

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

UNSTARRED QUESTION NO:451

ANSWERED ON:25.11.2014

PROVIDING FERTILIZERS AT HIGHER PRICES

Chavan Shri Harishchandra Deoram

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

- (a) whether the supplier agencies of fertilizers are selling Murate of Potash (MOP), Dia Ammonium Phosphate (DAP), Potassic, phosphatic and urea at exorbitant rates than prescribed rates in spite of subsidy being provided to fertilizer producing companies;
- (b) if so, the details thereof and the reaction of the Government thereto, State/UT-wise;
- (c) whether the Government proposes to take any measures to provide fertilizers at fair price to farmers;
- (d) whether the Government proposes to take action against such supplier agencies of fertilizers involved in such activities in the country; and
- (e) if so, the details thereof during each of the last three years and the current year, State /UT-wise.

**Answer**

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

(a) & (b): No Madam, Murate of Potash (MOP), Dia-Ammonium Phosphate (DAP) and other 20 grades of Phosphatic & Potassic (P&K) fertilizers are provided at subsidised rates to farmers under Nutrient Based Subsidy (NBS) Policy. Under the policy, a fixed amount of subsidy, decided on annual basis, is provided on each grade of subsidised P&K fertilizer depending upon its nutrient content. Maximum Retail Price (MPR) of P&K fertilizers are fixed by the fertilizer companies. Urea is being provided to farmers at a Maximum Retail Price (MRP) statutorily fixed by Govt. at Rs.5360/MT since 1.11.2012. Thus, Urea and 22 grades of P&K fertilizers are provided to farmers at subsidised prices.

The country is fully dependent on imports in Potassic sector and to the extent of 90% in Phosphatic sector in the form of either finished products or its raw material. Subsidy being fixed any fluctuation in international prices has effect on the domestic prices of P&K fertilizers. However, the prices of P&K fertilizers have remained more or less static since the last two years.

(c) to (e): The Government has taken following measures to keep the prices of P&K fertilizers at reasonable level:

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.

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.