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12.04 hrs.

Title: The Minister of State in the Ministry of Chemicals and Fertilizers laid a statement regarding the status of implementation of the recommendations contained in the 27th Report of the Standing Committee on Chemicals and Fertilizers, pertaining to the Department of Fertilizers, Ministry of Chemicals and Fertilizers.

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): With your permission, Madam, I am laying the statement on the status of implementation of the recommendations contained in the twenty seventh Report (2008-09) of the Standing Committee on Chemicals and Fertilizers in terms of Direction 73-A of the hon. Speaker, Lok Sabha Bulletin Part II dated 1st September, 2004.

* Laid on the Table and also placed in Library, see No. LT-127/15/09

The Department of Fertilizers (DOF) comes under the Ministry of Chemicals & Fertilizers. The main objective of the Department is to ensure adequate and timely availability of fertilizers for maximizing agricultural production in the country and for this purpose to promote and assist indigenous industries in the fertilizer sector and to plan and arrange import and distribution of fertilizers.

The main activities of DOF include planning; promotion and development of the fertilizer industry, programming and monitoring of production, pricing, import and supply of fertilizers and management of financial resources by way of subsidy/concession for indigenous and imported fertilizers. The Department also disburses payments to manufacturers/importers of decontrolled fertilizers under the concession scheme made available to the farmers at the indicative Maximum Retail Price (MRP).

In addition, the activities of DoF also include the administrative control of the following public sector undertaking and cooperatives in the fertilizers sector.

- (i) Fertilizers Corporation of India Ltd. (FCI) (Closed)
- (ii) Fertilizer and Chemicals Travancore (FACT)
- (iii) Madras Fertilizer Limited (MFL)
- (iv) National Fertilizer Limited (NFL)

- (v) Rashtriya Chemicals & Fertilizers (RCF)
- (vi) Brahmaputra Velly Fertilizers Co. Ltd. (BVFCL)
- (vii) Hindustan Fertilizers Corporation (HFC) (Closed)
- (viii) Project & Development India Ltd. (PDIL)
- (ix) FCI Aravali Gypsum Minerals India Ltd.
- (x) Krishak Bharti Co-operative Ltd. (KRIBHCO)

The plants of FCIL and HFCL are currently closed. The Government is considering suitable options for revival of the units of these PSU's for which empowered Committee of Secretaries (COS) has been constituted.

The office of the Executive Director, Fertilizers Industry Coordination Committee (FICC) also works under the Department of Fertilizer. This office provides the secretariat support to FICC constituted to administer the retention Price Scheme for Nitrogenous Fertilizers and various incentive schemes to augment indigenous production of fertilizers.

The Standing Committee on Chemicals and Fertilizers discussed with representatives of Deptt. of Fertilizers on the subject performance of fertilizers industry in public, private and co-operative sectors and presented 27th report to Lok Sabha/Rajya Sabha on 21st October, 2008. The report contained 14 recommendations which are summarized below:-

- (i) The Committee desired that the New Investment Policy should be operationalised immediately in order to abridge the demand-supply gap in respect of urea through adequate indigenous production.
- (ii) The Committee recommended that the new revised policy framework should be finalized as early as possible so that the country becomes self sufficient in the production of Phosphatic fertilizers and its dependence on import of Phosphatic fertilizers is reduced to the minimum.
- (iii) The Committee desired that adequate funds should be provided for the revival of all sick PSUs in the fertilizer sector within a definite time frame.
- (iv) The Committee recommended that in addition to the provision of adequate and regular gas supply, modernization of plants so as to ward off accidents, the fertilizer industrial units especially PSUs should also explore the feasibility of skill development of unskilled workers.
- (v) The Committee recommended that the scheme to incentivise and expedite conversion of the FO/LSHS plants into gas-based plants should be finalized at the earliest.
- (vi) The Committee recommended that the Government should assist the fertilizer industry liberally in revamping their machinery/instruments so that energy conservation and optimum use of energy are achieved.
- (vii) The Committee felt that the need of the hour is to increase the indigenous production of urea and SSP, as there is vast difference in the indigenous price and the import price in respect of both the fertilizers.
- (viii) The Committee desired that the Department should pursue with the Ministry of Finance for payment of maximum amount of subsidy in cash instead of bonds.
- (ix) The Committee expressed the view that Government should provide all the necessary assistance and incentives wherever needed, to the Private Sector Industries also for completing necessary formalities in setting up joint ventures with foreign companies.
- (x) The Committee suggested that the Government should earmark sufficient funds for the payment of subsidy bills.
- (xi) The Committee recommended that the Government should deal with such cases with a heavy hand to prevent the manufacture of sub-standard products.
- (xii) The Committee recommended that the import of both of the fertilizers be increased as per the requirement.

Simultaneously, efforts should be made to procure raw materials for DAP for increasing its indigenous production in order to bridge the demand and supply gap.

(xiii) the Committee recommended that the government should chalk out a monitoring mechanism in consultation with the State Governments to control artificial scarcity of fertilizers that adequate fertilizers could be reached to the districts and the blocks in time.

(xiv) The Committee also recommended that irrigation facilities in the States should also be augmented simultaneously for the effective use of fertilizers. The desired results could be achieved if synergic efforts are made by the Department of Fertilizers, Department of Agriculture, Ministry of Water Resources and the Irrigation and Agriculture Departments of State Governments.

All the recommendations of the Standing Committee contained in the 27th report of 2008-2009; have been received and considered in the Department of Fertilizers. the Action Take Replies to these recommendations have been sent to the Committee.