

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

UNSTARRED QUESTION NO:3786
ANSWERED ON:18.02.2014
MISUSE OF SUBSIDY BY FERTILIZER COMPANIES
Ramasubbu Shri S.

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

(a) whether the Government is aware that a huge chunk amounting to thousands of crores of fertilizers subsidies is being siphoned off by private companies in the recent years and such companies are making huge profits by selling the fertilizers at unreasonable prices; and

(b) if so, the details thereof and the action taken by the Government against the erring private fertilizer companies and to ensure that the benefits of such subsidies reaches the farmers?

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): No, Madam. Urea is at present being provided to farmers at a statutory price of Rs.5360/- per MT. The difference between the normative delivered price and the statutory price of urea is paid as subsidy to urea fertilizer companies. As regards Phosphatic and Potassic (P&K) Fertilizers, a fixed amount of subsidy, decided on annual basis, is provided on each grade of these fertilizers, depending on their nutrient content. Under the current Nutrient Based Subsidy policy, the MRP is fixed by fertilizer companies. The Maximum Retail Price (MRP) and the subsidy thereon are printed on each bag of fertilizers.

In order to ensure the reasonability of prices fixed by fertilizer manufacturers/importers and that the benefits of subsidy reaches the farmers, Government is taking following steps: -

(i). Procurement of raw material, production of fertilizers, movement of fertilizers, sales etc are monitored through the web based Fertilizer Monitoring System (FMS) and Mobile Fertilizer Monitoring System (mFMS). The subsidy claims of these companies are also generated online.

(ii). Giving supply plans for movement of fertilizers to different parts of the country.

(iii). It is mandatory for all the P&K fertilizer companies to submit, along with their claims of subsidy, certified cost data in the prescribed format and as per the requirement for the purpose of monitoring of MRPs of P&K fertilizers fixed by the fertilizer companies.

(iv). A part of the subsidy (5 to 15%) is released to the fertilizer companies as certification by concerned state governments and acknowledgement of receipt of fertilizers by retailers through mFMS.