

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

UNSTARRED QUESTION NO:1409
ANSWERED ON:02.12.2014
SUBSIDY ON PRODUCTION OF FERTILIZERS
Muddahanumegowda Shri S.P.

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

- (a) whether farmers are getting requisite benefit of subsidy on fertilizers;
- (b) If so, the detail thereof;
- (c) whether some companies resort to tactics of indicating lower production capacity and on the basis of percentage production obtain huge subsidy;
- (d) if so, the details thereof and the action taken by the Government in the regard; and
- (e) the steps taken to ensure that the poor and marginal farmers get maximum benefit of subsidy?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI HANSRAJ GANGARAW! AHIR)

(a)&(b): Yes, Madam. Urea is provided to farmers at a statutory fixed price of Rs 5360/- PM (exclusive of taxes etc.)- The difference between the delivered cost of Urea and its Maximum Retail Price is paid as subsidy. Similarly, in respect of Potassic and Phosphatic fertilizers, a fixed amount of subsidy decided on annual basis is provided on each subsidised grade of these fertilizers based on their nutrient content under Nutrient Based Subsidy (NBS) Scheme.

(c) &(d): Subsidy to fertilizer companies is paid based on the sale of fertilizers for agriculture purpose. There is no scope under the NBS scheme for P&K fertilizers or New Pricing Scheme for Urea to claim huge subsidy indicating lower production. However, in respect of SSP manufactures, it has been made mandatory for minimum 50 % capacity utilization or 40,000. MT per annum to be eligible for subsidy under (NBS) scheme.

(e): Fertilizers are provided to farmers at subsidised rates irrespective of their category or land holding. In order to ensure maximum benefit of subsidy to farmers the Govt. is monitoring the prices of fertilizers in the Fertilizer Monitoring System (FMS) and fixing the subsidy rates of P&K fertilizers on annual basis. The Govt. is also ensuring reasonability of prices of these fertilizers through various measures like analysis of cost data of the companies by independent Cost Accountants.