

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

UNSTARRED QUESTION NO:436

ANSWERED ON:25.11.2014

SUBSIDY TO FERTILIZER COMPANIES

Charitra Shri Ram;Chaudhary Shri Babulal;Simha Shri Prathap

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

- (a) The subsidy provided to various fertilizer companies of Public, Private and Co-operative Sector during each of the last three years and the current year, company-wise;
- (b) whether the Government is aware of the harm done to the farmers by the subsidy provided to the said fertilizer companies;
- (c) if so, the details thereof and the steps proposed to be taken by the Government to ensure that farmers are provided benefits from the subsidy provided to the fertilizer companies ;
- (d) whether the Government proposes to provide subsidy directly to the beneficiaries provided to fertilizer companies and if so, the details thereof;
- (e) whether the Government proposes to reduces/waive off subsidy on fertilizers; and
- (f) If so, the details thereof and the reasons there for?

**Answer**

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

(a): The subsidy provided to various fertilizers companies of public, private and co-operative sectors during the each of the last three years and the current year company-wise are given in Annexure-'A'.

(b)&(c) : Subsidy on Urea and 22 grades of P & K Fertilizers is passed on to farmers through fertilizer companies in the form of lower MRP, that much below the delivered cost. While Urea is provided at Government fixed price of Rs.5360/- MT(excluding taxes etc.), the P & K fertilizers are provided to farmers at subsidized prices based on the Nutrient content on each grade subsidized Phosphatic & Potassic (P & K) fertilizers. The fertilizer companies are required to print the MRP along with applicable subsidy on each fertilizer bag clearly. Any sale above the printed MRP is punishable under the EC Act. In order to check whether the prices fixed by the fertilizer companies are reasonable, the companies are required to submit cost data of their fertilizer products so that the Government can ensure that the subsidy has been passed on to the farmers. Thus the Farmers are benefitted from the grant of subsidy on Fertilizers.

(d):The proposal to provide the fertilizers subsidy directly to farmers is a complex matter as there are problems in targeting, determining entitlements and preparing beneficiary databases.

(e) & (f): At present, there is no proposal to reduce the prices of Urea to farmers. As regards P & K fertilizers, the Government is implementing Nutrient Based Subsidy (NBS) Policy w.e.f. 01.04.2010, under which a fixed amount of subsidy, decided on annual basis is provided on each grade of subsidized fertilizer depending upon their nutrient content. The Subsidy rates are fixed before start of every financial year taking into account the international & domestic prices of these fertilizers, exchange rate, existing inventory levels in the country etc.