

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

UNSTARRED QUESTION NO:666
ANSWERED ON:15.07.2014
SUBSIDY ON FERTILIZERS
Pal Shri Jagdambika

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

- (a) the details of the policy/scheme presently being implemented by the Government to regulate subsidy on urea and various other grades of fertilizers;
- (b) the details of subsidy provided by the Government to various fertilizer companies of public, private and cooperative sectors during each of the last three years and the current year; company-wise;
- (c) the manner in which the farmers get the benefit of subsidy provided to the fertilizer companies; and
- (d) the mechanism put in place by the Government to regulate the prices of fertilizers at reasonable/affordable price and to ensure that the benefit of subsidy passed on to the farmers?

Answer

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

(a): The Government has notified New Investment Policy (NIP) -2008 and Modified New Pricing Scheme (NPS) - III for existing urea units on 4th September, 2008 and 2nd April, 2014 respectively in order to pay subsidy to the indigenous existing urea units. The policy notification of NIP-2008 dated 04th September, 2008 is placed at Annexure-I and the policy notification of Modified NPS – III dated 02nd April, 2014 is placed at Annexure-II.

In case of P&K fertilizer, the Government is implementing Nutrient Based Subsidy (NBS) policy for Phosphatic & Potassic (P&K) fertilizers w.e.f. 1st April, 2010 under which a fixed amount of subsidy is provided on each grade of subsidized P&K fertilizers depending upon their nutrient (N, P, K & S) contents. MRP of P&K fertilizers is allowed to be fixed by the fertilizer companies at reasonable level. The details of NBS Policy announced for the year 2014-15 is placed at Annexure-III.

(b) :The details of subsidy provided by the Government to sector wise/company-wise subsidy released for indigenous urea, imported P&K fertilizers and indigenous P&K fertilizers during 2011-12 to 2014-15 is placed at Annexure-IV.

(c) & (d):The MRP of urea is statutorily controlled by the Government and at present it is Rs.5360 per tone (exclusive of the central excise duty, central sales tax, countervailing duty, the sales tax and other local taxes wherever levied) w.e.f. 01st November, 2012. The difference between the delivered cost of fertilizers at farm gate and MRP payable by the farmer is given by the Government of India to the fertilizer manufacturer as subsidy. The urea is made available to all farmers irrespective of their land holding.

So far as P&K fertilizers is concerned, under the NBS Policy, the farmers are benefited by getting P&K fertilizers at subsidized prices which are much below the cost of production or delivered cost of P&K fertilizers.

Under the NBS Policy, the prices of P&K fertilizers are not regulated by the Government. However, the following mechanism has been put in place to monitor the prices of P&K fertilizers:

- (i) Prices of P&K fertilizers are monitored through web based Fertilizer Monitoring System (FMS).
- (ii) Fertilizer companies are required to submit month-wise MRP data of their fertilizer products under FMS.
- (iii) The fertilizer companies have been asked to submit cost data of their fertilizer products from 2012-13 onwards on six monthly basis.
- (iv) In order to devise proper monitoring system regarding prices of P&K fertilizers, the fertilizer companies have been directed to have the same MRPs printed on the bags as applicable for each State in the FMS.