

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

UNSTARRED QUESTION NO:428

ANSWERED ON:25.11.2014

SUBSIDY BANKING ARRANGEMENT FOR MAKING PAYMENT

Pradhan Shri Nagendra Kumar

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

- (a) whether the Government has approved the Special Banking Arrangement for payment of outstanding subsidy to fertilizer companies in the recent past;
- (b) if so, the details thereof and the salient features of the said arrangement;
- (c) the details of outstanding claims on account of fertilizer subsidy in the country during 2013-14, fertilizer manufacturer/importer-wise; and
- (d) the reasons for making such arrangement particularly when subsidy to fertilizer companies is paid from funds allocated under regular budget estimates?

Answer

MINISTER OF IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI ANANTH KUMAR)

- (a) & (b): Yes, Madam. In order to meet outstanding subsidy claims of Indigenous Urea manufactures and P&K fertilizer imported companies, Special Banking Arrangement (SBA) were made with consortium of PSU Banks to raise short term loans against the subsidy receivables with condition to bear interest liability for an interest rate of 8% (maximum G-Sec rate). A total loan of Rs. 13961.08 crore was raised from two consortiums of PSU Banks led by State Bank of India and Punjab National Bank due to insufficient availability of funds. The loan amount together with interest amounting to Rs.169.93 crore was repaid to the banks after the funds are made available. The interest over and above the G-Sec rate was borne by the fertilizer companies.
- (c) : The details of outstanding subsidy claims on account of fertilizer subsidy during 2013-14 may please be seen at Annexure- I & II.
- (d) : The need for resorting to SBA arises due to non-availability of sufficient funds.