

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

UNSTARRED QUESTION NO:6414  
ANSWERED ON:05.05.2015  
PRICES OF FERTILIZER  
Hansdak Shri Vijay Kumar

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

- (a) whether the fertilizer manufacturing companies in the country are complying with the norms prescribed by the Government for fixing of prices of Phosphatic and Potassic (P&K) fertilizers;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor and the action taken by the Government to ensure that the fertilizer companies do not fix the prices of fertilizers arbitrarily?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERILZERS (SHRI HANSRAJ GANGARAM AHIR)

{a) to (c); The Department of Fertilizers has been implementing Nutrient Based Subsidy (NBS) Policy for Phosphatic & Potassic (P&K) fertilizers w.e.f. 1.4.2010. Under the NBS Policy, a fixed amount of subsidy decided on annual basis is provided on each grade of the subsidized P&K fertilizers depending upon its nutrient content. The Maximum Retail Prices of P&K fertilizers are fixed by the fertilizer companies at reasonable level based on the market dynamic. In order to ensure reasonableness of prices of fertilizers, the following steps have been taken by the Department:

i. Under the Fertilizer Control Order (FCO), the fertilizers companies are required to print the Maximum Retail Price (MRP) on each bag of fertilizer. No fertilizer company or dealer is supposed to sell or offer for sale any fertilizers at a price exceeding printed MRP. Violation of this is punishable under Essential Commodities Act. The State Governments are adequately empowered to take preventive/ punitive actions for violation of any of the provisions of Fertilizer Control Order (FCO) 1985 under Essential Commodities Act 1955. Overcharging is violation of EC Act.

ii. It has been made mandatory for the fertilizer companies to submit alongwith their subsidy claims, the cost data of their fertilizer products from 2012-13 onwards in prescribed format on six monthly basis. The Department has also appointed Cost Accountants/ Firms to scrutinise the said cost data to ensure that the prices fixed by the fertilizer companies are reasonable.

(iii) It has also been stipulated in the provisions that in cases, where after scrutiny, unreasonableness of MRP is established or where there is no correlation between the cost of production or acquisition and the MRP printed on the bags, the subsidy would be restricted or denied even if the product is otherwise eligible for subsidy under NBS Scheme. In proven case of abuse of subsidy mechanism, the Department of Fertilizers, on the recommendation of Inter-Ministerial Committee may exclude any grade/grades of fertilizers of a particular company or the fertilizer company itself from the NBS Scheme.