

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

UNSTARRED QUESTION NO:831

ANSWERED ON:10.12.2013

BURDEN OF SUBSIDY DUE TO INCREASE IN PRICES OF FERTILIZERS

Patil Shri A.T. Nana

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

- (a) whether due to sharp increase in the international prices of fertilizers, the burden of subsidy has increased;
- (b) if so, the details thereof during, each of the last three years and the current year;
- (c) whether the Government has formulated any scheme to increase the subsidy on chemicals and other fertilizers keeping in view the economic condition of the farmers;
- (d) if so, the details thereof and if not, the reasons therefor;
- (e) the subsidy provided by the Government on these fertilizers during the said period, fertilizers and State-wise; and
- (f) the manner in which the Government managed the extra burden and the amount of expenditure incurred along with the funds allocated by the Government under this head during the said period?

Answer

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

(a) & (b): For Phosphatic and Potassic (P&K) Fertilizers the Government is implementing Nutrient Based Subsidy (NBS) Policy w.e.f. 01.04.2010. Under this policy a fixed amount of subsidy, decided on annual basis, is provided on subsidised P&K fertilizers, depending on its nutrient content. Hence, increase in international prices of P&K fertilizers has no effect on subsidy burden for the concerned financial year. However, in respect of imported Urea, any variation in the international price or exchange rate shall have an impact on subsidy as the Maximum Retail Price of Urea is statutorily notified. The details of urea imported viz-a-viz the weighted average C&F price during the last three years and current year upto October 2013 are as under:

Year	Import from Oman	Import through State Trading Enterprises	Grand total
	Quantity (in LMT)	Weighted average C&F price cost (US\$/MT)	Quantity (in LMT)
2010-11	20.64	166.78	3442.339
2011-12	20.69	215.19	4452.281
2012-13	18.33	188.05	3446.957
2013-14 (upto Oct.)	12.86	184.91	2377.943
			45.45
			327.38
			14879.42
			18321.76
			57.65
			481.74
			27772.31
			32224.59
			62.11
			417.4
			25924.71
			29371.67
			37.5
			323.31
			12124.13
			14502.07

(c) & (d): At present, Urea is being provided to farmers at a very subsidised statutory price of Rs.5360 per tonne, which is much below the delivered cost. In respect of P&K fertilizers the subsidy rates are fixed on annual basis taking into account all relevant factors including the prevailing international and domestic prices of these fertilizers, exchange rate and inventory levels in the country. At present there is no such proposal to revise the subsidy rates.

(e) & (f): The details of subsidy provided on various fertilizers are not maintained state-wise separately. Sufficient budget provision is made for payment of subsidy. The subsidy provision and actual expenditure on Phosphatic & Potassic fertilizers and Urea for the last three years and the current year are as under:

Year	Budget provision	Actual subsidy paid on P&K fertilizers	Urea	Total

2010-11	65836.68	41500.00	24336.68	65836.68
2011-12	73790.94	36107.94	37683.00	73790.94
2012-13	70592.13	30576.12	40016.01	70592.13
2013-14	70585.73	23330.40	38196.50	61526.90

(BE)

Payment of subsidy is made as per the budgetary allocation for this purpose. Additional provision is made in the supplementary grants or in Revised Estimates to meet the extra burden on subsidy, whenever required.