

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

UNSTARRED QUESTION NO:2776  
ANSWERED ON:14.03.2013  
INCREASE IN PRICES OF FERTILIZERS  
Das Shri Ram Sundar

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

- (a) the effect of the Nutrient-based subsidy scheme on the prices of fertilizers;
- (b) whether the prices of fertilizers have been increased as a result thereof;
- (c) if so, the details thereof;
- (d) whether the Government has finalised any methodology of granting direct subsidy to farmers; and
- (e) if so, the details thereof and the steps taken or proposed to be taken to expedite the task?

**Answer**

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

(a) to (c) Under the Nutrient Based Subsidy (NBS) Policy for Phosphatic & Potassic (P&K) fertilizers, being implemented w.e.f. 1.4.2010, a fixed amount of subsidy, decided on annual basis, is provided on each grade of subsidised P&K fertilizer depending upon their nutrient content. Maximum Retail Price (MPR) of P&K fertilizers are fixed by the fertilizer companies.

The country is fully dependent on imports in Potassic sector and to the extent of 90% in Phosphatic sector in the form of either finished products or its raw material. Subsidy being fixed, any change in international prices has effect on the domestic prices of P&K fertilizers.

The prices of fertilizers have increased mainly due to fluctuation in international prices and also on account of depreciation of Indian rupee vis a vis USD. The MRPs of P&K fertilizers during the last three years quarter-wise are annexed.

(d) & (e) Direct cash transfer of fertilizer subsidy to the intended beneficiary is being implemented in a phased manner as under:

Phase-I: Part subsidy is disbursed to the fertilizer companies on the basis of acknowledgement of receipt of fertilizers by retail dealers through mobile Fertilizer Monitoring System (mFMS).

Phase-II: Part subsidy payment to the fertilizer companies on the basis of acknowledgement of sales of fertilizers by retail dealers through mFMS.

Phase-III: Subsidy payment to buyer of fertilizer for agriculture purpose on the basis of fertilizers purchased by him.

Phase-IV: Subsidy payment to the farmers on the basis of details of purchase made by him.

The implementation of Phase-I has already been made operational. In the subsequent phase of the project, the mechanism to transfer the subsidy directly to the intended beneficiaries will be formulated and implemented once the implementation of Phase-I stabilizes.