

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

STARRED QUESTION NO:7

ANSWERED ON:21.07.2015

Prices of Fertilizers

Datta Shri Sankar Prasad;Lakhanpal Shri Raghav

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

- (a) the number of fertilizer manufacturing companies operating in the country along with the current prices of various fertilizers, fertilizer, State /UT-wise;
- (b) whether the Government has taken note of the discontentment amongst farmers on account of shortage, non-availability and ill timed supply of fertilizers;
- (c) if so, the details thereof and the reasons therefor including the impact of rise in prices on agricultural production and the existing mechanism put in place to monitor the movement of fertilizers and to check rise in its prices in the country;
- (d) whether several cases of supply of substandard/adulterated fertilizers and its blackmarketing/smuggling have also come to the notice of the Government; and
- (e) if so, the details thereof including the number of such cases received /registered along with the action taken against the persons/companies involved in such activities and the remedial steps taken to curb such incidents?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS

(SHRI HANSRAJ GANGARAM AHIR)

(a) to (e): A statement is laid on the table of the House.

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STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. \*7 TO BE ANSWERED ON 21.7.2015 REGARDING PRICES OF FERTILIZERS ASKED BY SHRI RAGHAV LAKHANPAL AND SHRI SANKAR PRASAD DATTA.

- (a): The details of the number of fertilizer producing units state-wise and the current prices of the subsidised fertilizers are given in Annexure-1 & 2.
- (b) & (c): There have been no shortages or non-availability or ill timed supply of subsidised fertilizers in the country in the recent past. Distribution of fertilizers throughout the country is planned meticulously in consultation with Department of Agriculture & Co-operation (DAC) and State Governments. Under the procedure the DAC assesses and projects the total requirement of fertilizers for each state in consultation with the State Governments before commencement of each cropping season. On the basis of month-wise & state-wise projection given by DAC, Department of Fertilizers allocates sufficient/adequate quantities of fertilizers to States by issuing monthly supply plan and continuously monitors the availability of the subsidised fertilizers through following system:
- (i) The movement of all major subsidized fertilizers is being monitored throughout the country by an on-line web based monitoring system ([www.urvarak.co.in](http://www.urvarak.co.in)) also called as Fertilizer Monitoring System (FMS);
- (ii) The State Governments are regularly advised to coordinate with manufacturers and importers of fertilizers for streamlining the supplies through timely placement of indents for railway rakes through their state institutional agencies like Markfed etc.
- (iii) Regular Weekly Video Conference is conducted jointly by Department of Agriculture & Cooperation (DAC), Department of Fertilizers (DoF), and Ministry of Railways with State Agriculture Officials and corrective actions are taken to dispatch fertilizers as indicated by the State Governments.
- (iv) The gap in the demand and domestic production of fertilizer is met through imports. In respect of prices it is stated that Urea is being provided to farmers at a statutory price of Rs.5360 per MT (excluding taxes) to farmers since November 2012. As regards Phosphatic and Potassic (P&K) fertilizers, the average prices reported by fertilizer companies in the FMS during the last one year show that the prices remained more or less stable with slight intermittent increase/decrease in few grades. The mechanism put in place since the last three years to control prices is as under:
- 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.

(d) & (e): Government of India has declared fertilizers as an essential commodity under the Essential Commodities Act, 1955 and notified Fertilizer Control Order (FCO), 1985. Under this Act, State Governments have been empowered to ensure quality of fertilizers besides stopping black marketing/smuggling of fertilizers. State Governments are adequately empowered to conduct search, make seizures and take punitive action against any person violating provisions of FCO, 1985 and Essential Commodity Act, 1955. In addition, Department of Fertilizers has, from time to time, written to the Chief Secretaries, Ministry of Home Affairs to activate the enforcement agencies under their jurisdiction to take action in this regard. Various State Governments have reported 18 cases of smuggling and 348 cases of black marketing during the year 2014-15 and taken appropriate action under provision of FCO & ECA. Further, Department of Fertilizers, through weekly video conference with Department of Agriculture & Cooperation and representatives of State Government has been sensitizing and advising the State Governments for keeping strict vigil and for taking of prompt action by the State Governments to check black -marketing, diversion, smuggling and breach of MRP etc.

The number of fertilizer samples analysed for quality by State Governments and samples found not in conformity with the laid down quality parameters state-wise during 2013-14 are given in Annexure-3 and the follow-up action taken during the year 2013-14 in respect of samples found not in conformity with the laid down quality parameters is given in Annexure-4. Fertilizers declared substandard, are not eligible for subsidy.