

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

UNSTARRED QUESTION NO:2880  
ANSWERED ON:14.03.2013  
NUTRIENT BASED SUBSIDY SCHEME  
Lagadapati Shri Rajagopal;Tandon Annu

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

- (a) the aims and objectives of the Nutrient-based Subsidy Scheme;
- (b) whether all objectives have been achieved;
- (c) if so, the details thereof and if not, whether any study has been conducted or proposed to be conducted about the implementation of the scheme;
- (d) if so, the details thereof;
- (e) whether the Government is planning to revert back to previous system of fixed MRP in the light of enormous hike in the price of non-urea fertilizers;
- (f) if so, the details thereof; and
- (g) whether the Government is considering to revise/rationalize the Nutrient-based Subsidy in the light of increase prices of phosphates in the international market and if so, the details thereof?

**Answer**

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

(a) Nutrient Based Subsidy (NBS) Policy has been implemented in continuation of the erstwhile Concession Scheme. In implementation of the Concession Scheme, the following shortcomings were observed:

- i. 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 fertilizer sector worked in a highly regulated environment with cost of production and selling prices being determined by the Government, due to which fertilizer industry suffered from low profitability as a result this sector could not attract investments.
- iii. The innovation in fertilizer sector also suffered, as very few products were introduced by fertilizer companies, since they get out priced by subsidized fertilizers.
- iv. 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.
- v. Subsidy implication was very high.

To overcome above deficiencies, a Nutrient Based Subsidy Scheme has been implemented with the expectation that it will promote balanced fertilization of soil, which will lead to increased agricultural productivity and consequently better returns to the farmers. The decontrolled scenario is also expected to promote competition leading to efficiencies in production and import. In the long run, the policy is expected to stabilise demand and supply situation and also contain the subsidy outgo.

(b)to(d) The Department is in process of getting a study of NBS Policy carried out through a reputed consultancy firm.

(e)&(f) No, Madam. At present there is no proposal under consideration to revert back to the previous concession scheme.

(g) The international prices of P&K fertilizers are volatile. Presently (March 2013), the prices of P&K fertilizers have come down in the international market.