

GOVERNMENT OF INDIA  
MINISTRY OF CHEMICALS AND FERTILIZERS  
DEPARTMENT OF FERTILIZERS

LOK SABHA

UNSTARRED QUESTION NO. 1541 TO BE ANSWERED ON : 11.02.2020

Subsidy on Fertilizer

1541. SHRIMATI CHINTA ANURADHA:

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

- (a) whether farmers are getting the requisite benefit of subsidy on fertilizers;
- (b) if so, the details thereof;
- (c) whether some companies resort to tactics of indicating lower production capacity and obtain huge subsidy on the basis of percentage production;
- (d) if so, the details thereof and the action taken by the Government in this regard; and
- (e) the steps taken to ensure that the poor and marginal farmers get the maximum benefit of subsidy?

ANSWER

MINISTER OF CHEMICALS & FERTILIZERS

(SHRI D. V. SADANAND GOWDA)

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(a), (b) & (e): Yes, Sir. As far as Urea is concerned, it is provided to farmers at a statutory notified Maximum Retail Price (MRP). The MRP of 45 kg bag of Urea is Rs.242 per bag (exclusive of charges towards neem-coating and taxes as applicable) and the MRP of 50kg bag of Urea is Rs.268 per bag (exclusive of charges towards neem coating and taxes as applicable). The difference between the delivered cost of Fertilizers at farm gate and net market realization by the urea unit's given as subsidy to the Urea manufacture/importer by the Govt. of India. Accordingly, farmers getting Urea at affordable subsidized price. In respect of P&K Fertilizers, the Government has implemented Nutrient Based Subsidy Policy w.e.f. 1.4.2010 for Phosphatic and Potassic (P&K) Fertilizers. Under the policy, a fixed amount of subsidy, decided on annual basis, is provided on subsidised P&K fertilizers depending on their nutrient content. Under this policy, MRP is fixed by fertilizer companies as per market dynamics at reasonable level which is monitored by the Government. Accordingly, any farmer including poor and marginal farmers who is buying these fertilizers is getting benefits of subsidy.

(c) & (d): No Sir. As far as Urea is concerned, for production upto RAC, the units are entitled for their respective variable cost and fixed cost and for production beyond RAC, the units are entitled for their respective variable cost and a uniform per MT incentive equal to the lowest of the per MT fixed costs of all the indigenous urea unit subject to import parity price plus weighted average of other incidental charges which the government incurs on the import of urea. Therefore, possibility of indicating lower production capacity by the companies does not arise. At present, payment of subsidy is not linked with the production of P&K fertilizers.

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