



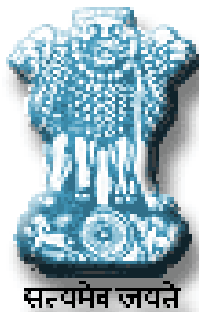
**STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS  
(2023-24)**

**(SEVENTEENTH LOK SABHA)**

**MINISTRY OF CHEMICALS AND FERTILIZERS  
(DEPARTMENT OF FERTILIZERS)**

**Action Taken by the Government on the Observations/Recommendations of the  
Committee contained in their Fortieth Report (Seventeenth Lok Sabha) on  
'Demands for Grants (2023-2024)' of the Ministry of Chemicals and Fertilizers  
(Department of Fertilizers)**

**FORTY-EIGHTH REPORT**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

*December, 2023/ Agrahayana, 1945 (Saka)*

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(2023-24)**

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(DEPARTMENT OF FERTILIZERS)**

**Action Taken by the Government on the Observations/Recommendations of the  
Committee contained in their Fortieth Report (Seventeenth Lok Sabha) on  
'Demands for Grants (2023-2024)' of the Ministry of Chemicals and Fertilizers  
(Department of Fertilizers)**

*Presented to Lok Sabha on 19 December, 2023*

*Laid in Rajya Sabha on 19 December, 2023*



**LOK SABHA SECRETARIAT  
NEW DELHI**

*December, 2023/ Agrahayana, 1945 (Saka)*

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**COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS**

**(2023-24)**

**Dr. Shashi Tharoor - Chairperson**

**MEMBERS  
LOK SABHA**

2. Shri Dibyendu Adhikari
3. Maulana Badruddin Ajmal
4. Shri C.N. Annadurai
5. Shri Deepak Baij
6. Shri Ramakant Bhargava
7. Shri Prataprao Patil Chikhlikar
8. Shri Rajeshbhai Naranbhai Chudasama
9. Dr. Sanjay Jaiswal
10. Shri Ramesh Chandappa Jigajinagi
11. Shri Kripanath Mallah
12. Shri Satyadev Pachauri
13. Smt. Aparupa Poddar
14. Shri Arun Kumar Sagar
15. Shri Muniyan Selvaraj
16. Dr. Sanjeev Kumar Singari
17. Shri Atul Kumar Singh
18. Shri Pradeep Kumar Singh
19. Shri Indra Hang Subba
20. Shri Parbhubhai Nagarbhai Vasava
21. Vacant\*

**RAJYA SABHA**

22. Shri G. C. Chandrashekhar
23. Dr. Anil Jain
24. Shri Arun Singh
25. Shri Ram Nath Thakur
26. Shri Vijay Pal Singh Tomar
27. Vacant
28. Vacant
29. Vacant
30. Vacant
31. Vacant

**SECRETARIAT**

- |                       |   |                 |
|-----------------------|---|-----------------|
| 1. Shri Chander Mohan | - | Joint Secretary |
| 2. Smt. Geeta Parmar  | - | Director        |
| 3. Shri Panna Lal     | - | Under Secretary |

\* Vacant *vice* Shri Uday Pratap Singh, MP(LS) who resigned his seat in LS w.e.f. 06.12.2023. [Lok Sabha Secretariat Notification No. 21/1(1)/2023/T(B) dated 6<sup>th</sup> December, 2023]

## INTRODUCTION

I, the Chairperson, Standing Committee on Chemicals and Fertilizers (2023-24) having been authorized by the Committee, do present on their behalf this Forty-Eighth Report on Action taken by the Government on the Observations/Recommendations of the Committee contained in their Fortieth Report (Seventeenth Lok Sabha) on 'Demands for Grants (2023-24)' pertaining to the Department of Fertilizers, Ministry of Chemicals and Fertilizers.

2. The Fortieth Report was presented to Lok Sabha and also laid in Rajya Sabha on 21<sup>st</sup> March, 2023. The Department of Fertilizers, Ministry of Chemicals and Fertilizers furnished their replies on 31<sup>st</sup> July, 2023 indicating Action Taken on the Observations/Recommendations contained in the Fortieth Report. The Committee considered and adopted the Draft Report at their sitting held on 14<sup>th</sup> December, 2023.

3. An analysis of the Action Taken by the Government on the Observations/Recommendations contained in the Forty-Eighth Report (Seventeenth Lok Sabha) of the Committee is given in **Appendix-II**.

4. For ease of reference, Observations/Recommendations of the Committee have been printed in bold letters in the Report.

New Delhi;  
14 December, 2023  
23 Agrahayana, 1945 (Saka)

DR. SHASHI THAROOR  
CHAIRPERSON,  
STANDING COMMITTEE ON  
CHEMICALS AND FERTILIZERS.

## CHAPTER-I REPORT

This Report deals with the action taken by the Government on the observations/recommendations of the Standing Committee on Chemicals and Fertilizers contained in their Fortieth Report (17th Lok Sabha) on 'Demands for Grants (2023-24)' of the Department of Fertilizers, Ministry of Chemicals and Fertilizers.

1.2 The Fortieth Report was presented to Lok Sabha and laid in Rajya Sabha on 21<sup>st</sup> March, 2023. The Report contained 15 Observations/Recommendations. Action Taken Replies in respect of all the Observations/Recommendations of the Report have been received and are categorized as under:

- |  |                                     |
|--|-------------------------------------|
| (i) Observations/Recommendations which have been accepted by the Government:<br>Rec. Para No. 1,2,4,6,7,8,9,11,12,13 and 15  | <b>(Total - 11)<br/>Chapter-II</b>  |
| (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply:<br>Nil  | <b>(Total - 00)<br/>Chapter-III</b> |
| (iii) Observations/Recommendations in respect of which the replies of the Government have not been accepted by the Committee and which require reiteration:<br>Rec. Para No. 3,5,10 and 14 | <b>(Total=04)<br/>Chapter-IV</b>    |
| (iv) Observations/Recommendations in respect of which the final replies of the Government are still awaited:<br>Nil  | <b>(Total = 00)<br/>Chapter- V</b>  |

**1.3 The Committee desire that the Action Taken Statement on the Observations/ Recommendations contained in Chapter-I of this Report may be furnished to the Committee within three months of the presentation of this Report.**

1.4 The Committee will now deal with the action taken by the Government on some of their Recommendations that require reiteration or merit comments.

**(Recommendation Sl. No. 1)**

**Proposed and Allocated Budgetary Allocation for 2023-24**

1.5 The Committee had noted in their Report on Demands for Grants for the year 2023-24 that though the Department of Fertilizers(DoF) had projected an outlay of Rs. 2,99,777.52 crore for its various schemes, the same was drastically reduced by 59.75% to Rs. 1,79,128.48 crore. For Nutrient Based Subsidy (NBS) Scheme, the budgetary allocation was only Rs. 44,000 crore against the projected requirement of Rs. 1,07,109 crore and for subsidy for indigenous urea against the projected amount of Rs. 1,43,962 crore, an amount of Rs. 1,04,063 crore was allocated. It was submitted that the requirement of additional funds would be re-assessed in view of the reduced allocation to meet the requirement of subsidy funds and accordingly the Department would project their demand at the time of RE/Supplementary Demands for 2023-24. While observing that the department had projected the financial outlay as per the requirement of subsidy funds, the Committee had hoped that the allocation of funds would be suitably stepped up at RE, 2023-24.

1.6 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“Against the projected amount of Rs.1,43,962.00 crore, an amount of Rs.1,04,063.18 crore have been allocated under BE 2023-24 for subsidy for indigenous urea. As the allocated amount is not sufficient to meet the projected requirement of subsidy funds for the year 2023-24, the requirement of additional funds will be re-assessed and demanded at the time of RE/Supplementary for 2023-24 (providing adequate quantity of fertilizers to farmers at an affordable rate is a priority for Government and funds will be made available, if needed).

Observations of the committee have been noted for compliance.”

**1.7 The Committee had noted in their original report that during 2023-24 against the projected outlay of Rs. 2,99,777.52 crore for its various fertilizer**

subsidy schemes, the Department was allocated an amount of Rs. 1,79,128.48 crore only. The allocation of funds was reduced drastically for Nutrient Based Subsidy (NBS) Scheme as well as Urea subsidy scheme. While observing that the department had projected the financial outlay as per the requirement of subsidy funds, the Committee had desired that the allocation of funds should be stepped up at RE, 2023-24. The Department in their Action Taken reply has informed that since the allocation of funds for subsidy of indigenous urea in BE 2023-24 is not sufficient to meet the projected requirements, it would re-assess and demand for additional funds at the time of RE/ Supplementary for 2023-24. However, the Department has not communicated its planning for funds required for the NBS scheme, in view of the reduced allocation for the same during the year. The Committee expect the Department to inform accordingly.

### **Recommendation SI. No. 3**

#### **Research and Development (R&D) in Fertilizer Sector**

1.8. The Committee had noted that during 2023-24, BE of Rs. 0.10 crore was allocated to the DoF as grant-in-aid under R&D Budget head. Further budget allocation of Rs. 0.10 crore was made during 2022-23, however expenditure was NIL upto September, 2022. The situation during 2021-22 was similar. It was submitted that R & D budget head is for funding on project basis and financial assistance would be extended to research agencies/organizations as and when the research project proposals are received. The Committee considered it a matter of concern that for years together nothing was spent on fertilizer research projects. It was submitted that the Department had created a budget head for ICFFTR (Indian Council for Fertilizer and Fertilizer Nutrient Research) for the FY 2023-24 with the objectives, inter-alia, to undertake research in the area of fertilizer and fertilizer manufacturing technology and would seek funds for the ICFFTR at the 1st Supplementary stage in FY 2023-24. The Committee had desired to know how the Department's budget head for ICFFTR is different from their R&D budget head and the reasons for not making fund projections under budget head for ICFFTR at BE, 2023-24.

1.9 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:



“ Indian Council for Fertilizer & Fertilizer Nutrient Research (ICFFTR) has been constituted and registered under Societies Registration Act of 1860 on 19.08.2019. It has been constituted by fertilizer CPSEs under Department of Fertilizers. The major objective of the Council is to undertake research in the area of fertilizer and fertilizer manufacturing technology, use of raw material and innovation in fertilizer products etc

Fertilizer PSUs viz. NFL, RCF and FAGMIL are founding members of ICFFTR. In order to create initial fund for ICFFTR and to make the same operational, seed money initial corpus non-refundable is provided by (Rs.2 crore each by NFL & RCF) and (Rs. 1

crore by FAGMIL). In addition to these PSUs, MFL, FACT, BVFCL, PDIL, HFCL and FCIL are also its members.

The membership of the Society is open to other organizations, Corporate Bodies / Joint Venture Companies, Institutions engaged in manufacturing and trading fertilizers. The annual subscription fee for each of the founder member of CPSEs under the administrative control of DoF is Rs. 1 lakh. For all other members, there is one-time admission fee Rs.5 lakhs at the time of admission and annual subscription of Rs. 1 lakhs. ICFFTR's registered office is at Lodhi Road, New Delhi.

ICFFTR comprises of Governing Council headed by Secretary, D/o fertilizers and Executive Committee headed by CMD, RCF. The Director General of the Society is the administrative head of the society. Some of the Research & Development activities planned to be undertaken by ICFFTR are as under: -

- a) To undertake research in the area of fertilizer and fertilizer manufacturing technology, use of raw material and innovation in fertilizer products.
- b) To identify and research, eco-friendly nutrients / micro nutrients and pesticide coated slow release fertilizers to ensure reduction of Carbon Footprint of Fertilizer sector and energy efficient operation.
- c) To undertake research in bio fertilizer and its derivatives with appropriate coating or blending so as to protect and increase soil fertility.
- d) To undertake research in organic fertilizer and its derivatives or blending so as to protect and increase the soil fertility.
- e) To undertake research in Fertilizer Sectors & related activities.
- f) To undertake research in the field of agriculture.
- g) To undertake research in the application of science and scientific methods for the manufacture of fertilizers and their utilization in the fields either alone or in conjunction with preparations of other materials.

h) To make known the results of all research discoveries, patents and investigations made in connection with the above objects.

i) To adopt such means of making known the products of the Society as may seem expedient.

j) To allow the member organizations to utilize the research carried out by the by the ICFFTR.

R&D activities has been created by the Department to carry out Research & Development activities identified by the Department. As regards, R&D Budget head is concerned, Rs. 10.00 lakhs has been allocated at BE during financial year 2023-24 in the Demand for grants of DoF for undertaking R&D activities in the fertilizer sector. ”

**1.10 The Committee had noted in their original report that the Department of Fertilizers had not conceived of any research project in the fertilizers sector and grant-in aid under R&D head in previous years remained un-utilised. Further, the Department has created a budget head for ICFFTR (Indian Council for Fertilizer and Fertilizer Nutrient Research) for the FY 2023-24 with the objectives, inter-alia, to undertake research in the area of fertilizer and fertilizer manufacturing technology and would seek funds for ICFFTR at the 1st Supplementary stage in FY 2023-24. The Committee desired to know the reasons for not seeking sufficient funds for R&D and not making fund projections under the budget head for ICFFTR at BE, 2023-24.**

The Committee note from the Action Taken replies that the Department has not furnished specific replies to their concerns expressed in their original Report. The Committee further note that ICFFTR was constituted and registered under Societies Registration Act of 1860 on 19.08.2019 by fertilizer CPSEs under DoF, to undertake research in the area of fertilizer and fertilizer manufacturing technology, use of raw material and innovation in fertilizer products etc. However, no R & D activities have been undertaken since then, though some of the R & D activities have been planned. The Committee hope that, as submitted, the Department would seek funds for ICFFTR at the 1st Supplementary stage in FY 2023-24 and ICFFTR would soon undertake R & D activities in the area of fertilizer and fertilizes manufacturing technology as already planned.

## **Recommendation Sl. No. 5**

### **Payment In Respect of Carry-over liabilities**

**1.11 The Committee had noted that there was no carry-over liability in respect of Indigenous Urea. It was submitted that settlements of subsidy/DBT claims of fertilizers companies are being done regularly subject to the availability of funds. While observing that in respect of imported urea, the carry-over liabilities of Rs. 303.35 crore and balance claims were under process, the Committee had desired that concrete measures should be taken in a time bound manner to ensure that the balance amount of carry-over liability in respect of imported Urea is settled within the current financial year itself and urged the Department to project its demands of fund requirement for payment of subsidies in respect of Urea and P&K fertilizers (both indigenous and imported fertilizers) at BE/RE stage in a more convincing manner, for timely payment of subsidies.**

1.12 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“Settlement of subsidy/DBT claims of fertilizers companies are being done regularly subject to availability of funds. So far as Indigenous Urea is concerned, there is no carry over liability as on date pertaining the previous years.

Observations of the committee have been noted for compliance.”

**1.13 The Committee had urged the Department for a time bound payment of carry-over liabilities of Rs. 303.35 crore w.r.t. imported Urea and to take measures for settlement of such claims within the current financial year itself. However, the reply of the Department is silent in this regard. The Committee, therefore, reiterate their earlier recommendation and urge that the Department should convincingly project demands of required funds for payment of subsidies in respect of Urea and P&K fertilizers (both indigenous and imported fertilizers) at BE/RE stage, to avoid non-availability of funds thus ensuring timely payment of fertilizer subsidies.**

## Recommendation Sl. No. 10

### **Provision of Direct Cash Transfer (DCT) to farmers for fertilizer subsidy**

1.14 The Committee had noted that as per the recommendation of the Third-Party Evaluation report of the Urea Subsidy Scheme, it will not be a suitable option that the subsidy is directly transferred in the accounts of farmers since Direct Benefit Transfer (DBT) to farmers is a complex system and, therefore, subsidy amount should be given to the manufacturing/ importing companies as per the current policy. The Committee had desired that the present Urea Subsidy Scheme should be continued in such a manner that it causes the least inconvenience to farmers.

1.15 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“Based on the recommendations of the Nodal Committee, some of the states have nominated one district each for initiation of pilot project for merging of beneficiaries database and iFMS system. Subsequently, pre-requisites for implementation of DCT and format in which database of beneficiaries is required, have been shared with the concerned states. Simultaneously, reminder has been sent to remaining states to nominate district for pilot project”.

**1.16 The Committee note that in pursuance of the recommendations of the nodal committee constituted to examine the provisions of Direct Cash Transfer (DCT) to farmers for fertilizer subsidy, some of the States have nominated one district each for initiation of the pilot project for the merging of beneficiaries database and iFMS system which is a pre-requisite for implementation of DCT. The Committee impress upon the Ministry/Department to intensify the measures already initiated with collaborative efforts of States/UTs besides strengthening its monitoring mechanism so as to ensure that it serves the larger interest of the farmers.**

### **Recommendation Sl. No. 13**

#### **Initiatives taken to introduce Innovative/alternate fertilizers**

1.17 While noting that the Government, as part of its initiatives to promote alternate fertilizers, had been considering use of two new fortified Urea combinations in the country viz (i) Sulphur Coated Urea(SCU) also called as Urea Gold and (ii) a combination of Single Super Phosphate and Urea (SSP+Urea) which is used instead of DAP, the Committee has expressed hope that the Department/RCF should expedite the field trials in respect of (SSP+Urea) and SCU and soon start their pilot scale plant/commercial production.

1.18 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“ Sulphur coated urea in the name of ‘Urea Gold’ comprising of Nitrogen and Sulphur is proposed to be launched. In addition to providing sulphur, Urea Gold will also promote Nutrient Use Efficiency, and as a result it has potential to decrease urea consumption. Proposal for introduction of Sulphur Coated Urea has been approved by the Expenditure Finance Committee”.

**1.19 The Committee had noted in their Report that in order to promote alternate fertilizers, the Government had been considering the use of two new fortified Urea combinations in the country, viz (i) Sulphur Coated Urea(SCU) also called as Urea Gold and (ii) a combination of Single Super Phosphate and Urea (SSP+Urea) which is used instead of DAP. From the Action Taken Reply, the Committee note that the proposal for introduction of Sulphur Coated Urea (SCU) has been approved by the Expenditure Finance Committee (EFC). However, nothing has been mentioned with respect to the progress, if any, made towards field trials and introduction of fortified Urea combination of SSP+Urea in the country. The Committee, therefore, reiterates their earlier recommendation and desire to be apprised of developments with regard to promotion of SCU and SSP+Urea.**

### **Recommendation Sl. No. 14**

#### **Scheme for providing Market Development Assistance for production and use of organic manure, compost, etc.**

1.20 The Committee had noted that the Department of Fertilizers will be promoting the use of bio-manure which is produced under these SATAT and GOBARdhan Schemes of the Ministry of Petroleum and Natural Gas (MoP&NG), Department of Drinking Water & Sanitation (DDWS) and Ministry of New and Renewable Energy(MNRE), respectively. It was submitted that 5000 compressed biogas plants are to be set up under SATAT scheme by 2023 while 400 bio gas plants are to be set up under the GOBARdhan scheme. The Committee had desired to be updated on the matter.

1.21 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“The Expenditure Finance Committee (EFC) in its meeting held on 16<sup>th</sup> March, 2023 considered the proposal of this Department on promotion of organic fertilizers and recommended the Market Development Assistance (MDA), as per budget announcement, @ Rs.1,500/MT for 3 years (FY 2023-24 to 2025-26) for components of SATAT CBG plants and GOBARdhan plants with an outlay of Rs.1451.84 Crore which includes the components of MDA for CBG plants at an estimated outlay of Rs.1,013 Crore, MDA for GOBARdhan plants at an estimated outlay of Rs.78.84 Crore and corpus of Rs.360 Crore for gap funding/research to be utilized only by Central/State Research Institutes or non-private fertilizer cooperatives”.

**1.22 The Committee have been informed that the Expenditure Finance Committee (EFC) in its meeting held on 16<sup>th</sup> March, 2023 recommended for Market Development Assistance (MDA) @ Rs. 1500/- per MT upto FY 2025-26 for promotion of organic fertilizers produced by SATAT compressed biogas (CBG) plants, GOBARdhan plants, etc. and fund allocations have been made accordingly. The Committee in their earlier Report had desired to be updated on the status of 5000 compressed biogas plants planned to be set up under SATAT scheme and 400 bio gas plants under the GOBARdhan scheme. However, the action taken reply furnished by the Department of Fertilisers has no mention of these aspects. The Committee, therefore, reiterate their earlier recommendation and urge the Department to vigorously pursue the matter for setting up of 5000 CBG plants under the SATAT scheme and 400 bio-gas plants under the GOBARdhan scheme in a time bound manner in order to promote use of bio-manure.**

## CHAPTER – II

### OBSERVATIONS/ RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Recommendation No. 1

##### Proposed and Allocated Budgetary Allocation for 2023-24

2.1 The Committee note that the Department of Fertilizers(DoF)had projected an outlay of Rs. 2,99,777.52 crore for its various schemes and other requirements during the year 2023-24. However, this outlay has been drastically reduced by 59.75% to Rs. 1,79,128.48 crore by the Ministry of Finance(MoF). The reduction has been made in both Nutrient Based Subsidy (NBS) Scheme and Urea Subsidy Scheme of the Department. The Department has contended that reduction in budget allocation for 2023-24 may increase pendency for all the Schemes. Sub-Schemes under NBS will suffer the most as the budgetary allocation is only Rs. 44,000 crore against the requirement of Rs. 1,07,109 crore. Moreover, against the projected amount of Rs. 1,43,962 crore for subsidy for indigenous urea an amount of Rs. 1,04,063 crore have been allocated. The Department would, however, re-assess the requirement of additional funds, in view of the insufficient funds available to meet the requirement of subsidy funds, and accordingly project their demand at the time of RE/Supplementary Demands for 2023-24. The Committee are of the opinion that the sanctity of the Budget should be maintained at all cost. After all, the financial outlay was projected as per the requirement of subsidy funds and therefore Subsidy Schemes of the Government should not be allowed to suffer. The Committee hope that the allocation of funds will be suitably stepped up at RE, 2023-24.

2.2 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“Against the projected amount of Rs.1,43,962.00 crore, an amount of **Rs.1,04,063.18** crore have been allocated under BE 2023-24 for subsidy for indigenous urea. As the allocated amount is not sufficient to meet the projected requirement of subsidy funds for the year 2023-24, the requirement of additional funds will be re-assessed and demanded at the time of RE/Supplementary for 2023-24 (Providing adequate quantity of fertilizers to farmers at affordable rate is a priority for Government and funds will be made available, if needed)”.

Observations of the Committee have been noted for compliance”.

#### COMMENTS OF THE COMMITTEE

(Please see Para No. 1.7 of Chapter – I of the Report)

**Recommendation SI. No. 2**  
**Financial Target and Achievements During Last Three Years**

2.3 The Committee note that BE allocation for Nutrient Based Subsidy Policy and Urea Subsidy policy of the Department during fiscal 2022-23 was Rs. 1,09,186.78 crore which was increased to Rs. 2,28,473.62 crore at RE stage. However, the actual expenditure remained Rs. 1,89,135.11 crore (up to 17.01.2023) constituting 82.78% of the RE amount. The scheme wise analysis of utilization of budgetary funds during 2022-23 (up to 17.01.2023) reveals that for most of the schemes, the percentage utilization remained to the extent of 80 to 90%. Besides, the Committee take note of the persistent under-utilization of funds allocated at RE stage for Nutrient Based subsidy scheme during 2020-21 and 2021-22. Out of RE, 2020-21 and RE, 2021-22 of Rs. 38989.88 crore and Rs. 64192.00 crore, respectively, Rs. 37372.47 crore and Rs. 52769.97 crore could be utilised. According to the Department, the reasons for under-utilization during the years are receipt of less number of bills owing to lesser sale in the last quarter of the FY; digital Freight bills of Rs. 237.66 crore could not be passed due to technical glitch in New Freight Module of iFMS; these claims were generated digitally for the first time and return of some incomplete bills which were not in order. The Committee are not convinced by reasons adduced by the Department as some of these matters could have been resolved by taking timely measures. However, the Committee hope that the Department have been able to overcome the above mentioned constraints by now and as assured would optimally utilize the allocated funds by the end of financial year 2022-23. The Committee would like to be apprised of the figures for actual expenditure incurred by the Department of Fertilizers during 2022-23 in respect of all its Schemes.

2.4 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“Scheme wise actual expenditure for the FY 2022-23 is as follows.

	(Rs in Crore)	(Rs in Crore)	(Rs in Crore)	
<b>Subsidy Schemes</b>	<b>BE 2022-23</b>	<b>Final RE 22-23</b>	<b>AE 2022-23</b>	<b>Utilization</b>
<b>Nutrient Based Subsidy Policy</b>				
(a) Indigenous P&K Fertilizers	25200	50089.67	50089.67	<b>100%</b>
(b) Imported P&K Fertilizers	16800	36032.56	36032.56	<b>100%</b>
<b>NBS Total</b>	<b>42000</b>	<b>86122.23</b>	<b>86122.23</b>	<b>100%</b>
<b>Urea Subsidy</b>				
(a) Indigenous Urea	46596.78	127311.05	127311.05	<b>100%</b>
(b) Import of Urea	20590	41365.6	41365.6	<b>100%</b>
<b>Urea Subsidy Total</b>	<b>67186.78</b>	<b>168676.65</b>	<b>168676.65</b>	<b>100%</b>
<b>Total Subsidy (Gross)</b>	<b>109186.78</b>	<b>254798.88</b>	<b>254798.88</b>	<b>100%</b>



So far as Indigenous urea is concerned, the AE as on 31-03-2023 was Rs.1,27,311.10 Crore against the total budget allocation of Rs.1,27,311.10 Crore. The total funds allocated for Indigenous Urea has been fully utilized upto 31.03.2023”.

#### **Recommendation Sl. No. 4**

##### **Fertilizers Production Targets and Achievements**

2.5 The Committee note that the consumption of major fertilizers in the country is around 636 lakh metric tonnes, which consist of Urea, NPK, DAP, MoP and SSP. The production of Urea in the country till last year was around 250 LMT and has increased to almost 280 LMT now. As far as P&K fertilizers is concerned, the country is fully dependent on imports in Potassic Fertilizer and to the extent of 90% in Phosphatic Fertilizer in the form of either finished products or its raw material. The domestic production of P&K fertilizers consisting of NPK, MoP, DAP, SSP, etc. is about 185 LMT. Last year, the import of urea was around 91.3 LMT and that of P&K fertilizers was 90.92 LMT. The country does not import SSP. But in the case of MoP, the country is fully dependent on imports. In view of the foregoing, the Committee gather that the DoF need to take adequate measures to increase the domestic production of major fertilizers in the country. However, the Committee are concerned to note the under achievement of targets in respect of the production of Urea as well as P&K fertilizers during the last three years. During 2020-21, against the target of 267.08 LMT of Urea and 271.30 LMT of P&K fertilizers, 246.05 LMT of Urea and 187.63 LMT of P&K fertilizers, respectively could be produced. Similarly, during 2021-22, against the target of 280.4 LMT of Urea and 284.14 LMT of P&K fertilizers, 250.72 LMT of Urea and 185.23 LMT of P&K fertilizers, respectively could be produced. During 2022-23, against the target of 209.87 LMT of Urea and 186.14 LMT of P&K fertilizers, 187.21 LMT of Urea and 133.58 LMT of P&K fertilizers have been produced up to November, 2022. The reasons attributed for shortfall in the targets include non-availability of feedstock, Fertilizer plant accidents, technology up-gradation projects; Sindri, Barauni and Gorakhpur units could not start production during 2021-22, delay in production by Matix Unit due to problem in gas pipeline connectivity, less production by RFCL-Ramagundam unit, etc.

The Committee exhort the Department to take all remedial measures to overcome the bottlenecks and intensify their efforts in removing the recurring impediments so as to ensure targetted production of Urea and other P & K Fertilizers. The Committee hope that the Department would make every effort to realise the target to produce 304 LMT of Urea and 185.00 LMT of P&K fertilizers during 2023-24. The Committee would like to be kept informed of the production figures of Urea and P & K Fertilizers during 2022-23.

2.6 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“The deliberations of the committee may be seen at page 9 to page 13 of the report. As far as measures to increase the domestic production are concerned, it may be stated that following measures have been taken to maximize the indigenous production of Urea:

- a) The Government had announced New Investment Policy (NIP) – 2012 on 2<sup>nd</sup> January, 2013 and its amendment on 7<sup>th</sup> October, 2014 to facilitate fresh investment in the urea sector and to make India self-sufficient in the urea sector. Total 6 new urea units have been set up under NIP – 2012. These are Panagarh urea unit of Matix Fertilizers and Chemicals Ltd. (Matix); Gadepan-III urea unit of Chambal Fertilizers and Chemicals Ltd. (CFCL); Ramagundam urea unit of Ramagundam Fertilizers and Chemicals Ltd.(RFCL); and 3 urea units namely Gorakhpur, Sindri and Barauni of Hindustan Urvarak&Rasayan Limited (HURL). Each of these units has the installed urea production capacity of 12.7 Lakh Metric Tonne per annum. Therefore, these units have together added 76.2 LMT per annum in the existing indigenous urea production capacity of the country.
- b) The annual installed capacity of indigenous urea production was 207.54 LMT per annum. With the start of production from 6 new urea units set up under the provisions of NIP-2012, the annual installed production capacity of indigenous **urea has become 283.74 LMT per annum.**
- c) The Government has notified the New Urea Policy (NUP) – 2015 on 25<sup>th</sup> May, 2015 with one of the objectives of maximizing indigenous urea production.
- d) The actual production of urea was used to be around 225 LMT per annum before 2015-16. The NUP-2015 has resulted in to additional production of 20-25 LMT per annum from existing urea units as compared to the urea production during 2014-15.
- e) With the addition of new capacities after start of production from all the six NIP-2012 units and additional production due to NUP-2015 together have facilitated the actual production of **284.95 LMT urea during 2022-23 which is highest ever production, so far.** The production is likely

to further increase with the stabilization of production by new units set up under NIP-2012.

- f) Further, an exclusive policy has been notified on 28<sup>th</sup> April 2021 for the revival of Talcher unit of FCIL by setting up a new green field urea plant of 12.7 LMT per annum at coal gasification route”.

(Fg. in LMT)

Name of the Product	Achievement
Urea	284.95
P&K	200.35

### Recommendation Sl. No. 6

#### **Freight Subsidy on Single Super Phosphate (SSP)**

2.7 The Committee note that the Government had approved freight subsidy on Single Super Phosphate (SSP) which is 100% indigenously manufactured fertilizer, on pilot basis for Kharif-2022 and Rabi-2022 season to promote indigenous production of fertilizers. Based on the outcomes, the further requirement of freight subsidy on SSP is to be decided. Supply plan has been issued for SSP fertilizer and the freight bills will be reimbursed as and when submitted, as per SSP freight policy. The Committee would like to be apprised of the feedback received on the SSP Fertilizers and also decision of the Government to include the indigenously manufactured SSP in the freight subsidy scheme to facilitate its sufficient availability throughout the country as replacement to DAP which is largely imported.

2.8 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“Freight subsidy on Single Super Phosphate (SSP) was introduced in Kharif 2022 on pilot basis. It has been continued in Rabi 2022-23 also. IMC on NBS rates has recommended to continue this freight subsidy on SSP in Kharif 2023 also.

- i. Freight subsidy on SSP shall be admissible to those SSP units only to whom supply plan has been issued by D/o Fertilizers
- ii. Rail freight would be admissible for movement of SSP on actual basis beyond 200km
- iii. The reimbursement of road movement above 200km and upto 500km would be admissible on actual basis or following slabs, whichever is lower:

<b>Movement up to (KM)</b>	<b>Rate Rs. per MT</b>
0-200	No subsidy
201-300	316
301-400	407
401-500 (Max.)	500

- iv. There shall be no reimbursement on account of secondary movement by road from destination rake point to block HQ in the district”.

### **Recommendation SI. No. 7**

#### **Continuation of the Urea Subsidy scheme**

2.9 It has been brought to the notice of the Committee that the Third Party evaluation Report of the Urea Subsidy Scheme has recommended the necessity for continuation of the Urea Subsidy Scheme(USS) to help the urea industries, farmers and the agriculture sector. Further, the Union Cabinet has decided to continue the schemes including USS till 30.09.2022. As the Department of Expenditure (DoE) had conveyed, DoF has submitted the proposal for continuation of USS beyond 30.09.2022. EFC Note for continuation of USS was sent to DoE for appraisal of EFC. EFC appraisal is stated to be currently under progress. In this context, the Committee would like to recall that last year during the course of examination of Demands for Grants, it was recommended for extension of the present Urea subsidy beyond 31<sup>st</sup> March, 2022. While reiterating their earlier recommendation, the Committee would desire that the Department of Fertilizers should take up the matter with the Ministry of Finance at the highest level for expediting the EFC approval for continuation of the Urea subsidy scheme. At the same time the Government are conscious that the price distortions resulting from the uneven pattern of Government subsidy have resulted in a skewed utilization of fertilizers by Indian farmers. Instead of maintaining the desired proportion of Nitrogen, Phosphate and Potash (4:2:1), our country uses considerably more urea since it is cheaper for the farmer than other inputs, with damaging consequences for soil health. A holistic view of the policy is now due and the Committee urge the Ministry to undertake one without delay.

2.10 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“Deliberations may be seen at page 15 of the report of the Committee.

EFC memo for Continuation of Urea Subsidy Scheme and introduction of three more components namely Sulphur Coated Urea (Urea Gold), Market Development Assistance to promote Organic/ Bio-Fertilizers (MDA) and PM Programme for Restoration, Awareness Generation, Nourishment and Amelioration of Mother-Earth (PM-PRANAM) was submitted for the appraisal of the EFC. EFC after examination of the entire fertilizer subsidy related issues in its 3 rounds of meetings (last meeting was held on 16<sup>th</sup> March 2023) has recommended for the continuation of urea subsidy scheme Continuation of the Urea Subsidy Scheme upto FY 2024-25. Accordingly, the CCEA in its meeting held on 28.06.2023 had approved the proposal. The scheme will again be reviewed and appraised in first half of FY 2024-25.

It is true that the NBS Policy tried to control the balanced use of N, P and K nutrients in the soil, however, was not able to do it effectively. However, as per the third party evaluation of NBS scheme, this imbalance is because of the preference of Urea containing 'N' over P&K fertilizers under NBS scheme as Urea is available at a very cheap price (as prices are controlled for urea) in comparison to P&K fertilizers where prices are decontrolled.

However, this Department has introduced freight subsidy for Single Super Phosphate (SSP) and it has included Potash Derived from Molasses (PDM) under the NBS scheme. Both SSP and PDM are 100 indigenously manufactured fertilizers and not only promote the indigenous manufactured fertilizers but also help in improving the consumption ratio of P and K in comparison to N".

### **Recommendation SI. No. 8**

#### **Need for long term planning for fertilizers production and import**

2.11 It is a matter of concern that our country is totally dependent on imports for Potassic fertilizers, to the extent of 90% in Phosphatic fertilizers and upto 25% in case of Urea. In order to absorb the pressure of increased prices of P&K fertilizers due to increase in the international prices of P&K fertilizers, Government time and again, increases subsidy under NBS scheme. Long Term Agreements and Joint Ventures for Raw Materials/Finished Fertilizers through MoUs between the Indian Fertilizer Companies and Fertilizer Companies from other countries are being facilitated to ensure supply of raw materials and to bring down the prices of fertilizers in the international market thereby saving the valuable foreign exchange for the country. Besides, any increase in cost of Natural Gas which constitutes about 85-90 % of the cost of urea production has direct impact on subsidy out go to the Government and therefore, DoF has issued advisory to all the urea manufacturing units to explore long term and mid-term sources of Natural Gas including RLNG. An Urea off-take Agreement has been finalized to import 10 LMT Urea annually for a period of 03 years from a

foreign company. Also, efforts are being made for exploration of minerals for raw materials for P&K fertilizers in India. Appreciating the measures so taken by the Department to make available Urea and P&K Fertilizers at reasonable prices for farmers for agricultural purposes, the Committee call upon the Department to intensify its efforts and also explore other innovative measures in this direction. Feasibility of entering into Joint Ventures abroad with countries rich in fertilizer raw materials for production facilities with buy back agreements and acquisition of fertilizer mines, etc. may also be explored to ensure sufficient availability of fertilizers and its raw materials without the pressure of price fluctuation in the international market and to save precious foreign exchange.

2.12 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“India 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. However, Government has taken following steps to increase indigenous production of P&K fertilizer:

1. DoF granted permission to Madhya Bharat Agro product Limited Unit-II, Banda Sagar, MP for production of DAP/NPK with installed capacity 2.40 LMT per annum.
2. DoF granted permission to M/s. Krishna Phoschem Ltd, MP for production of DAP/NPK with installed capacity 3.30 LMT per annum
3. PDM or Potash Derived from Molasses (0-0-14.5-0) has been included under NBS scheme.
4. Freight Subsidy on SSP which is an indigenously manufactured fertilizers have been made applicable for Kharif and Rabi 2022-23.
5. Exploration of minerals for raw materials for DAP & other fertilizers in India, in consultation with Ministry of Mines, GSI, MECL, FAGMIL and concerned State Governments is a continuous process.
6. The initiatives to augment the capacity of raw materials/intermediates namely Phosphoric Acid, Rock Phosphate and Sulphuric Acid are as below:
  - a. RSMML, a PSU of Government of Rajasthan, is producing Rock Phosphate to the tune of 7-8 LMT per annum (appx.)
  - b. Coromandel International Limited has commissioned a Phosphoric Acid plant of 2 LMT in 2020 and is to set up a Sulphuric Acid plant of 5 LMT in July 2023.

- c. IFFCO, Paradeep to set up a new Sulphuric Acid plant-III of capacity 2000 MT/day to augment the Sulphuric Acid production capacity of IFFCO, Paradeep from 7000 MT/day to 9000 MT/day.
- d. M/s. Greenstar Fertilizers Ltd. (Chennai) has obtained Consent to Operate for Phosphoric Acid production to the tune of 3.20 LMT per annum and Consent to Establish for expansion of Sulphuric Acid plant of 8.5 LMT per annum from the State Pollution Control Board.
- 7. On the initiative of HMCF, DoF has facilitated long term MoUs between the Indian fertilizer companies and fertilizer companies from other countries based on formula based pricing. Under the initiative, Joint venture for mining, manufacturing fertilizer intermediates and finished fertilizers have also been initiated/extended. Their progress is reviewed from time to time at various levels”.

### **Recommendation Sl. No. 9**

#### **Initiative to promote use of Nano Urea**

2.13 Only 30-40% of the nitrogen in the Urea is actually utilized by the plant, the rest is wasted and reaches the ground water or evaporates as ammonia which is an environmental hazard. The farmers are, however, tempted to use Urea as it is available at a very cheap price as a result of Government subsidy. The Committee do share the optimism of the Department in mooted a proposal to promote the use of Nano urea by provisioning that for purchase of five (05) bags of Urea, the farmer may be sold one bottle of Nano Urea and four bags of Urea. The Committee have been told that the said proposal has not been implemented. Keeping in view the numerous benefits of Nano Urea on human health, soil and environment over the use of conventional Urea and as the Government has the responsibility to ensure extensive use of Nano Urea by the farmers, the Committee, therefore, urge the Department to reconsider the feasibility of the proposal of compulsorily selling one bottle of Nano Urea with purchase of 4 bags of conventional urea to the farmers, to promote the use of Nano Urea.

2.14 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“Department of Fertilizers has directed has all Fertilizers manufacturing companies to encourage farmers to purchase nano urea along with conventional Urea. Sale of Nano Urea along with traditional urea is excluded from the scope of regulation of tagging by DoF”.

### **Recommendation Sl. No. 11**

2.15 The Committee are happy to note that the Department has taken up the introduction of DCT fertilizer subsidy at various levels in the Government. A Nodal Committee co-chaired by Secretary (Fertilizers) and Secretary (DA&FW) has been constituted in this regard to examine issues related to it. The primary bottleneck in implementation of DCT is identification of beneficiaries (farmers), their land records, soil type, cropping pattern, fertilizer requirement, etc. as all such information is being maintained by State Governments. It has been decided to merge the database of farmers maintained by the respective State Governments with subsidy payment system of DoF to provide subsidy directly to the farmers and also to initiate the project on pilot basis in few districts / talukas of different States. Some of the States have furnished their consent in this regard. In view of the foregoing, the Committee desire that the Department should initiate the pilot project in right earnest in coordination with all the stakeholders for effective implementation of Direct-Cash Transfer of Fertilizer Subsidy to farmers/ producers. The Committee would like to be apprised of the progress in the matter.

2.16 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“Based on the recommendations of the Nodal Committee, some of the states have nominated one district each for initiation of pilot project for merging of beneficiaries database and iFMS system. Subsequently, pre-requisites for implementation of DCT and format in which database of beneficiaries is required, have been shared with the concerned states. Simultaneously, reminder has been sent to remaining states to nominate district for pilot project”.

### **Recommendation Sl. No. 12**

#### **PM-PRANAM- Promotion of organic fertilizers, bio-fertilizers, etc.**

2.17 The Government has announced PM Programme for Restoration Awareness and Nourishment and Amelioration of Mother Earth (PM-PRANAM) in the budget 2023-24 with an objective to restore the health of the Mother Earth through promoting balanced/ sustainable use of chemical fertilizers; adopting alternate fertilizers like organic/bio and nano fertilizers; promoting natural/ organic farming; etc. which will thus save the soil, human health, ground water and environment. The scheme which is still under consideration of the Ministry of Finance aim to incentivize States and UTs which are involved in promotion of organic fertilizers, natural farming and organic farming. The Committee supports the idea of the Government to promote balanced use of fertilizers



by the farmers all over the country. The Committee trust that PM-PRANAM scheme, subject to its effective implementation would be able to achieve its intended objectives. The Committee impress upon the Department to follow up status of scheme with the Ministry of Finance and keep them apprised.

2.18 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“In the budget speech 2023-2024, launching of PM-PRANAM (PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth) has been announced to incentivise State and Union Territories to promote alternative fertilisers and balanced use of chemical fertilisers. The scheme has been formulated to incentivize the states/UTs by 50% of the amount of savings in the subsidy outgo due to reduction in the consumption of chemical fertilizers (Urea, DAP, NPK, MOP) by the respective states and UTs compared to previous 3 years’ average consumption. Keeping in view the estimated increase of fertilizer consumption (CAGR 1.5 %) in the next three years, the estimated savings in consumption of fertilizers in the next 3 years is likely to be 45.78 LMT. The estimated financial savings due to aforesaid decrease in fertilizer consumption is likely to be Rs. 19,450 crores. PM PRANAM has been approved by the Expenditure Finance Committee”.

### **Recommendation Sl. No. 13**

#### **Initiatives taken to introduce Innovative/alternate fertilizers**

2.19 The Committee appreciate that the Government, as part of its initiatives to promote alternate fertilizers, is considering use of two new fortified Urea combinations in the country viz (i) Sulphur Coated Urea(SCU) also called as Urea Gold and (ii) a combination of Single Super Phosphate and Urea (SSP+Urea) which is used instead of DAP. As per the study conducted by ICAR, use of SCU leads to reduction in urea consumption by 25% and therefore it is proposed to introduce SCU as a premium urea in the market in 40 kg bags which will also meet the deficiency of Sulphur content in the soil. Its two main advantages are its slow-release mechanism and increased nitrogen adsorption efficiency by 40%. It also improves the plant growth/ quality and the yield of seeds, especially oilseeds. Rashtriya Chemicals and Fertilizers Limited (RCF) has produced in-house laboratory scale SCU with specifications of FCO, 1985. The pilot scale plant/ commercial production is yet to be set up by RCF and results are yet to be seen. The initial studies conducted by RCF are at laboratory scale. Field trials of SCU are going on by RCF. Keeping in view the numerous benefits of the SCU and (SSP+Urea), the Committee hope that the Department/RCF would expedite the field trials in respect of (SSP+Urea) and SCU and soon start their pilot scale plant/

commercial production. The Committee would like to be kept informed of the developments with regard to SCU and (SSP+Urea).

2.20 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“Sulphur coated urea in the name of ‘Urea Gold’ comprising of Nitrogen and Sulphur is proposed to be launched. In addition to providing sulphur, Urea Gold will also promote Nutrient Use Efficiency, and as a result it has potential to decrease urea consumption. Proposal for introduction of Sulphur Coated Urea has been approved by the Expenditure Finance Committee”.

### **COMMENTS OF THE COMMITTEE**

**(Please see Para No. 1.19 of Chapter – I of the Report)**

#### **Recommendation Sl. No. 15**

2.21 While drawing attention towards the reported failures of Bio-gas plants operating in the country due to various technical reasons and also to the fact that because of less nitrogen content in the organic manure its use and application is too costly compared to Urea which is available at subsidized rates, the Committee earnestly desires that while approving the two schemes, the Government may consider granting suitable Market Development Assistance for the production and sale of bio-manure, compost, etc. produced from the plants so that they are available at affordable rates to the farmers to promote their use. Moreover, the fertilizer companies and agencies may be incentivized to promote the sale and use of organic manures by the farmers. The Committee also exhorts the Ministry to take cogent measures for ensuring the availability of trained technical manpower at the village/ block/ district levels for maintenance of the bio-gas plants and constituting of a Central monitoring agency for ensuring their effective and efficient operation.

2.22 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 28<sup>th</sup> June, 2023 approved the proposal of the Department of Fertilizers for the Market Development Assistance @ Rs. 1,500/MT for promotion of organic fertilizers/manures produced at plants under umbrella Galvanizing Organic Bio-Agro resources (GOBARdhan) initiative covering different Biogas/CBG support schemes/programmes of stakeholder Ministers/Departments such as sustainable Alternative Towards Affordable Transportation (SATAT) scheme of Ministry of Petroleum & Natural Gas (MoP&NG), ‘Waste to Energy’ programme of Ministry of New & Renewable Energy (MNRE), Swachh Bharat

Mission (Grameen) of Department of Drinking Water & sanitation (DDWS), etc. with the total outlay of Rs. 1,451.84 Crore (FY 2023-24 to 2025-26), which includes a Corpus of Rs. 360 crore for research gap funding, etc

As per the Guidelines of SBM(G), the States can select technical agencies which may be empanelled by them or choose to take support from BDTCs/ State Nodal Agencies (SNAs) for Renewable energy for implementation of the GOBARdhan plants as well as operation and maintenance of the plant. It has been also provisioned in the Guidelines that the project preparation, supervision and monitoring and maintenance cost for the first five years of the operation of the plants may be made part of the project cost. District Water and Sanitation Committee (DWSC) is the monitoring agency at district level for ensuring the effective and efficient operation of the plants”.

## **CHAPTER – III**

**OBSERVATION / RECOMMENDATION WHICH THE COMMITTEE DO NOT DESIRE  
TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY**

**NIL**

## CHAPTER – IV

### OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND REQUIRE REITERATION

#### RECOMMENDATION No. 3

#### Research and Development (R&D) in Fertilizer Sector

4.1 The Committee note that as projected by the Department of Fertilizers, Rs. 0.10 crore has been allocated in BE 2023-24 as grant-in-aid to R&D Budget head. Similarly, RE allocation of Rs. 0.10 crore was made in FY 2022-23 under the R&D head and the expenditure incurred upto September, 2022 is NIL. The situation was no different in the year 2021-22. The Committee have been told that R & D budget head is for funding on project basis and Department would extend financial assistance to research agencies/organizations as and when research project proposals are received. The Committee are surprised that for years together no research projects has been conceived by the research agencies/organisations and feel sorry for this state of affairs. The Committee further note that the Department has created a budget head for ICFFTR (Indian Council for Fertilizer and Fertilizer Nutrient Research) for the FY 2023-24 with the objectives, inter-alia, to undertake research in the area of fertilizer and fertilizer manufacturing technology and will seek funds for ICFFTR at the 1st Supplementary stage in FY 2023-24. In this context, the Committee would like to be enlightened as to how Department's budget head for ICFFTR is different from their R&D head. Also, the Committee would like to understand the reasons for not making funds projections at BE, 2023-24.

In this context only, the Committee would like to recall that in the course of examination of Demands for Grants for the year 2021-22 and 2022-23, they had emphasized on the need for time bound research projects towards developing more efficient fertilizers which may include indigenous varieties of nano fertilizers (Urea/ P&K/ micro nutrients), bio-fertilizers, organic fertilizers, compost, bio-stimulants, etc. in due consultation with the research agencies and organizations and recommended for funding of the required level. The Committee regret to note that nothing has been done so far in this direction. The Committee hope that at least now the Department would give serious consideration to their recommendation and act accordingly.

4.2 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“Indian Council for Fertilizer & Fertilizer Nutrient Research (ICFFTR) has been constituted and registered under Societies Registration Act of 1860 on 19.08.2019. It has been constituted by fertilizer CPSEs under Department of Fertilizers. The major objective of the Council is to undertake research in the area of fertilizer and fertilizer manufacturing technology, use of raw material and innovation in fertilizer products etc

Fertilizer PSUs viz. NFL, RCF and FAGMIL are founding members of ICFFTR. In order to create initial fund for ICFFTR and to make the same operational, seed money initial corpus non-refundable is provided by (Rs.2 crore each by NFL & RCF) and (Rs. 1 crore by FAGMIL). In addition to these PSUs, MFL, FACT, BVFCL, PDIL, HFCL and FCIL are also its members.

The membership of the Society is open to other organizations, Corporate Bodies / Joint Venture Companies, Institutions engaged in manufacturing and trading fertilizers. The annual subscription fee for each of the founder member of CPSEs under the administrative control of DoF is Rs. 1 lakh. For all other members, there is one-time admission fee Rs.5 lakhs at the time of admission and annual subscription of Rs. 1 lakhs. ICFFTR’s registered office is at Lodhi Road, New Delhi.

ICFFTR comprises of Governing Council headed by Secretary, D/o fertilizers and Executive Committee headed by CMD, RCF. The Director General of the Society is the administrative head of the society. Some of the Research & Development activities planned to be undertaken by ICFFTR are as under: -

- a) To undertake research in the area of fertilizer and fertilizer manufacturing technology, use of raw material and innovation in fertilizer products.
- b) To identify and research, eco-friendly nutrients / micro nutrients and pesticide coated slow release fertilizers to ensure reduction of Carbon Footprint of Fertilizer sector and energy efficient operation.
- c) To undertake research in bio fertilizer and its derivatives with appropriate coating or blending so as to protect and increase soil fertility.
- d) To undertake research in organic fertilizer and its derivatives or blending so as to protect and increase the soil fertility.
- e) To undertake research in Fertilizer Sectors & related activities.
- f) To undertake research in the field of agriculture.
- g) To undertake research in the application of science and scientific methods for the manufacture of fertilizers and their utilization in the fields either alone or in conjunction with preparations of other materials.
- h) To make known the results of all research discoveries, patents and investigations made in connection with the above objects.

i) To adopt such means of making known the products of the Society as may seem expedient.

j) To allow the member organizations to utilize the research carried out by the by the ICFSTR.

R&D activities has been created by the Department to carry out Research & Development activities identified by the Department. As regards, R&D Budget head is concerned, Rs. 10.00 lakhs has been allocated at BE during financial year 2023-24 in the Demand for grants of DoF for undertaking R&D activities in the fertilizer sector”.

**COMMENTS OF THE COMMITTEE**  
**(Please see Para No. 1.10 of Chapter – I of the Report)**

**Recommendation Sl. No. 5**

**Payment In Respect of Carry-over liabilities**

4.3 The Committee are pleased to note that there is no carry-over liability as on date pertaining to the previous years in respect of Indigenous Urea. The settlement of subsidy/DBT claims of fertilizers companies are being done regularly subject to availability of funds. Also, in respect of imported urea, the carry-over liabilities which was Rs. 869.50 crore as on 01.04.2022 has been brought down to Rs. 303.35 crore as on date and balance claims are under process at various stages. The Committee would desire that concrete measures should be taken in a time bound manner to ensure that the balance amount of carry-over liability in respect of imported Urea is settled within the current financial year itself. The Committee urges the Department to project its demands of fund requirement for payment of subsidies in respect of Urea and P&K fertilizers (both indigenous and imported fertilizers) at BE/RE stage in a more convincing manner to get adequate allocations so that payment of subsidies are made timely.

4.4 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“Settlement of subsidy/DBT claims of fertilizers companies are being done regularly subject to availability of funds. So far as Indigenous Urea is concerned, there is no carry over liability as on date pertaining the previous years.

Observations of the committee have been noted for compliance”.

**COMMENTS OF THE COMMITTEE**  
**(Please see Para No. 1.13 of Chapter – I of the Report)**

## **Recommendation Sl. No. 10**

### **Provision of Direct Cash Transfer (DCT) to farmers for fertilizer subsidy**

4.5 The Committee note that as per the suggestions/recommendations contained in the Third-Party Evaluation report of the Urea subsidy Scheme, since there is need to continue subsidizing the urea for farmers, it will not be suitable option that the subsidy could directly be transferred in the accounts of farmers since Direct Benefit Transfer (DBT) to farmers is a complex system and therefore, it is suggested that under the scheme, subsidy amount should be given to the manufacturing/ importing companies as per the current policy. The Committee, are of the considered view that the present urea subsidy scheme should be continued in such a manner that it causes the least inconvenience to farmers.

4.6 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“Based on the recommendations of the Nodal Committee, some of the states have nominated one district each for initiation of pilot project for merging of beneficiaries database and iFMS system. Subsequently, pre-requisites for implementation of DCT and format in which database of beneficiaries is required, have been shared with the concerned states. Simultaneously, reminder has been sent to remaining states to nominate district for pilot project”.

### **COMMENTS OF THE COMMITTEE (Please see Para No. 1.16 of Chapter – I of the Report)**

## **Recommendation Sl. No. 14**

### **Scheme for providing Market Development Assistance for production and use of organic manure, compost, etc.**

4.7 The Government in budget 2023-24 has made announcement of the SATAT and GOBARdhan Schemes for promotion of organic manures, compost, etc. While SATAT Scheme is managed by Ministry of Petroleum and Natural Gas (MoP&NG), GOBARdhan scheme is managed by Department of Drinking Water & Sanitation (DDWS) and Ministry of New and Renewable Energy (MNRE). SATAT programme promotes compressed bio-gas plants wherein the by-product is fermented organic manure (FOM) GOBARdhan scheme promotes bio-gas plants and FOM is the by-product which is a bio-manure. The Department of Fertilizers will be promoting the use of bio-manure



which is produced under these two schemes as a by-product. There is an EFC Proposal for granting Market Development Assistance for FOM/ PROM/ other organic fertilizers & bio-fertilizers with focus on SATAT and “GOBARdhan scheme. 5000 compressed biogas plants are to be set up under SATAT scheme by 2023 while 400 bio gas plants are to be set up under the GOBARdhan scheme. The Committee would like to be updated on the matter from time to time.

4.8 In their Action Taken Note furnished to the Committee, the Department of Fertilizers has stated as follows:

“The Expenditure Finance Committee (EFC) in its meeting held on 16<sup>th</sup> March, 2023 considered the proposal of this Department on promotion of organic fertilizers and recommended the Market Development Assistance (MDA), as per budget announcement, @ Rs.1,500/MT for 3 years (FY 2023-24 to 2025-26) for components of SATAT CBG plants and GOBARdhan plants with an outlay of Rs.1451.84 Crore which includes the components of MDA for CBG plants at an estimated outlay of Rs.1,013 Crore, MDA for GOBARdhan plants at an estimated outlay of Rs.78.84 Crore and corpus of Rs.360 Crore for gap funding/research to be utilized only by Central/State Research Institutes or non-private fertilizer cooperatives”.

**COMMENTS OF THE COMMITTEE**  
**(Please see Para No. 1.22 of Chapter – I of the Report)**

**CHAPTER – V**

**OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT ARE STILL AWAITED**

**NIL**

**New Delhi;  
14 December, 2023  
23 Agrahayana 1945 (Saka)**

**DR. SHASHI THAROOR  
Chairperson,  
Standing Committee on  
Chemicals and Fertilizers.**

**APPENDIX-II**

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE FORTIETH REPORT (SEVENTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2023-24) ON DEMAND FOR GRANTS (2023-24) OF THE MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF FERTILIZERS).**

	Total No. of Recommendations	15
I	Observations/Recommendations which have been accepted by the Government:  (Recommendation Nos. 1,2,4,6,7,8,9,11,12,13 and 15)	11
	Percentage of Total	73%
II	Observations/Recommendations which the Committee do not like to pursue in view of the Government's replies:  NIL	00
	Percentage of Total	0%
III	Observations/Recommendations in respect of which the replies given by the Government have not been accepted by the Committee and which require reiteration:  (Recommendation No. 3, 5, 10 and 14)	04
	Percentage of Total	27%
IV	Observations/Recommendations in respect of which the final replies of the Government are still awaited:  Nil	0
	Percentage of Total	0%