

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

UNSTARRED QUESTION NO:639
ANSWERED ON:15.07.2014
MISUSE OF SUBSIDY BY FERTILIZER COMPANY
Chowdhury Shri Adhir Ranjan

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 fertilizer subsidies is being siphoned off by private companies in the recent years and such companies are making huge profit by selling the fertilizers at unreasonable prices.
- (b) If so, the details thereof and the reaction of the Government thereto; and
- (c) the action taken by the Government against the erring private fertilizer companies and to ensure that the benefits of such subsidies reaches to the farmers?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI NIHAL CHAND)

(a) to (c): At present, Urea is provided to the farmers at the statutory price of Rs 5360 per MT fixed by the Government whereas 22 grades of Phosphatic & Potassic (P&K) fertilizers namely DAP, MOP, MAP, TSP, Ammonium Sulphate, SSP & 16 grades of complex fertilizers are provided to the farmers at subsidized prices which are much below their production cost/delivered cost.

Though the prices of P&K fertilizers are fixed by the fertilizer companies at reasonable level, the Government monitors the prices of P&K fertilizers through web based Fertilizer Monitoring System (FMS). In this regard, the P&K fertilizer companies are required to submit the certified cost data of their fertilizer product while claiming subsidy. They have also been directed to enter the same MRPs printed on the bags as applicable for each State in the FMS

Fertilizers have been placed under Essential Commodity (EC) Act 1955. As per policy, the fertilizer companies are required to print Maximum Retail Price (MRP) along with applicable subsidy on the fertilizer bags clearly. Any sale above the printed MRP is liable for punishment under EC Act.