

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

UNSTARRED QUESTION NO:187

ANSWERED ON:19.11.2009

SUBSIDY ON FERTILIZERS

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

- (a) the subsidy provided by the Government on fertilizers during each of the last three years and the current years; state-wise;
- (b) whether the increase in the subsidy bill of fertilizers has matched with the growth in farm production;
- (c) if not, the reasons therefor; and
- (d) whether the Government plans to rationalize and justify the increase in fertilizer subsidy bill; and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a) The Fertilizer subsidy is not disbursed State-wise. It is transferred to the farmers in the form of subsidized Maximum Retail Prices (MRPs) notified by the Government, which are much below the normative delivered cost of these fertilizers. The difference between normative delivered cost and the notified MRPs is released as fertilizer subsidy to manufacturers/importers of these subsidized fertilizers on receipt of fertilizers in the district.

Details of expenditure (Gross) during the last three years and upto 13-11- 2009 for current year is as under :-

(Rs. In crore)

Period	Amount of Concession disbursed on decontrolled fertilizers (Indigenous + Imported) Urea	Amount of Subsidy disbursed on urea Fertilizers Indigenous Urea	Imported Urea	Total for Urea	Total of all
2006-07	10298.12	12650.37	5071.06	17721.43	28019.55
2007-08	16933.80	16450.37	9934.99	26385.36	43319.16
2008-09	65554.79	20968.74	12971.18	33939.92	99494.71
2009-10	24037.34	10410.81	4311.54	14722.35	38759.69
(Expenditure up to 13/11/2009)					

(b) No, Madam.

(c) Farm production is not entirely dependent on the use of fertilizers. Inadequate and imbalanced use of chemical fertilizers including greater mining of soil nutrients, neglect of organic manures and secondary and micro-nutrients, lack of good quality seeds, irrigation facilities, power situation, unfavorable weather conditions etc also impact farm production.

(d) & (e) The Government intends to move towards a nutrient based subsidy regime instead of the current product based pricing regime, in order to ensure balanced application of fertilizers. The proposal for Nutrient Based Subsidy is under consideration of a Group of Ministers(GOM) constituted to examine the proposed nutrient based subsidy policy and measures for rationalisation of fertilizer subsidy disbursement.