kerala	155.00	12.17	24.46	97.78	134.42	102.13	47.00	20.12	15.29	35.41	19.45
Tamil Nadu	531.00	90.41	131.39	316.20	538.00	404.80	160.76	31.75	106.66	138.41	93.04
Gujarat	755.00	239.62	40.27	361.77	641.66	324.31	183.70	69.78	30.51	100.29	35.99
Madhya Pradesh	870.00	292.38	108.29	760.27	1160.94	718.50	313.25	150.04	208.92	358.96	143.85
Chhattisgarh	346.84	77.90	36.79	191.04	305.72	194.87	15.00	32.95	16.58	49.53	7.68
Maharashtra	1950.00	483.20	138.33	1060.93	1682.46	1028.80	291.00	159.74	89.25	248.99	49.07
Rajasthan	470.00	103.00	22.19	281.77	406.95	284.77	146.85	16.95	192.07	209.02	162.90
Haryana	370.00	203.76	19.02	278.75	501.54	257.19	240.00	39.36	163.54	202.90	130.94
Punjab	525.00	130.38	53.24	433.28	616.91	452.37	265.00	34.10	230.42	264.52	185.61
Himachal Pradesh	17.50	5.35	0.12	4.11	9.58	4.13	7.50	0.10	5.27	5.37	5.21
Jammu & Kashmir	40.00	10.60	2.31	12.54	25.45	13.86	7.79	0.98	13.55	14.53	8.78
Uttar Pradesh	1475.00	540.23	208.25	1206.38	1954.85	1192.57	575.00	219.40	549.77	769.17	447.49
Uttarakhand	45.00	14.49	4.28	25.50	44.27	25.18	7.00	4.61	14.20	18.81	14.60
Bihar	400.00	107.23	76.54	349.11	532.88	314.91	120.00	110.74	160.23	270.97	149.06
Jharkhand	120.00	9.72	8.23	48.83	66.78	42.88	31.50	14.18	10.24	24.42	8.10
Orissa	380.00	32.47	50.96	174.37	257.80	191.73	16.50	33.62	10.54	44.16	8.27
West Bengal	650.00	145.81	108.37	438.90	693.08	456.33	81.27	90.94	137.96	228.90	148.83
Assam	32.52	0.00	9.94	11.67	21.61	17.42	6.40	4.21	5.75	9.96	4.16
All India	12491.99	3241.77	1431.29	7915.53	12588.58	7916.03	2958.65	1359.75	2257.98	3617.73	1825.64

27-11-12

Availability of MOP during the year 2012-13 (April'12 To October'12 along with Stock Pre-Positioned)												
States	KHARIF 2012 (April-September 2012)						Rabi 2012-13 (October 2012)					
	Requirement	Stock Pre-Positioned	Opening Stock	Receipts	Availability	Sales	Requirement	Opening Stock	Receipts	Availability	Sales	
	1	2	3	4	5	6	7	8	9	10	11	
Andhra Pradesh	325.00	35.87	60.97	140.28	237.12	156.84	75.00	44.40	22.40	66.80	21.60	
Karnataka	287.00	21.88	17.95	173.51	213.33	151.00	60.00	40.39	24.04	64.43	13.58	
Kerala	90.00	11.32	8.39	45.78	65.49	46.59	25.00	7.58	12.18	19.76	8.69	
Tamil Nadu	211.00	10.83	10.11	91.60	112.54	88.74	84.00	12.97	32.16	45.13	36.43	
Gujarat	100.00	2.22	2.61	37.13	41.96	36.01	18.00	3.74	9.65	13.39	6.87	
Madhya Pradesh	90.00	15.21	18.64	57.42	91.28	61.04	21.52	15.02	8.45	23.47	3.62	
Chhattisgarh	85.00	30.02	1.93	46.54	78.49	40.91	4.00	7.57	10.43	18.00	1.93	
Maharashtra	325.00	23.17	26.24	231.24	280.65	171.87	48.00	85.61	16.36	101.97	9.45	
Rajasthan	32.00		1.71	10.40	12.11	7.71	4.97	4.40	3.39	7.79	2.45	
Haryana	35.00		1.71	19.23	20.95	18.36	10.00	2.59	0.51	3.10	0.00	
Punjab	56.00	8.20	3.72	31.13	43.06	25.26	15.00	9.59	0.34	9.93	0.36	
Himachal Pradesh	0.30	0.29	0.00	0.00	0.29	0.00	0.00	0.00	3.93	3.93	1.81	
Jammu & Kashmir	10.00	1.05	0.03	3.72	4.80	3.20	4.38	0.56	1.61	2.17	0.28	
Uttar Pradesh	100.00	7.11	1.93	102.59	111.63	97.95	65.00	6.57	13.87	20.44	11.32	
Uttarakhand	5.00	1.49	0.00	2.73	4.22	2.73	0.00	0.00	0.32	0.32	0.32	
Bihar	80.00	35.89	2.55	51.30	89.74	44.71	40.00	9.14	6.69	15.83	13.37	
Jharkhand	20.00	4.36	0.00	2.27	6.63	2.27	2.50	0.00	0.26	0.26	0.09	
Orissa	110.00		7.39	53.68	61.07	47.06	15.00	14.02	1.28	15.30	4.02	
West Bengal	150.00	67.03	2.65	111.75	181.43	79.23	24.84	35.17	9.20	44.37	35.19	
Assam	60.00	9.49	3.58	17.42	30.50	11.21	8.10	9.80	8.66	18.46	3.95	
All India	2197.73	285.44	172.12	1235.28	1692.85	1098.25	532.56	309.10	186.23	495.33	175.84	

Annexure-VII

<Figures in 000'MTs>

States	Requirement, Availability and Sales of Fertilizers during the year 2012 (April'12 To DECEMBER'12 along with Stock Pre-Positioned)											
	UREA			DAP			MOP			NPK		
	Requirement	Availability	Sales	Requirement	Availability	Sales	Requirement	Availability	Sales	Requirement	Availability	Sales
Andhra Pradesh	2600.00	2223.30	2140.51	1055.00	694.96	484.71	550.00	302.32	220.62	1925.00	1749.26	1332.64
Karnataka	1230.00	1110.30	1046.79	775.00	513.95	249.49	442.00	262.86	194.52	1095.00	950.62	604.80
Kerala	170.00	116.20	112.78	40.00	27.24	19.52	164.00	86.33	67.60	221.00	154.57	130.34
Tamil Nadu	941.00	768.98	754.82	390.00	219.57	190.52	443.00	182.70	168.62	552.46	578.71	456.29
Gujarat	1900.00	1426.91	1406.70	770.00	386.71	233.78	160.00	64.50	56.99	463.10	474.12	285.79
Madhya Pradesh	1684.53	1727.50	1569.22	1135.25	1262.89	806.31	137.81	100.72	70.45	428.97	271.93	196.53
Chhattisgarh	600.00	578.67	459.40	271.84	224.87	130.63	108.00	95.02	43.98	150.00	122.00	88.74
Maharashtra	2190.00	1779.42	1721.71	1301.00	743.49	461.60	482.00	314.99	217.77	1522.00	1325.73	872.27
Rajasthan	1349.10	1353.25	1310.76	598.48	640.88	471.69	43.84	15.50	10.75	144.46	78.61	69.55
Haryana	1750.00	1542.77	1461.06	670.00	766.72	473.82	60.00	21.45	18.36	85.00	23.09	17.19
Punjab	2225.00	2383.80	2160.82	775.00	928.48	742.68	91.00	43.39	31.68	112.50	40.16	31.97
Himachal Pradesh	55.00	51.56	47.19	0.00	0.00	0.00	2.80	4.22	3.93	40.00	20.16	14.74
Jammu & Kashmir	124.80	113.33	73.65	75.93	50.78	34.03	28.80	10.75	6.99	0.00	0.00	0.00
Uttar Pradesh	4600.00	4827.85	4388.81	1750.00	2291.07	1588.79	255.00	133.40	121.78	1050.00	721.36	543.65
Uttarakhand	186.00	197.08	187.56	28.50	30.83	20.47	7.50	5.22	3.72	47.00	38.72	28.04
Bihar	1700.00	1559.86	1524.75	455.00	559.77	436.15	210.00	140.78	87.86	335.00	316.46	225.20
Jharkhand	241.25	172.93	158.77	117.50	53.63	37.00	27.50	6.88	2.36	90.00	25.35	23.04
Orissa	525.00	436.87	413.86	205.00	118.40	94.54	145.00	70.41	57.26	248.51	213.41	136.38
West Bengal	851.00	1050.53	876.29	350.98	387.59	275.25	258.99	247.74	157.85	624.09	770.54	624.06
Assam	216.00	198.08	188.22	42.20	27.62	20.79	98.70	53.16	28.06	16.12	6.30	4.31
All India	25279.10	23681.33	22065.66	10923.00	9935.82	6778.15	3757.80	2171.53	1580.31	9180.22	7894.11	5697.13

**MINUTES OF THE TENTH SITTING OF THE
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS
(2011-12)**

The Committee sat on Tuesday, the 31 July, 2012 from 1530 hrs. to 1745 hrs. in Committee Room – 'D', Parliament House Annexe, New Delhi.

Present

Shri Gopinath Munde - Chairman

**Members
Lok Sabha**

2.	Shri Prabhatsinh Pratapsinh Chauhan
3.	Shri Yashbant N.S. Laguri
4.	Shri Sakti Mohan Malik
5.	Shri Poonam Prabhakar
6.	Shri Ashok Kumar Rawat
7.	Shri Tufani Saroj
8.	Shri Suresh Kumar Shetkar
9.	Shri Raju Shetti
10.	Shri Om Prakash Yadav
Rajya Sabha	
11.	Shri A.A. Jinnah
12.	Shri Brijlal Khabri
13.	Shri Parshottam Khodabhai Rupala
14.	Shri Raghunandan Sharma
15.	Shri Anil Kumar Sahani

SECRETARIAT

- | | | | |
|------|----------------------|---|---------------------|
| i. | Shri C. S. Joon | - | Joint Secretary |
| ii. | Shri A.K. Srivastava | - | Additional Director |
| iii. | Smt. Emma C. Barwa | - | Under Secretary |

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

1.	Sh. Ajay Bhattacharya	Secretary
2.	Sh. V.Rajagopalan	Special Secretary & Financial Advisor
3.	Sh. Suresh Chandra Gupta	Joint Secretary (P&P)
4.	Sh. Sham Lal Goyal	Joint Secretary (F&M)
5.	Sh. A.K. Parashar	Economic Advisor
6.	Sh. M.P. Johnson	Deputy Director General

II. PSUs/COOPERATIVES

1.	Dr. S.K. Das	CMD, FCI Aravali Gypsum & Minerals India Ltd. (FAGMIL)
2.	Sh. R.G. Rajan	CMD, Rashtriya Chemicals and Fertilizers Limited (RCF)
3.	Shri N.K. Saha	CMD, Brhahmaputra Valley Fertilizer Corporation Limited (BVFCL)
4.	Dr. M. Ravi Kanth,	CMD, Projects and Development India Ltd. (PDIL)
	Shri I. Vijay Kumar	CMD, Madras Fertilizers Limited (MFL)
5.	Shri B.D. Sinha	MD, Krishak Bharati Cooperative Limited (KRIBHCO)
6.	Ms. Neeru Abrol	Dir (Finance), National Fertilizers Limited (NFL)

III. REPRESENTATIVE FROM OTHER MINISTRY / DEPARTMENT

1.	Shri Balvinder Kumar	Additional Secretary, Department of Agriculture and Cooperation (Ministry of Agriculture & Cooperation)
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2. At the outset, Hon'ble Chairman welcomed the members of the Committee. Thereafter, the officials of the Ministry of Chemicals & Fertilizers (Department of Fertilizers), the Public Sector Undertakings / Cooperative were called and their attention was invited to the provisions contained in Direction 55(1) of the Directions by the Speaker regarding confidentiality of the Committee's proceedings. Then the officials of the Department and others introduced themselves.

3. Thereafter, the Secretary, Department of Fertilizers briefed the Committee about the subject 'Pricing of Fertilizers'.

4. During the discussion, the Chairman and members of the Committee raised some queries which were replied to by the Secretary, Department of Fertilizers and other officials. They also assured the Committee to send the requisite information in writing which was not readily available with them.

5. The Committee decided to take oral evidence of the representatives of Department of Chemicals and Petrochemicals on the subject "Production and Availability of Pesticides" in their next sitting to be held on 07th August 2012.

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

The Committee then adjourned.

**MINUTES OF THE SECOND SITTING OF THE
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS
(2012-13)**

The Committee sat on Tuesday, the 30 October, 2012 from 1530 hrs. to 1620 hrs. in Room No.G-074, Parliament Library Building, New Delhi.

Present

Shri Dilipbhai Pandya - In the Chair

Members
Lok Sabha

2.	Shri S. Alagiri
3.	Shri Gajanan D. Babar
4.	Shri P.P. Chauhan
5.	Shri Sher Singh Ghubaya
6.	Shri Sakti Mohan Malik
7.	Shri Ashok Kumar Rawat
8.	Shri Tufani Saroj
9.	Shri Raju Shetti
10.	Shri D. Venugopal
Rajya Sabha	
11.	Shrimati Naznin Faruque
12.	Shri A.A. Jinnah
13.	Shri Brijlal Khabri
14.	Shri Pyarimohan Mohapatra
15.	Shri Raghunandan Sharma

SECRETARIAT

i.	Smt. Rashmi Jain	-	Joint Secretary
ii.	Shri A.K. Srivastava	-	Additional Director
iii.	Smt. Emma C. Barwa	-	Under Secretary

WITNESSES

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

1.	Sh. Sudhir Mital	Secretary
2.	Dr.. V.Rajagopalan	Special Secretary & Financial Advisor
3.	Sh. Satish Chandra	Joint Secretary (P&A)
4.	Sh. Sham Lal Goyal	Joint Secretary (F&M)
5.	Sh. Suresh Chandra Gupta	Joint Secretary (P&P)
6.	Sh. A.K. Parashar	Economic Advisor

II. REPRESENTATIVES FROM OTHER MINISTRIES / DEPARTMENTS

1.	Shri Narender Bhooshan	Joint Secretary (INM), DAC
2.	Ms. Sushma Rath	Dir. (GP), M/o Petroleum & Natural Gas

III. PSUs/COOPERATIVES

1.	Dr. S.K. Das	CMD, FCI Aravali Gypsum & Minerals India Ltd. (FAGMIL)
2.	Sh. R.G. Rajan	CMD, Rashtriya Chemicals and Fertilizers Limited (RCF)
3.	Shri S.D. Singh	CMD, Brhahmaputra Valley Fertilizer Corporation Limited (BVFCL)
4.	Dr. M. Ravi Kanth,	CMD, Projects and Development India Ltd. (PDIL)
5.	Shri I. Vijay Kumar	CMD, Madras Fertilizers Limited (MFL)
6.	Shri B.D. Sinha	MD, Krishak Bharati Cooperative Limited (KRIBHCO)
7.	Ms. Neeru Abrol	Dir (Finance), National Fertilizers Limited (NFL)

2. At the outset, owing to the absence of Chairman of the Committee due to his pre-occupation, the Committee chose Shri Dilipbhai Pandya, a member of the Committee, to act as Chairman in accordance with Rule 258(3) of Rules of Procedure and Conduct of Business in Lok Sabha.

3. Thereafter, the officials of the Ministry of Chemicals & Fertilizers (Department of Fertilizers), the Public Sector Undertakings / Cooperative were called and their attention was invited to the provisions contained in Direction 55(1) of the Directions by the Speaker regarding confidentiality of the Committee's proceedings. Then the officials of the Department and others introduced themselves.

4. The Secretary and other officials of Department of Fertilizers briefed the Committee about the subject 'Pricing of Fertilizers' through power-point presentation. Thereafter, Acting 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 'Pricing of Fertilizers', following issues were also discussed :-

- (i) Non-availability of fertilizers to the farmers
- (ii) Artificial scarcity and black marketing of fertilizers
- (iii) Steep rise in the price of fertilizers
- (iv) Import of fertilizers and establishment of Joint Ventures abroad
- (v) Revival of sick fertilizer PSUs
- (vi) Attracting investment in the fertilizer sector

5. The Committee, thereafter, decided to take another oral evidence of the representatives of Department of Fertilizers on the same subject i.e. 'Pricing of Fertilizers' in their next sitting to be held on 21st November, 2012.

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

The Committee then adjourned.

**MINUTES OF THE THIRD SITTING OF THE
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS
(2012-13)**

The Committee sat on Wednesday, the 21 November, 2012 from 1510 hrs. to 1620 hrs. in Committee Room – E, Parliament House Annexe, New Delhi.

Present

Shri Gopinath Munde - Chairman

**Members
Lok Sabha**

2.	Shri Gajanan D. Babar
3.	Shri P.P. Chauhan
4.	Shri Sher Singh Ghubaya
5.	Shri Kamlesh Paswan
Rajya Sabha	
6.	Shri Biswajit Daimary
7.	Shrimati Naznin Faruque
8.	Shri A.A. Jinnah
9.	Shri Dilipbhai Pandya

SECRETARIAT

- | | | | |
|------|----------------------|---|---------------------|
| i. | Smt. Rashmi Jain | - | Joint Secretary |
| ii. | Shri A.K. Srivastava | - | Additional Director |
| iii. | Smt. Emma C. Barwa | - | Under Secretary |

WITNESSES

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

1.	Sh. Sudhir Mital	Secretary
2.	Sh. Satish Chandra	Joint Secretary (P&A)
3.	Sh. Sham Lal Goyal	Joint Secretary (F&M)
4.	Sh. Suresh Chandra Gupta	Joint Secretary (P&P)
5.	Sh. S.K. Sinha	Director (PPF)

II. REPRESENTATIVES FROM OTHER MINISTRIES / DEPARTMENTS

1.	Shri Narender Bhooshan	Joint Secretary (INM), DAC
2.	Ms. Sushma Rath	Dir. (GP), M/o Petroleum & Natural Gas

III. PSUs/COOPERATIVES

1.	Dr. S.K. Das	CMD, FCI Aravali Gypsum & Minerals India Ltd. (FAGMIL)
2.	Sh. A. Ghasghase	Dir (Marketing), Rashtriya Chemicals and Fertilizers Limited (RCF)

3.	Sh. S.D. Singh	CMD, Brahmaputra Valley Fertilizer Corporation Limited (BVFCL)
4.	Dr. M. Ravi Kanth,	CMD, Projects and Development India Ltd. (PDIL)
5.	Sh. I. Vijay Kumar	CMD, Madras Fertilizers Limited (MFL)
6.	Sh. N.S. Rao	Dir (Marketing), Krishak Bharati Cooperative Limited (KRIBHCO)
7.	Ms. Neeru Abrol	Dir (Finance), National Fertilizers Limited (NFL)

2. At the outset, Hon'ble Chairman welcomed the members of the Committee. Thereafter, the officials of the Ministry of Chemicals & Fertilizers (Department of Fertilizers), the Public Sector Undertakings / Cooperative and officials from other Ministries/Departments were called in and their attention was invited to the provisions contained in Direction 55(1) of the Directions by the Speaker regarding confidentiality of the Committee's proceedings. Then the officials of the Department and others introduced themselves.

3. The Secretary and other officials of Department of Fertilizers briefed the Committee about the subject, 'Pricing of Fertilizers'. 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. Officials from the Department of Agriculture and Cooperation (DAC) and the Ministry of Petroleum and Natural Gas also answered questions raised by members of the Committee. They also promised to furnish the requisite information in writing which was not readily available with them. Apart from various aspects concerning 'Pricing of Fertilizers', the following issues were also discussed :-

- (i) Non-availability of fertilizers to the farmers
- (ii) Artificial scarcity and black marketing of fertilizers
- (iii) Steep rise in the price of fertilizers
- (iv) Import of fertilizers and establishment of Joint Ventures abroad
- (v) Revival of sick fertilizer PSUs
- (vi) Attracting investment in the fertilizer sector
- (vii) Increasing the number of fertilizer testing laboratories in India
- (viii) Pricing of the petroleum and natural gas in rupees instead of dollars for fertilizer PSUs
- (ix) Increasing the production of urea for self sufficiency in the urea production

4. The Committee also decided to undertake a Study Tour of the Committee from 7 January, 2013 to 11 January, 2013.

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

The Committee then adjourned.

**MINUTES OF THE FIFTEENTH SITTING OF THE
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS
(2012-13)**

The Committee sat on Friday, the 23 August, 2013 from 1500 hrs. to 1530 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

Present

Shri Gopinath Munde - Chairman

**Members
Lok Sabha**

2.	Shri Prabhatsinh P. Chauhan
3.	Shri Amarnath Pradhan
4.	Shri Ashok Kumar Rawat
5.	Shri Raju Shetti
Rajya Sabha	
6.	Shri Biswajit Daimary
7.	Smt. Naznin Faruque
8.	Shri Dilipbhai Pandya
9.	Shri Raghunandan Sharma

SECRETARIAT

- | | | | |
|------|----------------------|---|---------------------|
| i. | Smt. Rashmi Jain | - | Joint Secretary |
| ii. | Shri U.B.S. Negi | - | Director |
| iii. | Shri A.K. Srivastava | - | Additional Director |

2. At the outset, the Hon'ble Chairman welcomed the members of the Committee. The Committee, thereafter the Committee took up for consideration the draft Report on the subject "Pricing of Fertilizers". The draft Report was considered and adopted by the Committee with some minor amendment / modification as shown at **Annexure**.

3. The Committee also authorized the Chairman to make consequential changes, if any, arising of the factual verification of the draft Report by the Ministry of Chemicals and Fertilizers (Department of Fertilizers) and present / lay the same to both the Houses of Parliament on 29.08.2013.

The Committee then adjourned.

ANNEXURE
(vide para 2 of the minutes)

Page No.	Para No.	Line	Amendment / modification (in Observations / Recommendations of Part-II of the draft Report)
29	2	Insert in line 9 and before the last three sentences of the para no.2	In this regard, cost audit of the fertilizers produced / manufactured by the companies should be compulsorily carried out.