



**STANDING COMMITTEE ON  
CHEMICALS & FERTILIZERS  
(2010-11)**

**FIFTEENTH LOK SABHA**

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

**DEMANDS FOR GRANTS  
(2010-2011)**

*[Action Taken by the Government on the Observations/Recommendations  
contained in the Sixth Report of the Standing Committee on Chemicals and Fertilizers  
Fifteenth Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Chemicals and Fertilizers]*



**FIFTEENTH REPORT**

**LOK SABHA SECRETARIAT  
NEW DELHI**

*August, 2011/Sharvana, 1933 (Saka)*

**FIFTEENTH REPORT****STANDING COMMITTEE ON  
CHEMICALS AND FERTILIZERS  
(2010-11)*****FIFTEENTH LOK SABHA*****MINISTRY OF CHEMICALS AND FERTILIZERS  
(DEPARTMENT OF FERTILIZERS)****DEMANDS FOR GRANTS  
(2010-2011)**

*[Action Taken by the Government on the Observations/Recommendations  
contained in the Sixth Report of the Standing Committee on Chemicals and Fertilizers (Fifteenth  
Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Chemicals and Fertilizers]*

*Presented to Lok Sabha on 04.08.2011*

*Laid in Rajya Sabha on 04.08.2011*



**LOK SABHA SECRETARIAT  
NEW DELHI**

***August, 2011/Sharvana, 1933 (Saka)***

**COMPOSITION OF THE STANDING COMMITTEE ON  
CHEMICALS & FERTILIZERS (2010-11)**

<b>Shri Gopinath Munde - Chairman</b>	
<b>MEMBERS</b>	
<b>LOK SABHA</b>	
2	Smt. Susmita Bauri
3	Shri Udayanraje Bhonsle
4	Shri Prabhatsinh P. Chauhan
5	Smt. Santosh Chowdhary
6	Shri K.D. Deshmukh
7	Adv. Ganeshrao Nagorao Dudhgaonkar
8	Shri T.K.S. Elangovan
9	Shri Madhu Koda
10	Shri N. Peethambara Kurup
11.	Shri Baidya Nath Prasad Mahato
12	Shri Jagdambika Pal
13	Shri Tapas Paul
14	Shri Ponnamm Prabhakar
15	Shri Ashok Kumar Rawat
16	Shri Suresh Kumar Shetkar
17	Shri Ajit Singh
18	Shri N. Chaluvarya Swamy
19	Shri Narendra Singh Tomar
20	<sup>#</sup> Dr. Manda Jagannath
21	Vacant
<b>RAJYA SABHA</b>	
22	Shri Silvius Condpan
23	Smt. Naznin Faruque
24	Shri A.A. Jinnah
25	Shri Brijlal Khabri
26	Prof. Anil Kumar Sahani
27	Shri Raghunandan Sharma
28	Dr. C.P. Thakur
29	<sup>&amp;</sup> Shri Parshottam Khodabhai Rupala
30	<sup>&amp;</sup> Shri Abani Roy
31	<sup>&amp;</sup> Shri Biswajit Daimary

**SECRETARIAT**

- |    |                    |   |                 |
|----|--------------------|---|-----------------|
| 1. | Shri N. K. Sapra   | - | Secretary       |
| 2. | Shri Ashok Sarin   | - | Joint Secretary |
| 3. | Shri C.S.Joon      | - | Director        |
| 4. | Smt. Emma C. Barwa | - | Under Secretary |

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& NOMINATED W.E.F. 21.09.2010  
# NOMINATED W.E.F. 04.10.2010

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## **INTRODUCTION**

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2010-11) having been authorised by the Committee to present the Report on their behalf present this Fifteenth Report (Fifteenth Lok Sabha) on Action Taken by the Government on the observations / recommendations contained in the Sixth Report (Fifteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2010-11) on 'Demands for Grants (2010-11)' of the Ministry of Chemicals and Fertilizers (Department of Fertilizers).

2. The Sixth Report (Fifteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers was presented to Lok Sabha on 26 April, 2010. The Action Taken replies of Government to all observations / recommendations contained in the Report were received on 9 August, 2010. Subsequently, at the behest of the Committee, the Department vide LSS OM dated 3 June 2011 was requested to furnish latest/ updated Action Taken replies on the previous Action Taken replies in order to cover any new development that might have occurred. Accordingly, the Department furnished their updated Action Taken replies on 22 June 2011. The Standing Committee on Chemicals and Fertilizers (2010-11) considered and adopted this Report at their sitting held on 18 July 2011.

3. An analysis of the Action Taken by the Government on the observations/ recommendations contained in the Fifteenth Report (Fifteenth Lok Sabha) of the Committee is given in Appendix-II.

4. For facility of reference and convenience, the observations / recommendations of the Committee have been printed in bold letters in the body of the Report.

**New Delhi;**  
**28 July, 2011**  
**6 Shravana, 1933 (Saka)**

**Gopinath Munde**  
**Chairman,**  
**Standing Committee on**  
**Chemicals and Fertilizers**

## REPORT

### CHAPTER – I

This Report of the Standing Committee on Chemicals and Fertilizers deals with the action taken by the Government on the Observations / Recommendations contained in the Sixth Report (Fifteenth Lok Sabha) of the Committee on Demands for Grants (2010-11) of the Ministry of Chemicals & Fertilizers (Department of Fertilizers) which was presented to Lok Sabha on 26 April 2010. The Report contained 9 Observations / Recommendations.

2. The Ministry of Chemicals & Fertilizers (Department of Fertilizers) were requested to furnish replies to the Observations / Recommendations contained in the Sixth Report within three months from the date of presentation of the Report, i.e. by 26 July 2010. The Action Taken Replies of the Government in respect of all the 9 Observations / Recommendations contained in the Report have been received from the Ministry of Chemicals and Fertilizers, Department of Fertilizers vide their O.M. No.5(3)/2010-Fin-II dated 9 August 2010. *Subsequently, at the instance of the Committee the Department of Fertilizers were requested on 03.06.2011 to furnish updated Action Taken Replies regarding the details about the Supplementary Demands for Grants obtained by the Department during 2010-11. Accordingly, the Department have furnished their Action Taken Replies on 22.06.2011.*

*The categorization of the Action Taken Replies of the Government is as follows:-*

- |       |   |                             |
|-------|---|-----------------------------|
| (i)   | Observations / Recommendations which have been accepted by the Government<br>Sl.Nos. 1, 2, 3, 4, 5, 8 and 9   | (Total =07)<br>Chapter-II   |
| (ii)  | Observations / Recommendations which the Committee do not desire to pursue in view of the Government's replies<br>Sl.No. NIL.                                       | (Total =NIL)<br>Chapter-III |
| (iii) | Observations / Recommendations in respect of which reply of the Government have not been accepted by the Committee and which require reiteration<br>Sl.Nos. 6 and 7 | (Total =02)<br>Chapter-IV   |
| (iv)  | Observations / Recommendations in respect of which replies of the Government are of interim nature<br>Sl.Nos. NIL   | (Total =NIL)                |

3. The Committee desire that the Action Taken Notes on the Observations / Recommendations contained in Chapter-I of this Report should be furnished expeditiously.

4. The Committee will now deal with action taken by the Government on some of their Observations/Recommendations which still require reiteration or merit comments.

A. **DIRECT PAYMENT OF SUBSIDY TO THE POOR AND THE MARGINAL FARMERS.**

**Recommendation Sl.No.4**

5. The Committee in their earlier Reports had recommended from time to time for achievement of long cherished goal of direct payment of subsidy to the poor and the marginal farmers. The Committee had been informed that fertilizer industry agreed to work with the Department of Fertilizers to conduct a study and find a solution. Thereafter, a Group of Ministers (GoM) was formed in May 2007 under the Chairmanship of Minister of Agriculture to look into the sustainable use of fertilizers and all aspects of fertilizer subsidy regime including the option of direct fertilizer subsidy to farmers. The Finance Minister in his Budget Speech 2010-11 had again stressed the need to move to a system of direct transfer of subsidy to the farmers.

6. The Secretary, Department of Fertilizers while deposing before the Committee had stated that there were certain difficulties viz. getting the clear details regarding land holding and ownership data, proper distribution of fertilizers at retailer point, detailed study regarding pattern and ratio of direct subsidy, identifying the actual farmers for payment of direct subsidy to farmers. The Committee had pointed out that despite their repeated recommendations in earlier Reports, Government could not achieve the long cherished goal of payment of subsidy directly to farmers. The Committee had desired that the Department should come out with a proposal so as to ensure payment of subsidy direct to the farmers. Details of such a proposal may be submitted to the Committee within three months of the presentation of the Report.

The Ministry in their action taken note stated as under:-

“Department of Fertilizers is examining the feasibility and manner of transfer of direct subsidy to the farmers in the second phase of NBS, however, a few constraints/problems, which are apprehended include that of robust land records in many States, different types of land tenures, fixation of quantum of subsidy based on requirement of farmer, vis-à-vis cropping pattern, soil requirement, land size etc. and also issues of handling liquidity requirements of fertilizer companies, putting in place subsidy transfer mechanism to retailers. However, the Department is in the process of finalizing the modalities of a Pilot Project in 5 States across the country to examine the feasibility of disbursing direct subsidy to the farmers, in due course, by mapping and tracking the movement of fertilizers, initially, to the last point, i.e. the retailer, from whom the farmer buys the fertilizer. Once the pilot/proof of concept is proved, and the modalities of capturing farmer related data finalized, the feasibility of disbursing subsidy directly to the farmer will emerge.”

The Department of Fertilizers in their Action Taken Replies dated 22.06.2011 has stated as under:-

"The Government has set up a Task Force under the chairmanship of Shri Nandan Nilekeni, Chairman, UIDAI on transfer of direct subsidy on kerosene, LPG and fertilizers to intended beneficiaries, which has been mandated to implement a mechanism for transfer of direct subsidy in fertilizers, including, inter-alia, to identify and suggest the required changes in the existing systems, processes and procedures, IT frameworks and supply chain management. The Task Force is also to oversee and evaluate the implementation of the solutions proposed on pilot based through the concerned implementing Ministries.

Following this, the Department of Fertilizers has appointed National Informatics Centre (NIC) to implement the phase I of the mandate regarding making available information visibility at the point of sale to the farmer (retailer). This phase I will be completed in December 2011, after which, phase II, dealing with transfer of subsidy at the last point sale (to the retailer or to the retailer on receipt of fertilizers) will be implemented. Phase III on implementation of direct subsidy to farmers will be undertaken when once the Unique Identification Nos. (AADHAR Nos.) are issued to the farmers and AADHAR enabled payments are tested."



7. At the instance of the Committee the Department of Fertilizers has furnished the following information vide their OM dated 22.06.2011 regarding Supplementary Demands for Grants under the various Heads during 2010-11 in respect of various schemes relating to subsidies:-

(Major Head )

“2401”-Crop Husbandry

00.105- Manures and Fertilizers

14 –Payment for concessional sale of indigenous

Decontrolled fertilizers

14.00.33 – Subsidies

	Amount Rs (in crores )
Budget Allocation	13000
2 <sup>nd</sup> Batch of supplementary	4000
3 <sup>rd</sup> Batch	3650
Total	20650

(Major Head )

“2401”-Crop Husbandry

00.105- Manures and Fertilizers

14 –Payment for concessional sale of imported

Decontrolled fertilizers

15.00.33 – Subsidies

	Amount Rs (in crores)
Budget Allocation	15500
2 <sup>nd</sup> Batch of supplementary	1000
3 <sup>rd</sup> Batch	4350
Total	20850

(Major Head)

“2401”-Crop Husbandry

00.106- Import of Fertilizers

02-Import of Urea

02.00.33 – Subsidies

	Amount Rs (in crores)
Budget Allocation	8360.00
1 <sup>st</sup> Re-appropriation	(-)4.05
2 <sup>nd</sup> Re-appropriation	(+) 900.00
Total	9255.95

The Department has further stated that as against the Budget allocation in Demands for Grants for the year 2010-11 under various Heads the pending liabilities of various companies had exceeded, hence further allocation of Budget was made available in 2<sup>nd</sup> & 3<sup>rd</sup> supplementary Demands for Grants.

### Comments of the Committee

8. The Committee in their earlier recommendation had recommended that the Ministry should take concrete steps to achieve the long cherished goal of direct payment of subsidy to the poor and marginal farmers. In this regard, the Ministry

in their action taken reply have stated that they are facing few impediments in implementation of the direct payment of subsidy to the poor and the marginal farmers and that the modalities of pilot project of feasibility of direct subsidy to farmers in 5 States across the country is being finalized. The Committee are dismayed over the delay in finalizing the scheme for so long and strongly reiterate that the steps for implementation of direct subsidy to the poor and marginal farmers should be expedited in an urgent manner so that the benefits reach to the poor and marginalized farmers at the earliest. With regard to direct subsidy to the farmers the Committee hope that the Task Force constituted under the chairmanship of Shri Nandan Nelikani would give its full report at the earliest and all the three phases of the direct subsidy to farmers will be completed within the time frame and the benefits of direct subsidy is available by the farmers at the earliest.

The Committee note that the Budget allocation under Major Head '2401' crop Husbandry, sub-head "Payment for concessional sale of indigenous Decontrolled fertilizers" was of Rs.13000 crore, the 2nd batch of supplementary was of Rs.4000 crore and 3rd batch of supplementary was of Rs.3650 crore. The total of 2nd batch supplementary and 3rd batch is at Rs.7650 crore. The Committee further note that the budget allocation under sub-head "Payment for concessional sale of imported decontrolled fertilizers" was at Rs.15500 crore, the 2nd batch supplementary was at Rs.1000 and 3rd batch was at Rs.4350 crore. The total of 2nd and 3rd batch supplementary was at Rs.5350 crore. The Committee also observe that the budget allocation under sub-head "import of Urea" was at Rs.8360 crore. The 1st re-appropriation was at Rs.(-) Rs.4.05 crore and 2nd re-appropriation was at Rs.(+) 900 crore and the total re-appropriation was at Rs.895.95 crore.

The Committee are unhappy with the fact that the Department of Fertilizers is not making prudent decisions and projections for allocation of Demands for Grants and is asking for more Supplementary Grants during the financial year. They, therefore, recommend that the Department should take more realistic decision in making projections and allocations for Demands for Grants. The Committee hope that Government would take a realistic view in the matter particularly keeping into account the need for ensuring the liability on account of subsidy, so that the Supplementary Demands for Grants do not increase year after year. On their part, the Department of Fertilizers should also keep a strict watch and control over factors impacting budgetary allocations and expenditure thereon.

**B. ALLOCATION OF GAS FOR EXISTING AND NEW FERTILIZER PLANTS IN THE COUNTRY**

**Recommendation Sl.No. 6**

9. The Committee had been informed that out of 28 urea units in the country, 20 units are gas based; 4 units based on Naphtha and 4 on Fuel Oil (FO)/Low Sulphur Heavy Stock (LSHS) as feedstock. The total requirement of natural gas for existing 20 units is 40.92 mmscmd, which is being met from the supplies under APM Gas, PMT Gas, JV gas and RLNG gas. The Committee noted that six fertilizer companies have proposed to undertake expansion of their existing units but expressed concern regarding pricing and firm availability of gas before taking final investment decision. An Empowered Group of Ministers (EGoM) was constituted in 2007 to examine and decide issues of gas pricing and commercial utilisation of gas under New Exploration Licensing Policy. The Committee were also informed by the Department of Fertilizers that as per assurance given by the Ministry of Petroleum & Natural Gas, most of the Naphtha/fuel oil based plants and closed fertilizer plants will get the gas pipeline connectivity by 2009-10/2010-11. The Committee expected the Department of Fertilizers to vigorously pursue the matter with the Ministry of Petroleum and Natural Gas so that effective and expeditious steps are taken by them to achieve these targets.

10. The Committee had emphasised that pricing and firm availability of natural gas for existing and new units of fertilizer companies are the pre-requisite to increase their indigenous production and would, therefore, desire the Department to play a proactive role in association with the Ministry of Petroleum & Natural Gas towards allocation of gas for the existing and new fertilizer plants in the country.

11. The Committee regretted to observe that no specific decision has been taken by the Department regarding the issue of nominating GAIL (India) Limited as the nodal authority for supply of gas to fertilizer industry. The Committee, therefore, desired that the decision in the matter should be taken up on priority basis and precise action taken in this regard be intimated to the Committee within three months.

The Ministry in their action taken reply stated as under:-

“The issue of nominating GAIL (India) Limited as the nodal authority for supply of gas to fertilizer industry was proposed to Ministry of Petroleum & Natural Gas. However, no decision in the matter has been received from the Ministry of Petroleum & Natural Gas.

Further, it is submitted that the Department of Fertilizers in the meeting held on 23-04-2010 at the level of Secretary(F) discussed the proposal for amendments in

the policy for new investments in urea sector and long term off take of urea from joint venture abroad which was notified on 4 September 2008. A decision has been taken in this meeting that in view of the uncertainty of gas prices in future and its futuristic long-term requirements, observing the consensus of stakeholders, DOF may consider to appoint GAIL as the Aggregator to procure gas from indigenous as well as international resources by a transparent route for fertilizer sector subject to a decision at competent level. The above decision has been communicated to Ministry of Petroleum & Natural Gas for consideration and necessary action."

The Department of Fertilizers in their Action Taken Replies dated 22.06.2011 has stated as under:-

"Ministry of Petroleum and Natural Gas has constituted an Inter-Ministerial Committee under chairmanship of Dr. Saumitra Chaudhuri, Member Planning Commission to formulate a policy for pooling of Natural Gas prices and devise pool operating guidelines to make the policy operational. The first meeting of the Committee was held on 23<sup>rd</sup> March 2011 and the second meeting of the Inter-Ministerial Committee was held on 13.05.2011. The issues are still under consideration of Inter-Ministerial Committee."

#### **Comments of the Committee**

**12. The Committee are unhappy to note that the Ministry in their action taken note have not given any specific reply to the recommendation of the Committee. The Committee also regret to note that the Ministry have not played a very proactive role in pursuing the matter with the Ministry of Petroleum and Natural Gas for pricing and firm allocation of gas for new and existing fertilizer plants in the country. The Committee are also disappointed to note that despite emphasis laid by the Committee on appointment of GAIL (India) Limited as the nodal authority for supply of gas to fertilizer industry, still no decision has been taken in this regard. The Committee note that in the updated reply Department have stated that the Ministry of Petroleum and Natural Gas have constituted an Inter-Ministerial committee under chairmanship of Dr. Saumitra Chaudhari, Member Planning Commission to formulate a policy for pooling of Natural Gas prices and devising pool operating guidelines to make the policy operational. Two meetings of the Inter-Ministerial Committee have been held on 23<sup>rd</sup> March 2011 and on 13<sup>th</sup> May 2011. The Committee further note that issues are still under consideration of Inter-Ministerial Committee. The Committee, therefore, express their unhappiness that**

no feasible solution or decision has been taken with regard to the pricing and firm availability of Natural Gas for existing and new units of fertilizer companies which are pre-requisite to increase the indigenous production of fertilizers. The Committee, therefore, strongly reiterate implementation of the earlier recommendation of the Committee and desire that the Ministry should take urgent steps to expedite the work in both aspects namely pricing and firm allocation of gas and appointment of GAIL (India) Limited as the nodal authority. The Committee are of the view that the Ministry should work in tandem with the Ministry of Petroleum and Natural Gas for expediting both the matters at the earliest.

**C. IMPLEMENTATION OF MECHANISEM FOR EQUITABLE DISTRIBUTION OF FERTILIZERS**

**Recommendation SI.No.7**

13. The Committee noted that the Department of Fertilizers monitors availability of fertilizers at the State level and the State governments are responsible for equitable distribution of subsidized fertilizers within the States. Fertilizer companies were advised to draw supply plan of subsidized fertilizers in consultation with the States' Agriculture Department and comply with the given supply plan on month-to-month basis. The movement of fertilizers is monitored throughout the country by an on-line web based monitoring system ([www.urvarak.co.in](http://www.urvarak.co.in)) also called as Fertilizer Monitoring System (FMS). The FMS is being used very effectively to monitor the availability of fertilizers namely urea, DAP, MOP and NPK fertilizers in all the districts in the country. As in some States, the farmers were facing acute difficulty in getting urea, Potash, DAP etc., the Committee, desired that Central Government should devise a foolproof mechanism for proper and equitable distribution of fertilizers in all parts of the country especially in remote, hilly and inaccessible areas. Further to tackle the problem of artificial shortage, if any, created in some region, special efforts may be made to provide adequate quantity of fertilizer so that the farmers are not left at the mercy of hoarders and black marketers. The Committee desired to be apprised of the complaints received regarding artificial shortage of fertilizers during the last three years and their location together with suitable corrective action taken by the Department to check the same.

The Ministry in their action taken reply have stated as under:-

“The Government has introduced a Nutrient Based Subsidy (NBS) Policy in respect of Phosphatic & Potassic fertilizers w.e.f. 1.4.2010. Under the NBS, 20% of the decontrolled fertilizers produced/imported in India will now be in the

movement control under the Essential Commodities Act 1955(ECA). Department of Fertilizers will regulate the movement of these fertilizers to bridge the supplies in under-served areas. For proper and equitable distribution of fertilizers in all parts of the country especially in remote, hilly and inaccessible areas such as for J &K, Himachal Pradesh and N E region, DOF has issued instructions to all the concerned companies to dispatch fertilizers (Urea, DAP, MOP and NPK)) in such a manner in order to ensure its availability in each and every corner of states.

As per clause 21 of the Fertilizer Control Order (FCO), 1985, it is mandatory to print the maximum retail price on each bag of fertilizers whether under statutory price control or out of the purview of the statutory price control. No person shall charge price higher than the price printed on the bag. Any person violating this mandatory provision of FCO is held liable under the provisions of FCO and Essential Commodities Act. The State Governments as enforcement agencies, are adequately empowered to take appropriate action against the offenders who indulge in any kind of malpractices.

As regards complaints relating to artificial shortage of fertilizers during the last three years, Department of Fertilizers initiated some positive corrective measures and movement of 50 million tonnes of fertilizers is possible with daily movement of about 60 railway rakes along with about 20% movement by road trailers and dispatch of railway rake through additional notional rake points. Statement showing requirement, availability and sale of Urea, DAP, MOP and NPK during the years 2007-08 and 2008-09 and 2009-10 are enclosed – Appendix-I.”

The Department of Fertilizers in their Action Taken Replies dated 22.06.2011 has stated as under:-

"No change except in the Statement for the year 2010-11"

#### **Comments of the Committee**

**14. The Committee are unhappy to note that the Ministry have not put any substantial effort in solving the problem of artificial shortage of fertilizers and no special steps have been taken to provide adequate quantity of fertilizers to the farmers. Merely stating that movement of 50 million tonnes of fertilizers is possible with daily movement of 60 railway rakes along with about 20 per cent movement by road trailers etc. does not clarify that the issues have been taken up with the Ministry of Railways and other concerned authorities. The Committee, therefore, desire an unambiguous statement by the Department of Fertilizers categorically dwelling upon the measures taken by them to check artificial shortage of fertilizers.**

The Committee observe from Appendix I that for last 3 years states like Jharkhand, J&K, Uttarakhand and Assam have been consistently falling short in the requirement of fertilizers. It seems that the Department of Fertilizers has not made any concrete effort for bridging the gap between demand and supply of fertilizers specially in the remote, hilly and inaccessible areas of the country. The Committee observe that for the year 2007-2008 states such as J&K, Jharkhand, Assam and Chattisgarh had shortage of fertilizers namely in urea, and in DAP/MOP. Further, in the year 2008-09, 2009-10 and in the year 2010-11, Jharkhand, Assam, Orissa, J&K and West Bengal have shown no improvement in the availability of fertilizers as per their requirement. The Committee, therefore, urge the Ministry to take steps to improve the situation with regard to availability of fertilizers in all the states and especially in those states where there has been consistent shortage of fertilizers in last 3 years and the availability of fertilizer has not been as per the requirement of these states. The Committee reiterate their earlier recommendation that the Ministry should develop and implement an effective mechanism for judicious and equitable distribution of fertilizers. The Committee expect that the Ministry will make serious efforts to see that there is proper distribution of fertilizers according to the requirement of each state and the farmers specially poor and marginal farmers do not suffer for the want of fertilizers.

## CHAPTER – II

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

#### Recommendation Sl.No.1

At present there are 56 large size fertilizer plants in the country manufacturing a wide range of nitrogenous, phosphatic and complex fertilizers. Besides, there are 72 medium and small-scale units operational in producing Single Super Phosphate (SSP). India is the third largest fertilizer producer in the world with the installed capacity as on 31 March 2009 reaching a level of 120.61 lakh MT of nitrogenous and 56.59 lakh MT of phosphatic nutrients. However, the growth of fertilizer industry is based on the production capacity, production and sale of fertilizers in the country. The gap between the demand and indigenous production is met through import. The Committee are of the view that due to stagnant consumption of fertilizers during Ninth Plan period, no incentive for increase in production capacities within the country was provided and sudden increase in demand and consumption thereafter led to heavy strain on indigenous production facilities and have also increased our dependence upon imports.

Lack of adequate availability of inputs including natural gas required for production of fertilizers and limited resources are the major bottlenecks in achieving self-sufficiency in the fertilizer sector. In the absence of commercially exploitable potash sources in the country, the entire demand of potassic fertilizers for direct application as well as for production of complex fertilizers is being met through imports. However, keeping in view the vital role played by chemical fertilizers as one of the key inputs for the success of agriculture in the country, the Committee feel that there is an urgent need for suitable steps to be taken by the Department to ensure a sustained growth of the fertilizer industry as a whole.

The Committee in this regard desire that Department should vigorously pursue the issues regarding adequate allocation of natural gas and gas pipeline connectivity with the Ministry of Petroleum & Natural Gas. The Committee are of the view that with the assured allocation of natural gas to the fertilizer sector, the expansion and revamping process of existing and new fertilizer projects could also be completed at the earliest which would avoid cost and time overruns. At the same time, a balanced use of fertilizers (NPK) is also essential for increasing agricultural productivity in the country. Consequently, the Committee feel that expeditious measures need to be taken by the Department to remove all bottlenecks and hurdles in capacity addition programmes so as to achieve self sufficiency in fertilizer sector.

#### Reply of the Department

The allocation of natural gas from KG-D6 field has been made by the Empowered Group of Ministers(EGoM) on commercial utilisation of gas under NELP in its meeting held from time to time. Fertilizer Sector has been accorded the highest priority while making said allocation. All the existing gas based fertilizer plants have been allotted gas to ensure their full capacity utilisation. The EGoM in its meeting held on May 28, 2008 discussed the demand of natural gas for Expansion projects, Revival of closed fertilizer plants, conversion of Naphtha based & Fuel Oil based fertilizer plants and decided that it would be given the highest priority at that stage and the gas requirement will be met from production in subsequent years. Further, in the EGoM meeting held on October 27, 2009, it was decided that such plants would be supplied natural gas as and when they are ready to utilize the gas.



The companies have been regularly requesting the Department of Fertilizers for firm allocation of gas at predetermined fixed prices from domestic gas sources. The constraints indicated by the fertilizer company are under examination of Department of Fertilizers and a proposal for amendments in the New Investment Policy notified on 4<sup>th</sup> September 2008 is under consideration to facilitate the investments in urea sector leading self reliance in urea sector.

The issue of allocation of gas for the future feedstock change, revamp, expansion, revival and Greenfield projects as well as providing pipeline connectivity to all existing plants has been taken up by Department of Fertilizers with Ministry of Petroleum & Natural Gas.

So far as balanced use of fertilizers(NPK) for increasing productivity in the country is concerned, the Government has notified the Nutrient Based Subsidy (NBS) policy on 4<sup>th</sup> March 2010 for Phosphatic and Potassic(P&K) fertilizers w.e.f. 1-4-2010.

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 9.8.2010)

### **Further reply of the Department**

The Department of Fertilizers in their Action Taken Replies dated 22.06.2011 has stated as under:-

"The Group of Ministers (GOM) constituted to review the fertilizer policy had discussed the proposal submitted by the Department of Fertilizers for formulation of policy for existing urea units beyond Stage-III of New Pricing Scheme (NPS) as modified NPS-III in urea sector, Amendments to the New Investment Policy 2008 for new investments and other related issues, in the meeting of Group of Ministers held on 5<sup>th</sup> January 2011. The GoM decided to constitute a Committee under chairmanship of Dr. Saumitra Chaudhuri, Member Planning Commission with Secretary (Fertilizers), Secretary (Expenditure), Secretary (DAC) and Secretary (Petroleum) as members. The committee has examined the proposal for introduction of NBS in urea, including various options therefore and made suitable recommendations."

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 22.6.2011)

### **Recommendation Sl.No.2**

The Committee note that for the Eleventh Five Year Plan(2007-12), Planning Commission has approved an outlay of Rs. 20,627.87 crore consisting of Rs. 1,492.00 crore as Domestic Budgetary support and Rs. 19,135.87 crore as Internal and Extra Budgetary Resources(IEBR). These allocations are to be utilized for taking up the approved schemes of underperforming fertilizer PSUs and research activities by renowned technical/research institutes. The Committee have been informed that three major projects, viz. revival of sick and closed fertilizer units, capital subsidy for conversion of feedstock changover projects and S&T schemes have been taken up by the Department during the Eleventh plan period. However, the Committee have observed that the allocation during each of the year from 2007-2008 to 2009-10 was drastically reduced at RE stage from that of BE stage i.e. (Rs.1,037.96 crore to Rs.439.18 crore in 2007-08, Rs.1,878.93 crore to Rs.699.17 crore in 2008-09 and Rs.2,269.56 crore to Rs.1,024.16 crore for 2009-10). The Committee have genuine apprehensions that the Annual Plan for 2010-11 is likely to meet the same fate. The Committee were informed that actual money could not be spent for reasons of technological and technical market related issues which, however, do not prima facie appear to be convincing. The Committee are of the view that the Department has not exercised due diligence while preparing the budget estimates. The Committee feel that a

more realistic plan could have been drawn up had due diligence been exercised at the level of the Planning Commission or the Department

The Committee, therefore, feel that there is an urgent need for proper planning and drawing up realistic estimates and timely and prudent use of approved outlays. The Department of Fertilizers should also endeavour to impress upon the Planning Commission and the Ministry of Finance to allocate necessary funds for the various schemes / programmes that are asked for based on the proper estimates.

### **Reply of the Department**

Most of the Gross Budgetary Support (GBS) allocated by Planning Commission was spent during the year, however short fall occurred in Internal & Extra Budgetary Resources (IEBR) projections which is generated by companies themselves. The companies have been asked to plan, project and utilize Plan expenditure in most effective manner with due diligence. During the quarterly review meetings held under the Chairmanship of Secretary (F) it was impressed upon the companies that they should realistically project their Annual Plan expenditure and all steps should be taken to meet the Plan expenditure targets. Companies have assured that they will try to achieve the projected Plan expenditure during 2010-11 and realistic projections would be made in future. Department of Fertilizers will further review Plan expenditure during Review Meetings with the PSU under the Chairmanship of Secretary (Fertilizers) on regular basis. Additional Secretary & Financial Adviser and Economic Advisor will also review Plan expenditure from time to time on a regular basis.

Regarding allocation of adequate funds by Planning Commission it may be mentioned that Planning Commission allocate funds out of total allocation made by the Finance Ministry for the Annual Plan of all the Departments of Government of India (GOI). Planning Commission will be apprised of the views of the Standing Committee at the time of Annual Plan discussions.

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 9.8.2010)

### **Further reply of the Department**

The Department of Fertilizers in their Action Taken Replies dated 22.06.2011 has stated 'No Change'.

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 22.6.2011)

### **Recommendation Sl.No.3**

It has been brought to the notice of the Committee that the total subsidy disbursed on fertilizers has increased from Rs. 12,808 crore in 2001-02 to Rs. 57,056 crore in 2009-10. The total subsidy released on urea has increased from Rs. 8,304 crore in the year 2001-02 to Rs. 25,258 crore in the year 2009-10. Similarly, on P&K fertilizers, the fertilizer subsidy has increased from Rs.4,504 crore in the year 2001-02 to Rs. 31,798 crore in the year 2009-10. The Committee's examination has revealed that only 6.1% of the increase in subsidy bill is due to higher consumption of fertilizers while the rest, 93.9% rise was due to the increase in international prices during the year 2001-2009. Considering all these facts, the Committee desire that concerted efforts are needed to cut the galloping subsidy bill. Needless to say that in view of increased consumption of fertilizers and international prices of fertilizer inputs and finished fertilizers, there is an urgent need for technological innovation, state of the art machinery reducing the cost of production, energy efficiency measures, experienced and qualified technical man power and optimum capacity utilization so as to reduce our dependence on imports and increasing the indigenous production of fertilizers.

### Reply of the Department

Government has taken various measures to increase indigenous production of fertilizers and to reduce import of fertilizer in India. In order to reduce the subsidy bill, the Government has introduced Nutrient Based Subsidy Policy w.e.f. 1-4-2010 for decontrolled P&K fertilizers and w.e.f. 1-5-2010 for SSP. Keeping in view the increasing consumption of fertilizers in the country vis a vis increasing international price of input, the Government has notified on 4<sup>th</sup> September 2008 a policy for New Investments in urea sector and long terms offtake of urea from Joint Venture abroad to attract investments in urea sector. New Investments will not only increase the energy efficiency, optimum utilisation of capacity but also reduce the cost of production through technological innovation. The fertilizer Industry has responded positively towards the New Investment Policy by initiating investment decision for revamp of existing capacities. The fertilizer units like IFFCO-Aonla – I & II, IFFCO-Phulpur – I & II, Chambal Fertilizers and Chemicals Limited (CFCL) – Gadepan – I&II, Nagarjuna Fertilizers and Chemicals Limited (NFCL) – Kakinada – I & II and the unit of Tata Chemicals Limited - Babrala have informed regarding availability of additional production of urea after revamp. Further, RCF, Thal; KRIBHCO- Hazira and NFL, Vijaipur have undertaken revamp of their units. As regards expansion projects, six companies viz. IFFCO, KRIBHCO, Rashtriya Chemicals and Fertilizers Limited, INDO-GULF Fertilizers Limited, TATA Chemicals Limited and Chambal Fertilizers and Chemicals Limited have proposed to undertake expansion of their units. However, these units have expressed concern regarding pricing and firm availability of gas before taking final investment decision to undertake expansion of their existing units. M/s Matrix Group Company, Mumbai has proposed to Department of Fertilizers for setting up of a Greenfield Gas Based Ammonia-Urea project in BURDWAN District, West Bengal of one million metric tonne per annum (1 Mn MTPA), based on Coal Bed Methane(CBM) Gas which will be supplied to them by Essar Oil Limited's Raniganj CBM block. Besides, the revival of closed units of FCIL/HFCL is also under consideration of Government.

The issue of firm availability of natural gas to fertilizer sector and the pricing of gas has been taken up with the Ministry of Petroleum & Natural Gas. The demand of natural gas for conversion of Naphtha-based & fuel oil-based fertilizers plants for expansion & revamp of fertilizer plants and revival of closed fertilizers plants, the EGOM has decided that they would be supplied natural gas as and when they are ready to utilize the gas.

The companies have intimated that due diligence is being carried out by them for making investment decisions for expansion units, but they are awaiting financial closures as they have been regularly requesting the Government for either firm allocation of gas at predetermined fixed prices from domestic gas sources or insulate the industry from any additional liability arising due to increase in delivered price of gas by correspondingly increasing the floor prices. In absence of any commitment on allocation of natural gas at fixed prices or protecting the industry from any rise in gas prices, a proposal to amend the policy for new investments in urea sector, notified on 4<sup>th</sup> September 2008, is under consideration of Department of Fertilizers.

The country is largely import dependent for meeting its Phosphatic and Potassic (P& K) fertilizers requirements, subsidy outgo for P&K fertilizers is dependent to a large extent on international prices. However, three main factors have impact on subsidy outgo, namely (a) quantum of increase in fertilizers consumption (b) Maximum Retail Prices for P&K fertilizers; and (c) international prices of P&K fertilizers such as DAP, MAP, TSP and fertilizer inputs such as rock phosphate, phosphoric acid, ammonia, sulphur/sulphuric acid, etc. Increase in the subsidy outgo for P&K fertilizers from Rs. 4504 crore in the year 2001-02 to Rs. 31, 798 crore in 2009-10 can be seen in the background of all the three factors.

There has been substantial increase in consumption of P&K fertilizers in 2009-10 over 2001-02 as depicted in the table below. As such, increase in subsidy outgo due to increase in consumption is a major factor:

<b>Year-wise consumption of P&amp;K fertilizers</b>				
<b>Year</b>	<b>Consumption in lakh MT</b>			
	<b>DAP</b>	<b>NPK</b>	<b>SSP</b>	<b>MOP</b>
2001-02	61.81	49.63	26.05	19.92
2002-03	54.33	48.10	24.99	18.60
2003-04	55.20	47.57	25.44	16.47
2004-05	60.79	55.08	25.49	23.14
2005-06	65.00	67.00	24.00	27.00
2006-07	69.24	74.64	28.06	23.93
2007-08	75.55	58.50	19.97	27.92
2008-09	99.04	71.22	28.06	43.46
2009-10	108.21	80.58	29.44	40.9
% Increase in 2009-10 over 2001-02	<b>75.07</b>	<b>62.36</b>	<b>13.01</b>	<b>105.32</b>

Maximum Retail Prices of the P&K fertilizers indicated by the Government in February 2002 has remained constant till 17<sup>th</sup> June 2008, despite huge increase in international prices of P&K fertilizers and fertilizer inputs. This resulted in absorption of the increase in prices by the Government as part of the Subsidy for P&K fertilizers and farmers remained insulated from the volatility. In fact, the prices of the Complex fertilizers were revised downwardly w.e.f. 18<sup>th</sup> June 2008 with reduction of an average of Rs. 1300 per MT, further increasing the subsidy outgo.

Average international prices (US\$C&F) of fertilizers and fertilizer inputs for P&K fertilizers have shown substantial increase in 2009-10 over 2001-02, as follows:-

<b>Years</b>	<b>DAP</b>	<b>MOP</b>	<b>Rock Phosphate</b>	<b>Phosphoric Acid</b>	<b>Ammonia</b>	<b>Sulphur</b>
2001-02	174	121	55	349	145	34
2009-10	404	460	150	775	303	95
% increase	132	280	173	122	109	179

As such, increase in subsidy in the P&K fertilizers in 2009-10 over 2001-02 is attributable to all the three factors, namely increase in consumption, absence of increase in MRP in proportion to increase in total cost of fertilizers and increase in international prices.

To ensure food security, Government has commitment to provide fertilizers to the farmers at reasonable and affordable prices; subsidy for P&K fertilizers is an important component of this policy. However, to encourage balanced fertilization and use efficiency of fertilizers, let the dynamics of demand-supply influenced use of fertilizers and regulate subsidy outgo, Government has introduced Nutrient Based Subsidy(NBS) policy for P&K fertilizer w.e.f. 1<sup>st</sup> April 2010. As per this policy, the prices the P&K fertilizers have been decontrolled and w.e.f. 1<sup>st</sup> April 2010 the MRP of P&K fertilizers is being fixed and announced by the companies. However, to ensure that fertilizers are available to the farmers at reasonable and affordable prices, NBS for 2010-11 has been fixed by the Government in such a manner that MRP fixed by the companies w.e.f. 1<sup>st</sup> April 2010 has increased only marginally by Rs. 30 per bag (Rs. 600 per MT) over the MRP that prevailed as on 31<sup>st</sup> March 2010. In fact, MRP of MOP has not changed and

MRP of SSP and Ammonium Sulphate has decreased w.e.f. 1<sup>st</sup> April 2010. Further, imported complex fertilizers not included under the subsidy for P&K fertilizers hitherto have been included under the NBS Scheme for P&K fertilizers hitherto have been included under the NBS w.e.f. 1<sup>st</sup> April 2010 and imported complex fertilizers are being made available to the farmers at subsidized prices.

It is expected that since the rate of Nutrient Based Subsidy under the NBS policy is being fixed on annual basis (unless there is need to review the same), as against the monthly rate followed earlier, this will encourage the producers/importers to enter into long term arrangements for supply of fertilizers and fertilizer inputs, which would provide security of supply of material and would stabilize prices in the international market. A large number of Indian producers and importers are already entering into long term joint venture and offtake arrangements in foreign countries for supply of Phosphatic and Potassic fertilizers and fertilizer inputs. Government is encouraging both public and private sector fertilizers and mining entities in India to enter into long term joint venture production and offtake arrangements in foreign resource rich countries to ensure supply and stabilize prices.

NBS has provided enhanced subsidy for Single Super Phosphate (SSP) of Rs. 4400 per MT for 2010-11, as against the subsidy of Rs. 2000 per MT earlier. It is expected that this will encourage more capacity utilization and production of SSP now in the country that was the case earlier. On an average, capacity utilization of the SSP plants in the country is about 35-38 % for the last few years. It is expected that under NBS policy there would be substantial increase in production of SSP which has at present installed capacity of about 75 LMT.

Since, NBS provides annual based subsidy, the un/underutilized capacity of Phosphatic plants is also expected to increase. For example, IFFCO-Paradeep unit which produces DAP and complex fertilizers and is one of the largest capacity has been running on an average of 58-60% capacity utilization for last several years. It has now made technological improvements and secured source of rock supply. IFFCO-Paradeep has announced that it would achieve more than 90% capacity utilization soon. Similarly, with stability in policy and subsidy rates, other phosphate production capacity are also expected to come up.

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 9.8.2010)

### **Further reply of the Department**

The Department of Fertilizers in their Action Taken Replies dated 22.06.2011 has stated as under:-

"In so far as para 3 of the reply as above is concerned, the Group of Ministers (GOM) constituted to review the fertilizer policy had discussed the proposal submitted by the Department of Fertilizers for formulation of policy for existing urea units beyond Stage-III of New Pricing Scheme (NPS) as modified NPS-III in urea sector, Amendments to the New Investment Policy 2008 for new investments and other related issues, in the meeting of Group of Ministers held on 5<sup>th</sup> January 2011. The GoM decided to constitute a Committee under chairmanship of Dr. Saumitra Chaudhuri, Member Planning Commission with Secretary (Fertilizers), Secretary (Expenditure), Secretary (DAC) and Secretary (Petroleum) as members. The committee have examined the proposal for introduction of NBS in urea, including various options therefore and have made suitable recommendations."

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 22.6.2011)

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

The Committee in their earlier Reports had recommended from time to time for achievement of long cherished goal of direct payment of subsidy to the poor and the marginal farmers. The Committee have been informed that fertilizer industry agreed to work with the Department of Fertilizers to conduct a study and find a solution. Thereafter, a Group of Ministers (GoM) was formed in May 2007 under the Chairmanship of Minister of Agriculture to look into the sustainable use of fertilizers and all aspects of fertilizer subsidy regime including the option of direct fertilizer subsidy to farmers. The Finance Minister in his Budget Speech 2010-11 has again stressed the need to move to a system of direct transfer of subsidy to the farmers.

The Secretary, Department of Fertilizers while deposing before the Committee stated that there were certain difficulties viz. getting the clear details regarding land holding and ownership data, proper distribution of fertilizers at retailer point, detailed study regarding pattern and ratio of direct subsidy, identifying the actual farmers for payment of direct subsidy to farmers. The Committee are constrained to point out that despite their repeated recommendations in earlier Reports, Government could not achieve the long cherished goal of payment of subsidy directly to farmers. The Committee desire that the Department should come out with a proposal so as to ensure payment of subsidy direct to the farmers. Details of such a proposal may be submitted to the Committee within three months of the presentation of the Report.

### **Reply of the Department**

Department of Fertilizers is examining the feasibility and manner of transfer of direct subsidy to the farmers in the second phase of NBS, however, a few constraints/problems, which are apprehended include that of robust land records in many States, different types of land tenures, fixation of quantum of subsidy based on requirement of farmer, vis-à-vis cropping pattern, soil requirement, land size etc. and also issues of handling liquidity requirements of fertilizer companies, putting in place subsidy transfer mechanism to retailers. However, the Department is in the process of finalizing the modalities of a Pilot Project in 5 States across the country to examine the feasibility of disbursing direct subsidy to the farmers, in due course, by mapping and tracking the movement of fertilizers, initially, to the last point, i.e. the retailer, from whom the farmer buys the fertilizer. Once the pilot/proof of concept is proved, and the modalities of capturing farmer related data finalized, the feasibility of disbursing subsidy directly to the farmer will emerge.

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 9.8.2010)

### **Further reply of the Department**

The Department of Fertilizers in their Action Taken Replies dated 22.06.2011 has stated as under:-

"The Government has set up a Task Force under the chairmanship of Shri Nandan Nilekeni, Chairman, UIDAI on transfer of direct subsidy on kerosene, LPG and fertilizers to intended beneficiaries, which has been mandated to implement a mechanism for transfer of direct subsidy in fertilizers, including, inter-alia, to identify and suggest the required changes in the existing systems, processes and procedures, IT frameworks and supply chain management. The task force is also to oversee and evaluate the implementation of the solutions proposed on pilot based through the concerned implementing Ministries.

Following this, the Department of Fertilizers has appointed National Informatics Centre (NIC) to implement the phase I of the mandate regarding making available information visibility at the point of sale to the farmer (retailer). This phase I will be

completed in December 2011, after which, phase II, dealing with transfer of subsidy at the last point sale (to the retailer or to the retailer on receipt of fertilizers) will be implemented. Phase III on implementation of direct subsidy to farmers will be undertaken when once the Unique Identification Nos. (AADHAR Nos.) are issued to the farmers and AADHAR enabled payments are tested."

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 22.6.2011)

### **Recommendation SI.No.5**

The Committee have been informed that the Government has introduced the first phase of Nutrient Based Subsidy (NBS) Policy for phosphatic and potassic fertilizers in April 2010. Under this policy, the subsidy on fertilizers will be determined on the basis of nutrient subsidy fixed by the Government and the nutrients contained in the fertilizers. The Nutrient Based Subsidy policy will help to increase the indigenous production of domestic raw material of phosphatic and potassic fertilizers in the country besides encouraging entrepreneurs to make fresh investment in the prospecting and mining of the raw materials required for this. The Committee expect the Department to closely monitor the implementation of this policy which is likely to increase the agricultural productivity as well as attaining self-sufficiency of phosphatic fertilizers in the country.

### **Reply of the Department**

The perusal of the details of the MRP fixed by various companies for Phosphatic & Potassic fertilizers (P&K fertilizers) w.e.f. 1.4.2010 indicates that the MRP of the fertilizers is more or less at the level maintained earlier. An average increase of Rs. 30 per bag has taken place. In the case of MOP, the companies such as IPL and PPL have not increased the MRP from the previous level of Rs. 4455 per MT. In the case of Ammonium Sulphate, GSFC has reduced the price. The MRP of SSP also stands reduced by Rs. 70 per bag approximately by fixing the MRP at Rs. 3200 per MT. The manufacturers have entered into a Memorandum of Understanding (MOU) with Department of Fertilizers to sell SSP at Rs. 3200 per MT during 2010-11. DOF has given instructions to the fertilizer companies to print both the MRP fixed by them and the Central Government subsidy on each bag in addition to other statutory requirements. Selling of the fertilizers at prices higher than the MRP is a punishable offence under the Essential Commodities Act. The State Governments have been requested to gear up its machinery to ensure the sale of the fertilizers at the MRP printed on the bags and to prevent hoarding and profiteering. The State Governments have also been requested to ensure that the fertilizers are not smuggled into the neighbouring countries. The State Governments are required to test the samples of the fertilizers in regard to quality of the fertilizers at the retail and wholesale points. The State Governments have been asked to strengthen the mobile/static soil testing laboratories and issuance of soil health cards so as to encourage use of soil specific fertilizers under the NBS. Further, the State Governments have been requested to activate appropriate District Vigilance Committees with the objective of ensuring easy availability of fertilizers at reasonable prices and prevent wastage of subsidy due to any illegal activity. The State Governments have also been asked to test the samples of SSP alongwith the team of the Projects & Development India Ltd (PDIL).

Based on the Inter Ministerial Committee Meeting, certain other fertilizers covered under the FCO are also proposed to be introduced in the Nutrient Based Subsidy. The distribution and movement of fertilizers along with import of finished fertilizers, fertilizers inputs and production by indigenous units is monitored through the Fertilizer Monitoring System. The availability of the fertilizers is ensured in all the States based on the requirement thereof. The NPK complex fertilizers have also been allowed to be imported under the NBS. The manufacturers of customized fertilizers have also been allowed to

source subsidized fertilizers for manufacturing customized fertilizer. The manufacturers and importers have also been allowed to transport their fertilizers from plants and ports by road. Specific guidelines have also been issued by the Department to the SSP manufacturers to claim Nutrient Based Subsidy.

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 9.8.2010)

### Further reply of the Department

The Department of Fertilizers in their Action Taken Replies dated 22.06.2011 has stated as under:-

"The Government has announced rates of NBS of the year 2011-12. A comparative statements regarding rates of NBS for the year 2010-11 and 2011-12 is as under:

(a). Nutrient Based Subsidy Per Kilo Gram of Nutrients

(Amount in Rs.)

Sl. No.	Nutrients	(Notification dated 16.3.2010) NBS per Kg of nutrient (2010-11) from 1.4.2010 to 31.12.2010	(Notification dated 1.12.2010) NBS per Kg of nutrient Jan-March 2011 (2010-11)	(Notification dated 5.5.2011) w.e.f. 1.4.11 to 31.3.12
1.	'N'	23.227	23.227	27.153
2.	'P'	26.276	25.624	32.338
3.	'K'	24.487	23.987	26.756
4.	'S'	1.784	1.784	1.677

(b). Per MT Nutrient Based Subsidy

(Amount in Rs per MT)

Sl. No.	Fertilizers	(Notification dated 16.3.2010) Nutrient Based Subsidy per MT (2010-11)	(Notification dated 1.12.2010) Nutrient Based Subsidy per MT Jan-March 2011 (2010-11)	(Notification dated 5.5.2011) w.e.f. 1.4.11 to 31.3.12
1.	DAP	16268	15968	19763
2	DAP Lite (16-44-00)	-	14991(from 1.2.2011)	18573
3.	MAP	16219	15879	19803
4.	TSP	12087	11787	14875
5.	MOP	14692	14392	16054
6	SSP	4400	4296+200	5359
7	16-20-0-13	9203	9073	11030
8	20-20-0-13	10133	10002	12116
9	23-23-0-0	11386	11236	13686
10	10-26-26-0	15521	15222	18080
11	12-32-16-0	15114	14825	17887
12	14-28-14-0	14037	13785	16602
13	14-35-14-0	15877	15578	18866
14	15-15-15-0	11099	10926	12937
15	20-20-0-0	9901	9770	11898
16	28-28-0-0	13861	13678	16657
17	17-17-17-0	12578	12383	14662
18	19-19-19-0	14058	13839	16387
19	16-16-16-0	11838 (w.e.f. 1.7.2010 inducted into NBS on 6.8.2010)	11654	13800
20	Ammonium Sulphate (20.0-0-0-23)	5195	5195	5979
21	15-15-15-09	11259 (w.e.f. 1.10.2010) on 22.12.2010	11086	13088
22	24-24-0-0	11881 (w.e.f. 1.10.2010) on 22.12.2010	11724	14278



(c). Provisional amount of concession has been allowed w.e.f. 1.4.2010 by DOF pending the recommendations of the Tariff Commission to the companies, as below:

<b>Name of the Company</b>	<b>Grades of Fertilizers</b>	<b>Notification dated 29.4.2011) Revised Amount of additional compensation (provisional) in Rs. per MT</b>
FACT (Cochin)	20-20-0-13 (APS) (Udyogmandal and Cochin)	3121
	Ammonium Sulphate (20.6-0-0-13) (Udyogmandal)	3658
MFL, Manali	20-20-0-13 (APS)	5434
	17-17-17-0	4640
GNVFC, Bharuch	20-20-0-0 (ANP)	2534

(d) Per MT additional subsidy for fortified fertilizers with secondary and micro-nutrients as per FCO has also been allowed as follows during 2010-11 and 2011-12:

<b>Sl. No.</b>	<b>Nutrients for fortification as per FCO</b>	<b>Additional subsidy per MT of fortified fertilizers during 2010-11 and 2011-12 (in Rs. Per MT)</b>
1.	Boron 'Bn'	300
2.	Zinc 'Zn'	500

(e) As per guidelines dated 21.4.2011 applicable w.e.f. 1.1.2011, freight subsidy under NBS on the decontrolled subsidized fertilizers (except SSP) for rail movement is paid as per actual claim. Secondary freight for the P&K fertilizers (except SSP) is paid in line with the "Uniform Freight" applicable for urea. Freight for direct road movement is subject to lower of actual claim and equivalent rail freight. Direct road movement is allowed to a maximum distance of 500 KM. For the purpose of admissibility of equivalent rail freight for direct road movement, following rates would be applicable:

<b>Movement (KM)</b>	<b>Rate Rs. per MT</b>
Upto 100	108
101-200	183
201-300	256
301-400	327
401-500	400

In addition to the NBS for SSP already announced, a lump sum freight of Rs. 200 PMT is provided.

2. **Maximum Retail Prices (MRPs):-** Under the Nutrient Based Subsidy scheme regime, Maximum Retail Price has been left open i.e. it has been fixed by the fertilizer companies depending upon market. However, as directed by the Government, under the Nutrient Based Subsidy (NBS) policy for decontrolled Phosphatic and Potassic (P&K) fertilizers implemented w.e.f 1<sup>st</sup> April 2010, subsidy for the nutrients 'N', 'P', 'K' & 'S' for 2010-11 and 2011-12 has been fixed by the IMC in such a manner that the MRPs of Phosphatic and Potassic fertilizers, as far as possible, would be near the MRPs that prevailed before NBS so that the farmers are not adversely affected. Accordingly, the Government has fixed rates of NBS for the year 2011-12 ( w.e.f. 1.4.2011 to 31.3.2012).

3. With Introduction of NBS and free retail prices of P&K fertilizers, the manufacturers/importers are generally encouraged to augment production and import to meet the requirements. Requirements of fertilizers for both Kharif 2011 has been firmed up.

4. Expansion of basket of subsidized fertilizers and balanced fertilization of soil:-

As approved by the Government, the IMC can recommend inclusion of new fertilizers under the NBS regime based on application of manufacturers/ importers and its need appraisal by the Indian Council for Agricultural Research (ICAR). Accordingly, as recommended by IMC, the following four grades of new fertilizers under the NBS:

- (i) 16-16-16-0 (included w.e.f. 1.7.2010)
- (ii) 24-24-0-0 (included w.e.f. 1.10.2010)
- (iii) 15-15-15-9 (included w.e.f. 1.10.2010)
- (iv) DAP lite (16-44-0-0) (included w.e.f. 1.2.2011)

It is expected that the inclusion of abovementioned new grades of fertilizers would bring more product competition and supply of various fertilizer nutrients based on their production and availability in the international market. "

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 22.6.2011)

### Recommendation Sl.No.8

The Committee's examination has revealed that out of nine Public Sector Fertilizer Companies under the administrative control of Department of Fertilizers, Fertilizer Corporation of India(Ltd.)(FCIL), Hindustan Fertilizers Corporation Limited(HFCL), Madras Fertilizers Ltd.(MFL) and Brahmaputra Valley Fertilizers Corporation Ltd.(BVFCL) are sick units. Out of these four, the units of FCIL and HFCL are presently lying closed since 2002. MFL and BVFCL are operational but sick companies. The Committee have been given to understand that an Empowered Committee of Secretaries(ECOS) was constituted in November 2008 under the Chairmanship of Secretary(Fertilizers) and Secretaries of Department of Expenditure, Department of Disinvestment, Planning Commission, Department of Public Enterprises and Ministry of Petroleum & Natural Gas as Members to look into all the financial models for revival of each of the closed units. Similarly, initiatives have also been taken by the Government to wipe out the accumulated losses of MFL and BVFCL and to make these PSUs commercially viable till availability of gas around 2011-12. The Committee would like the Department of Fertilizers to take effective and expeditious steps to canalize and implement the whole revival process for the closed and loss-making PSUs. The details of such a revival package may be intimated to the Committee within three months of presentation of this Report.

### Reply of the Department

The loss making/ sick closed fertilizer PSUs are BVFCL, MFL, FCIL and HFCL. The steps taken by Government to improve their performance are as follows :-

A. Measures to Revive the closed units of FCIL/HFCL.

The Government had taken a decision on 12th April, 2007 to examine the feasibility of reviving the closed units of FCIL and HFCL subject to the confirmed availability of gas. The revival of the closed fertilizer units through brown field projects subject to confirmed availability of gas have been found feasible, the Government on 30th October 2008, considered the proposal of the Department of Fertilizers for revival of Barauni Unit of Hindustan Fertilizer Corporation through a Special Purpose Vehicle (SPV) viz. Urvarak Videsh Limited (UVL) which is promoted by National Fertilizers Limited (NFL), Rashtriya Chemicals & Fertilizers Limited (RCF) and Krishak Bharti Cooperative Limited (KRIBHCO). The UVL Board after considering all aspects of revival of Barauni Unit, conveyed that in the current policy dispensation with respect to Urea, the revival of Barauni unit of M/s HFCL is not feasible .

The Government also accorded approval for constitution of an Empowered Committee of Secretaries (ECOS) to look into all the financial models for revival of each of the closed units. The Committee would also look into various linkages including gas for facilitating revival of the closed units. The Committee will submit its recommendations including the model for revival of each of the closed units, to the Government. Pursuant to the decision dated 30.10.2008, an Empowered Committee of Secretaries (ECOS) was constituted on 7.11.2008 under the Chairmanship of Secretary (Fertilizers) and Secretaries of Department of Expenditure, Department of Disinvestment, Planning Commission, Deptt. of Public Enterprises and Ministry of Petroleum & Natural Gas as Members to look into all the financial models for revival of each of the closed units.

The Committee in its first meeting on 05.12.2008 had approved the Terms of Reference (TOR) for consultants and that FCIL and HFCL should finalize appointment of consultants as per the TOR already approved.

The second meeting of the ECOS was held on 24.08.2009 in which various financial models for revival were considered. M/s Deloitte India Pvt. Ltd. have been selected as Project Advisers for implementation of the selected options for revival of the closed units of Sindri, Ramagundam, Talcher and Gorakhpur in respect of FCIL and Durgapur Unit of HFCL. M/s PDIL has been appointed by HFCL as Consultant for evaluation of existing assets of the closed units and certification through Registered Valuer. ECOS has advised to obtain the approval of CCEA for the recommended Revenue Sharing Model for revival before implementation of the same. In the mean-time proposals have also been received by consortium of GAIL/Coal India Limited (CIL)/Rashtriya Chemicals and Fertilizers Limited (RCF) for considering of transferring assets of Talcher Unit free from any liabilities on nomination basis. Similar proposal has also been received from SAIL for Sindri and from KRIBHCO for Ramagundam. The proposal of these CPSUs and recommendation of ECOS are under consideration in the Department of fertilizers.

**Revival of Barauni Unit of HFCL:** The Government, considered the proposal of the Department of Fertilizers for revival of Barauni Unit of Hindustan Fertilizer Corporation on 30th October, 2008, through a Special Purpose Vehicle (SPV), promoted by fertilizer PSUs/Cooperatives.

Accordingly, "Urvarak Videsh Limited", a Joint Venture company promoted by NFL, RCF & KRIBHCO has initiated necessary steps for the Revival of Barauni Unit of HFCL by setting up a Brown Field Ammonia/Urea Project. M/s UVL have undertaken various pre-project activities like environmental clearance, request for waiver of electricity dues by Bihar State Electricity Board, Valuation of Assets, preparation of Techno-Economic Feasibility report by M/s PDIL and fully tied up proposal by consultant M/s Price Water House Coopers (PWC). For environment clearance, UVL has engaged M/s PWC. On the basis of report of M/s PWC, M/s. UVL vide their letter dated 7.04.2010 have expressed that the revival of Barauni Unit by UVL is not feasible under the present policy dispensation.

**BVFCL:** The Government has taken the following steps:

a) Financial Restructuring: The proposals for financial restructuring of BVFCL included Second Revised Project Cost and time of the Namrup revamp Project besides de-rating of Namrup-II and other dispensations for making the company financially viable. The proposals were taken up for consideration by the Government in February, 2009. The Government decided that appropriate support may continue to be provided to the Project till such time a comprehensive proposal is brought up before the Committee after requisite appraisals & consultations. Recently in march, 2010, Government has approved the final revamp cost of Rs. 635.53 Cr. Of namrup revamp project. This will enable

recognition of actual fixed costs for urea production for BVFCL, thereby reducing the under recovery on fixed cost for urea. The measure will increase subsidy disbursement to BVFL by around Rs. 20 Cr. P.A.

b) Study of plants by Process Licensor: To comply with the directives of Government for submission of a comprehensive proposal after due appraisal, a Notice Inviting Tender NIT was floated to reputed process licensors for carrying out an in depth study of the plants and suggest measures for sustained operation of the Plants. Rs.8.00 Crores has been earmarked for the study. The response of NIT was not encouraging. However offer of M/s Cassale has been found technically suitable and with some clarification price bid was opened. The price quoted by the Party was 1.5 times higher than estimated cost and a final decision is under consideration.

c) MOU with NFL: There is acute shortage of qualified and experienced persons in BVFCL. To address the problem a MOU has been entered with NFL for Management Contract for 3 years on 7th August 2009 with objective of turnaround of the Company and convert BVFCL into a profit centre. NFL will provide technical support for efficient operation of the plants, for maintenance, planning and execution of jobs, on-site training of BVFCL personnel by NFL specialists and assistance for carrying out health study of the plant.

d) Plan Funds: BVFCL has received plan/non-plan loans for schemes under 'Renewal & Replacement' for replacement/procurement of capital items during last three years and current financial year as given below.

Year	Type of Fund	Amount
2006-07	Loan (Plan)	Rs. 10 Crores
2007-08	Loan (Plan)	Rs. 7.47 Crores
	Loan (Non-Plan)	Rs. 20.96 Crores
2008-09	Loan (Plan)	Rs. 19.98 Crores
2009-10	Loan (Plan)	Rs. 65.00 Crores
2010-11(Budgeted)	Loan (Plan)	Rs. 45.00 Crores

### **MADRAS FERTILIZERS LIMITED**

In February, 2008, MFL entrusted a study to M/s. Deloitte to suggest financial restructuring/dispensation package to ensure long term viability of MFL, who submitted its report in July, 08. The view in Department of Fertilizers (DOF) was to consider the option-II suggested in the report of M/s Deloitte envisaging amendments in NPS III policy resulting in increased subsidy for MFL and financial restructuring of MFL by converting outstanding GOI loan into equity and waiver of interest.

The Government has approved the amendment to NPS-III Policy for restricting reduction in fixed costs to 10% on 25.06.2009. Based on the amended NPS III policy, additional compensation due to MFL is about Rs 3,073/MT of Urea. With the said implementation of change in NPS policy, the original projected loss is expected to come down substantially. The urea operations of MFL have become viable after the said amendment to NPS-III. The company is about to start production of Complex Fertilizer (20-20-0-13), which is a viable proposition under the current Concession Scheme for Complex Fertilizers.

However, financial restructuring is required to wipe out the accumulated losses and to keep the operations of MFL commercially viable till availability of gas around 2011-12, with minor modifications to Plants. The issue of financial restructuring is under discussion with the foreign promoters NICO who are holding 25.77% equity stake. To support the revival from technical point of view, M/s Projects and Development India Ltd.

(PDIL) had been entrusted with the job of providing the methodology for reviving MFL. The report of PDIL is under examination.

Plan Funds/Loans have been provided to MFL for renewal and replacement schemes as follows:

YEAR	AMOUNT (RS. CRORE)
2006-07	9.00
2007-08	9.00
2008-09	12.97
2009-10	96.99
2010-11 ( budgeted)	74.50

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 9.8.2010)

### Further reply of the Department

The Department of Fertilizers in their Action Taken Replies dated 22.06.2011 has stated as under:-

#### "Revival of HFCL and FCIL:

Fourth Meeting of ECOS had taken place on 3.3.2011 to consider some reservations raised by the consortium of PSUs. Based on the recommendations of the ECOS, a draft CCEA note was circulated for inter-ministerial comments. After considering the comments of concerned Ministries/Departments, the CCEA note on Revival of closed units of HFCL and FCIL has been finalized and forwarded to Cabinet Secretariat vide OM dated 10/6/2011 for placing it before cabinet committee of Economic Affairs.

#### Restructuring of BVFCL.

With regard to study of plant by Process Licensor, Bid, received from M/s Cassale Switzerland was much above the estimated cost, accordingly the Board took a decision to float fresh NIT. The fresh NIT was refloated on 4/8/2010. As no response was received till last date of the receipt, the last date was extended up to 30.09.2010. Two parties responded to the NIT and the technical bids were opened on 12th Oct. 2010. BVFCL appointed M/s Haldor Topsoe as Process Licensor for comprehensive study of Ammonia plants and M/s PDIL for Urea plant and off-sites/utilities, situated at Namrup-II and namrup III plant. The final report is expected to be received by July 2011.

Restructuring of MFL:

As regards restructuring of MFL, M/s PDIL has submitted their report and recommended the conversion of GOI loan into equity and waiver of outstanding interest liability towards GOI.

Due to its negative networth the company was referred to BIFR in 2007 and in its hearing on 4/2009 it was declared as sick. BIFR has appointed State Bank of India as a Operating Agency for submitting a Financial restructuring proposal for MFL. State Bank of India (SBI) had submitted the financial restructuring proposal of MFL after considering the views of foreign promoter NICO and PDIL report. The report was approved in Board meeting of MFL held on 19.10.2010.

After considering the views of the Board of MFL, NICO and Operating Agency, a BRPSE note for financial restructuring of MFL was circulated for inter-ministerial comment. The comments have been received and are under consideration."

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 22.6.2011)

### Recommendation SI.No.9

The Committee note that there are nine Public Sector Undertakings (PSUs), one multi-State Cooperative Society(KRIBHCO) and one Joint Sector Company(Indian Potash Limited) under the administrative control of Department of Fertilizers. Out of this, Krishak Bharati Cooperative Limited(KRIBHCO), the multi-State cooperative society and three PSUs, viz. National Fertilizer Limited(NFL), Rashtriya Chemicals and Fertilizers Limited(RCF) and Projects and Development (India) Limited (PDIL) are profit making units. Three PSUs, viz. Fertilizers and Chemicals Travancore Limited(FACT), Madras Fertilizers Limited (MFL) and Brahmaputra Valley Fertilizer Corporation Limited (BVFCL) are loss making units. Besides, two PSUs, viz. Fertilizer Corporation of India Ltd. (FCI) and Hindustan Fertilizers Corporation Limited (HFCL) are lying closed after incurring losses continuously over a period of time. Non-availability of natural gas, outdated machinery, lack of skilled and qualified manpower are the main bottlenecks in their capacity addition programmes/ schemes. The Committee's examination also revealed that the performance of certain PSUs in relation to implementation of schemes/programmes during the first three years of the 11<sup>th</sup> Plan Period has not been satisfactory. These PSUs are either closed or incurring losses continuously year after year. The Committee are of the view that these losses are not only affecting the physical and financial performance of the company but also depriving it for achieving their plan targets set for the remaining two years of the Eleventh Plan period. The Committee, therefore, desire the Department to appoint a panel to go into the perennial problem of sick PSUs in the fertilizer sector and present to this Committee a status paper indicating *inter-alia* the revival plan for these PSUs within the next six months.

### Reply of the Department

The loss making/sick closed fertilizer PSUs are BVFCL, MFL, FCIL and HFCL. The assessment of the present financial performance of these companies are as under:-

#### **"BRAHMAPUTRA VALLEY FERTILIZER CORPORATION LTD(BVFCL)**

In the case of BVFCL, the company had been incurring losses since its inception. The company has two running plants at Namrup-III and II. At Namrup-III, the losses are mainly on account of higher energy consumption than the norms, non-recognition of increase in salary and wages of employees under NPS.II and non-recognition of the total capital costs incurred during revamp. It is therefore, required that the capital costs for revamp be recognized for Namrup-III as a special dispensation for BVFCL.

Namrup-II which was commissioned on 22.11.2005 is incurring losses due to low capacity utilization on account of limitation of gas. These losses will increase further if the Namrup-II unit is brought under NPS and clubbed with any group as its energy consumption is much higher as compared to other gas based units. It is therefore, required to be treated separately for the calculation of concession rate based on the erstwhile Retention Price Scheme (RPS) mechanism till completion of NPS-III. Turnaround of the company requires financial restructuring, removing of technical limitations and availability of fund to carry out the identified jobs.

The proposals for financial restructuring of BVFCL included Second revised project cost and time of the Namrup revamp project besides de-rating of Namrup II and other dispensations for making the company financially viable. With the proposed dispensations, it is expected that both the units of the company will have a positive rate of Internal Return in the even of adequate availability of gas to run both the plants at 100% capacity utilization. However, when the desired quantity of gas is not available, which is the case today and is also expected to continue in near future, the efficiency of Namrup-II unit will fall considerably as it will operate only at 40% capacity and it will incur losses. The losses of Namrup-II can be partially cross subsidized by the return on Namrup-III unit but the overall operation of the company will continue to be in losses. Therefore, there is a need for special dispensation to company by way of financial

restructuring to make the overall operation of the profitable. The details of efforts of the government to sustain BVFCL are given in reply to recommendation no. 8 above.

### **MADRAS FERTILIZERS LIMITED (MFL)**

MFL incurred losses of Rs 114.78 Cr in 2006-07, Rs 134.85 Cr in 2007-08 and Rs.145.38 Cr in 2008-09. The accumulated loss as on March 31, 2009 is Rs. 793.93 Cr against paid up Capital plus reserves of Rs.174.53 Cr. The company has been declared sick by the BIFR in the hearing dated 02.04.2009 and State Bank of India has been appointed as the operating agency. The major reasons for the losses are

- (a) High investment in revamp of Ammonia and Urea Plants between 1993 and 1998 and technology related problems thereafter.
- (b) Non-implementation of the recommendations of the Tariff Commission for Pricing of Complex Fertilizers from April 2002, leading to under recovery of costs under the Price Concession Scheme (PCS).
- (c) Reduction in subsidy income due to introduction of New Pricing Scheme (NPS) for Urea from 1/4/2003 and withdrawal of outlier benefit from 1/10/2006.
- (d) Reduction in credit limits by Commercial Banks due to poor financials.
- (e) Liquidity crisis affecting procurement of raw materials for Urea and NPK and spares for normal maintenance of Plants.

To address the problems of MFL, the Government has amended the New Pricing Scheme-III for Urea w.e.f. 01.04.2009. Based on the amended NPS III policy restricting the reduction in fixed cost to 10% w.e.f. 01/04/2009, additional compensation of Rs 3,073/MT of Urea is being made to MFL. With the said additional compensation, the projected loss of Rs 160.98 Cr. for the year 2009-10 may come substantially assuming production of 4 LMT during 09-10 (4,00,000 MT x Rs 3,073/MT). However, it may be added that the NPS-III is due to end by March, 2010 and therefore, the recent amendment will benefit MFL only during 2009-10. The company is also started production of NP 20-20-0-13, which is a viable proposition under the current Concession Scheme for Complex Fertilizers.

Besides, Government has approved Plan Expenditure of Rs.95 Cr. during 09-10 for MFL, for renewal/repair and replacement of critical machinery items, which is expected to improve operational efficiency and prevent breakdowns.

The issue of financial restructuring is under discussion with the foreign promoters NICO who are holding 25.77% equity stake.

To support the revival from technical point of view, M/s Projects and Development India Ltd. (PDIL) had been entrusted with the job of providing the methodology for reviving MFL.

### **Financial Performance Of The Closed Fertilizer Corporation Of India Limited(FCIL) And Hindustan Fertilizers Corporation Ltd(HFCL)**

FCIL and HFCL, are sick PSUs, both having closed Fertilizer Units. Therefore, there is no physical performance in respect of these PSUs. The Government has already decided to explore all the options for their revival (the details are given in reply to recommendation no. 8 above)."

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 9.8.2010)

### **Further reply of the Department**

The Department of Fertilizers in their Action Taken Replies dated 22.06.2011 has stated as under:-

"No change, except status of financial reconstructing of MFL as explained in reply to recommendation No.8".

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 22.6.2011)

**CHAPTER – III**

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT  
DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

**Recommendation Sl.No.**

**NIL**



## CHAPTER – IV

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

#### Recommendation Sl.No.6

The Committee have been informed that out of 28 urea units in the country, 20 units are gas based; 4 units based on Naphtha and 4 on Fuel Oil (FO)/ Low Sulphur Heavy Stock (LSHS) as feedstock. The total requirement of natural gas for existing 20 units is 40.92 mmscmd, which is being met from the supplies under APM Gas, PMT Gas, JV gas, RIL gas and RLNG gas. The Committee note that six fertilizer companies have proposed to undertake expansion of their existing units but expressed concern regarding pricing and firm availability of gas before taking final investment decision. An Empowered Group of Ministers (EGOM) was constituted in 2007 to examine and decide issues of gas pricing and commercial utilization of gas under new Exploration Licensing Policy. The Committee were also informed by the Department of Fertilizers that as per assurance given by the Ministry of Petroleum and Natural Gas, most of the naphtha / fuel oil based plant and closed fertilizer plants will get the gas pipeline connectivity by 2009-10 / 2010-11. The Committee expect the Department of Fertilizers to vigorously pursue the matter with the Ministry of Petroleum and Natural Gas so that effective and expeditious steps are taken by them to achieve these targets.

The Committee hardly need to emphasise that pricing and firm availability of natural gas for existing and new units of fertilizer companies are the pre-requisites to increase their indigenous production and would, therefore, desire the Department to play a proactive role in association with the Ministry of Petroleum and Natural Gas towards allocation of gas for the existing and new fertilizer plants in the country.

The Committee regret to observe that no specific decision has been taken by the Department regarding the issue of nominating GAIL (India) Limited as the nodal authority for supply of gas to fertilizer industry. The Committee, therefore, desire that the decision in the matter should be taken up on priority basis and precise action taken in this regard be intimated to the Committee within three months.

#### Reply of the Department

The issue of nominating GAIL (India) Limited as the nodal authority for supply of gas to fertilizer industry was proposed to Ministry of Petroleum & Natural Gas. However, no decision in the matter has been received from the Ministry of Petroleum & Natural Gas.

2. Further, it is submitted that the Department of Fertilizers in the meeting held on 23-04-2010 at the level of Secretary(F) discussed the proposal for amendments in the policy for new investments in urea sector and long term offtake of urea from joint venture abroad which was notified on 4<sup>th</sup> September 2008. A decision has been taken in this meeting that in view of the uncertainty of gas prices in future and its futuristic long-term requirements, observing the consensus of stakeholders, DOF may consider to appoint GAIL as the Aggregator to procure gas from indigenous as well as international resources by a transparent route for fertilizer sector subject to a decision at competent level. The above decision has been communicated to Ministry of Petroleum & Natural Gas for consideration and necessary action.

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 9.8.2010)

### Further reply of the Department

The Department of Fertilizers in their Action Taken Replies dated 22.06.2011 has stated as under:-

"Ministry of Petroleum and Natural Gas has constituted a Inter-Ministerial Committee under chairmanship of Dr. Saumitra Chaudhuri, Member Planning Commission to formulate a policy for pooling of Natural Gas prices and devise pool operating guidelines to make the policy operational. The first meeting of the Committee was held on 23<sup>rd</sup> March 2011 and the second meeting of the Inter-Ministerial Committee was held on 13.05.2011. The issues are still under consideration of Inter-Ministerial Committee."

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 22.6.2011)

### Recommendation Sl.No.7

The Committee note that the Department of Fertilizers monitors availability of fertilizers at the State level and the State governments are responsible for equitable distribution of subsidized fertilizers within the States. Fertilizer companies are advised to draw supply plan of subsidized fertilizers in consultation with the States' Agriculture Department and comply with the given supply plan on month to month basis. The movement of fertilizers is monitored throughout the country by an on-line web based monitoring system ([www.urvarak.co.in](http://www.urvarak.co.in)) also called as Fertilizer Monitoring System (FMS). The FMS is being used very effectively to monitor the availability of fertilizers namely urea, DAP, MoP and NPK fertilizers in all the districts in the country. As in some States, the farmers are facing acute difficulty in getting urea, Potash, DAP etc., the Committee, desire that Central Government should devise a foolproof mechanism for proper and equitable distribution of fertilizers in all parts of the country especially in remote, hilly and inaccessible areas. Further, to tackle the problem of artificial shortage, if any, created in some region, special efforts may be made to provide adequate quantity of fertilizer so that the farmers are not left at the mercy of hoarders and black marketeers. The Committee would like to be apprised of the complaints received regarding artificial shortage of fertilizers during the last three years and their location together with suitable corrective action taken by the Department to check the same.

### Reply of the Department

The Government has introduced a Nutrient Based Subsidy (NBS) Policy in respect of Phosphatic & Potassic fertilizers w.e.f. 1.4.2010. Under the NBS, 20% of the decontrolled fertilizers produced/imported in India will now be in the movement control under the Essential Commodities Act 1955(ECA). Department of Fertilizers will regulate the movement of these fertilizers to bridge the supplies in under-served areas. For proper and equitable distribution of fertilizers in all parts of the country especially in remote, hilly and inaccessible areas such as for J &K, Himachal Pradesh and N E region, DOF has issued instructions to all the concerned companies to dispatch fertilizers (Urea, DAP, MOP and NPK)) in such a manner in order to ensure its availability in each and every corner of states.

As per clause 21 of the Fertilizer Control Order (FCO), 1985, it is mandatory to print the maximum retail price on each bag of fertilizers whether under statutory price control or out of the purview of the statutory price control. No person shall charge price higher than the price printed on the bag. Any person violating this mandatory provision of FCO is held liable under the provisions of FCO and Essential Commodities Act. The State Governments as enforcement agencies, are adequately empowered to take appropriate action against the offenders who indulge in any kind of malpractices.

As regards complaints relating to artificial shortage of fertilizers during the last three years, Department of Fertilizer initiated some positive corrective measures and movement of 50 million tones of fertilizers is possible with daily movement of about 60 Railway rakes along with about 20% movement by road trailers and dispatch of railway rake through additional notional rake points. Statement showing requirement, availability and sale of Urea, DAP, MOP and NPK during the years 2007-08 and 2008-09 and 2009-10 are enclosed.

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 9.8.2010)

### **Further reply of the Department**

The Department of Fertilizers in their Action Taken Replies dated 22.06.2011 has stated as under:-

"No change except in the Statement for the year 2010-11."

(Department of Fertilizers O.M. No.5(3)/2010-Fin-II  
dated 22.6.2011)

**CHAPTER – V**

OBSERVATIONS / RECOMMENDATIONS IN RESPECT OF WHICH REPLIES  
OF THE GOVERNMENT ARE OF INTERIM NATURE

**Recommendation Sl.No.**

**NIL**

***New Delhi;***  
**28 July, 2011**  
**6 Shravana, 1933 (Saka)**

***Gopinath Munde***  
**Chairman,**  
**Standing Committee on**  
**Chemicals and Fertilizers**

**APPENDIX-I**

STATEWISE AVAILABILITY & SALE OF UREA, DAP & MOP									
(Qty. in LMTs)									
2007-08	UREA			DAP			MOP		
STATE	REQUIREMENT	AVAILABILITY	SALES	REQUIREMENT	AVAILABILITY	SALES	REQUIREMENT	AVAILABILITY	SALES
ANDHRA PRADESH	27.50	26.84	25.12	8.24	7.16	7.15	5.55	4.52	4.50
KARNATKA	12.80	13.63	12.54	5.80	4.54	4.50	4.00	3.70	3.58
KERALA	1.40	1.44	1.34	0.28	0.18	0.18	1.40	1.19	1.16
TAMILNADU	9.85	9.68	9.16	4.25	3.35	3.35	4.90	4.85	4.77
GUJARAT	17.25	18.37	17.93	5.80	6.76	6.47	1.70	1.82	1.79
MADHYA PRADESH	13.75	14.76	14.31	7.50	6.82	6.34	1.10	0.76	0.74
CHHATTISGARH	5.90	6.17	5.87	1.70	1.38	1.35	0.74	0.69	0.62
MAHARASHTRA	21.20	23.05	21.39	7.05	6.45	6.29	3.05	3.46	3.23
RAJASTHAN	14.70	13.83	13.21	6.05	5.51	4.50	0.23	0.23	0.19
HARYANA	18.75	19.30	18.47	5.85	6.80	5.36	0.50	0.34	0.29
PUNJAB	25.00	26.97	26.46	8.00	9.14	6.81	0.95	0.58	0.57
UTTAR PRADESH	55.00	54.37	52.72	15.50	14.89	13.20	3.00	1.27	1.14
UTTARANCHAL	2.30	2.42	2.31	0.32	0.23	0.23	0.18	0.05	0.05
HIMACHAL PRADESH	0.61	0.60	0.60	0.00	0.00	0.00	0.05	0.05	0.05
JAMMU & KASHMIR	1.40	1.19	1.15	0.84	0.33	0.33	0.28	0.07	0.07
BIHAR	20.00	19.40	18.56	4.25	3.30	3.07	2.05	1.19	1.07
JHARKHAND	2.10	1.67	1.58	0.90	0.75	0.74	0.13	0.08	0.08
ORISSA	5.50	5.19	4.58	1.25	1.79	1.72	1.20	1.05	1.01
WEST BENGAL	12.95	12.45	11.56	4.55	3.80	3.78	4.00	2.76	2.73
ASSAM	2.30	1.99	1.93	0.70	0.08	0.08	0.85	0.40	0.40
ALL INDIA	271.70	274.26	261.71	89.21	83.40	75.55	36.13	29.28	28.28

CUMULATIVE AVAILABILITY OF FERTILISERS DURING THE YEAR 2008-09 (APRIL '08 TO MARCH '09)								
	(Qty. in LMTs)							
2008-09	Urea		DAP		MOP		Complex	
State	Requirement	Availability	Requirement	Availability	Requirement	Availability	Requirement	Availability
Andhra Pradesh	27.50	27.84	8.50	9.98	5.85	6.27	20.50	16.50
Karnataka	13.50	12.88	6.05	8.12	4.55	5.14	11.17	8.44
Kerala	1.49	1.68	0.31	0.24	1.33	1.53	1.72	1.85
Tamil Nadu	10.37	11.28	4.31	3.85	4.84	5.95	3.62	3.55
Gujarat	18.65	18.69	7.10	8.24	1.90	2.26	4.39	4.92
Madhya Pradesh	15.75	13.83	8.25	8.31	1.20	1.17	4.35	2.20
Chhattisgarh	5.40	5.23	1.75	2.31	0.77	0.95	1.31	1.23
Maharashtra	23.25	22.84	8.60	10.19	3.70	5.17	15.65	10.40
Rajasthan	15.10	13.21	5.60	5.90	0.33	0.32	1.42	0.67
Haryana	19.90	17.59	6.00	6.69	0.46	0.47	0.67	0.31
Punjab	25.50	26.28	8.10	8.82	0.95	0.98	1.01	0.59
Himachal Pradesh	0.65	0.66	0.00	0.00	0.07	0.06	0.44	0.40
Jammu & Kashmir	1.35	1.28	0.80	0.59	0.33	0.14	0.00	0.01
Uttar Pradesh	55.00	55.74	15.50	15.12	2.50	2.79	10.50	7.44
Uttarakhand	2.30	2.22	0.35	0.31	0.18	0.08	0.45	0.51
Bihar	21.25	18.33	4.25	4.12	1.90	2.28	3.60	2.59
Jharkhand	2.00	1.57	1.05	0.80	0.13	0.16	0.40	0.38
Orissa	5.50	4.74	2.00	1.89	1.35	1.53	2.88	2.66
West Bengal	13.00	11.94	4.86	4.03	4.15	4.80	7.49	7.29
Assam	2.40	2.30	1.03	0.14	1.06	1.08	0.30	0.06
All India	281.34	270.88	94.83	99.78	37.86	43.34	92.32	72.26
Note: DOF started monitoring of complex fertiliser w.e.f. Kharif, 2008. No change								

CUMULATIVE REQUIREMENT, AVAILABILITY & SALES OF FERTILISERS DURING THE YEAR 2009-10 (APRIL TO MARCH)												
08.04.2010	(Qty. in LMTs)											
2009-10	UREA			DAP			MOP			COMPLEX		
STATE	REQUIRE- MENT	AVAILAB- ILITY	SALES	REQUIRE- MENT	AVAILAB- ILITY	SALES	REQUIRE- MENT	AVAILAB- ILITY	SALES	REQUIRE- MENT	AVAILAB- ILITY	SALES
Andhra Pradesh	27.50	26.16	25.95	9.75	8.89	8.85	6.60	6.07	6.01	20.50	18.69	18.15
Karnataka	13.75	13.77	13.77	8.20	8.46	8.46	5.15	6.12	6.08	11.20	10.95	10.76
Kerala	1.63	1.53	1.53	0.35	0.30	0.30	1.54	1.57	1.54	1.90	2.12	2.05
Tamil Nadu	11.50	9.98	9.98	4.25	2.94	2.94	5.84	5.14	5.12	4.00	6.18	6.13
Gujarat	18.75	18.21	18.12	8.00	7.64	7.62	2.30	2.86	2.69	4.72	4.20	4.01
Madhya Pradesh	15.25	16.00	15.93	8.50	9.52	9.47	1.20	1.67	1.43	3.55	2.48	2.43
Chhattisgarh	5.48	5.27	5.27	1.77	2.65	2.65	0.84	0.96	0.90	1.42	1.04	1.04
Maharashtra	24.75	22.87	22.87	12.50	13.83	13.82	5.60	7.07	7.06	14.00	11.25	11.13
Rajasthan	15.10	13.37	13.15	6.50	5.86	5.85	0.35	0.55	0.42	1.37	0.78	0.78
Haryana	19.65	18.05	17.95	7.00	6.66	6.66	0.52	0.90	0.90	0.45	0.48	0.48
Punjab	25.50	24.65	24.46	8.50	8.08	8.06	0.91	1.00	1.08	0.55	0.57	0.55
Himachal Pradesh	0.67	0.54	0.54	0.00	0.02	0.02	0.07	0.05	0.05	0.50	0.38	0.38
Jammu & Kashmir	1.40	1.22	1.22	0.78	0.48	0.48	0.26	0.18	0.18	0.00	0.00	0.00
Uttar Pradesh	55.00	53.64	53.08	17.00	16.51	16.49	2.85	3.47	3.43	8.50	9.47	9.40
Uttarakhand	2.15	2.33	2.33	0.40	0.38	0.38	0.13	0.04	0.04	0.45	0.41	0.40
Bihar	19.00	17.04	17.03	4.50	3.98	3.97	2.10	2.26	2.26	3.10	2.68	2.68
Jharkhand	2.05	1.50	1.50	1.15	0.82	0.82	0.15	0.17	0.17	0.50	0.69	0.68
Orissa	5.75	4.61	4.59	2.25	2.24	2.21	1.70	1.31	1.27	3.00	2.28	2.24
West Bengal	13.00	11.71	11.71	4.80	4.56	4.55	4.15	4.97	4.97	7.50	8.39	8.39
Assam	2.60	2.56	2.56	0.35	0.22	0.22	1.26	0.97	0.97	0.06	0.06	0.06
All India	281.90	265.97	264.48	106.98	104.09	103.92	43.85	47.60	46.74	87.73	83.38	82.03
						No change						

CUMULATIVE REQUIREMENT, AVAILABILITY and Sales of Urea, DAP, MOP & NPK during 2010-11 (April 10 to March 11) in FMS												
(Qty. in LMTs)												
2010-11	UREA			DAP			MOP			COMPLEX		
STATE	REQUIRE- MENT	AVAILAB- ILITY	SALES	REQUIRE- MENT	AVAILAB- ILITY	SALES	REQUIRE- MENT	AVAILAB- ILITY	SALES	REQUIRE- MENT	AVAILAB- ILITY	SALES
Andhra Pradesh	28.50	31.73	31.30	11.00	10.40	10.36	6.60	6.09	6.04	20.50	22.12	21.88
Karnataka	14.00	14.28	14.28	8.60	8.46	8.42	5.65	4.24	4.14	11.20	13.78	13.51
Kerala	1.90	1.44	1.44	0.35	0.42	0.41	1.55	1.58	1.56	2.50	2.28	2.22
Tamil Nadu	11.50	10.23	10.15	4.25	3.20	3.19	5.84	4.74	4.72	4.25	6.91	6.83
Gujarat	19.50	21.26	21.19	8.40	8.11	8.09	2.30	2.02	2.02	4.83	6.62	6.55
Madhya Pradesh	16.75	17.05	16.92	10.00	10.94	10.92	1.45	1.36	1.33	3.69	3.55	3.52
Chhattisgarh	5.70	5.56	5.54	2.84	2.41	2.41	1.06	0.96	0.94	1.40	1.32	1.32
Maharashtra	25.25	25.52	25.51	16.70	14.35	14.31	6.75	6.52	6.37	14.80	17.98	17.92
Rajasthan	15.60	15.73	15.70	7.00	7.20	7.16	0.55	0.35	0.28	1.18	1.40	1.37
Haryana	19.65	18.75	18.38	7.20	7.40	7.37	0.70	0.66	0.66	0.55	0.69	0.69
Punjab	26.00	27.61	27.17	9.25	9.04	9.01	1.06	1.06	0.96	0.70	1.05	1.03
Himachal Pradesh	0.64	0.61	0.61	0.00	0.00	0.00	0.07	0.04	0.04	0.50	0.41	0.41
Jammu & Kashmir	1.50	1.28	1.27	0.85	0.81	0.81	0.36	0.19	0.19	0.00	0.00	0.00
Uttar Pradesh	57.60	55.08	54.51	19.60	17.71	17.64	3.70	2.17	1.92	9.45	10.61	10.30
Uttarakhand	2.20	2.24	2.23	0.40	0.28	0.28	0.09	0.05	0.05	0.50	0.57	0.57
Bihar	19.50	16.96	16.94	4.75	4.60	4.59	2.30	2.00	1.97	3.35	3.14	3.11
Jharkhand	2.10	1.36	1.35	1.10	0.66	0.65	0.15	0.08	0.06	0.85	0.36	0.36
Orissa	5.75	4.74	4.57	2.50	2.20	2.19	1.90	1.36	1.32	3.00	2.33	2.31
West Bengal	13.00	11.26	11.26	5.10	4.64	4.62	4.00	3.29	3.23	8.25	8.95	8.76
Assam	2.60	2.50	2.50	0.60	0.29	0.27	1.30	0.96	0.96	0.05	0.11	0.11
All India	290.79	284.62	282.23	120.92	113.09	112.87	47.80	39.83	38.91	92.00	104.39	102.98



## **Appendix – II**

### **MINUTES OF THE TENTH SITTING OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2010-11)**

The Committee sat on Tuesday, the 31 May, 2011 from 1500 hrs. to 1630 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

#### **Present**

*Dr. Manda Jagannath* - *Acting Chairman*

#### **Members**

#### **Lok Sabha**

2.	Smt. Susmita Bauri
3.	Shri Prabhatsinh P. Chauhan
4.	Smt. Santosh Chowdhary
5.	Adv. Ganeshrao Nagorao Dudhgaonkar
6.	Shri T.K.S. Elangovan
7.	Shri N. Peethambara Kurup
8.	Shri Baidya Nath Prasad Mahato
9.	Shri Jagdambika Pal
10.	Shri Tapas Paul
11.	Shri Ponnamm Prabhakar
12.	Shri Ashok Kumar Rawat
13.	Shri Narendra Singh Tomar
<b>RAJYA SABHA</b>	
14.	Shri A.A. Jinnah
15.	Prof. Anil Kumar Sahani
16.	Shri Raghunandan Sharma
17.	Shri Parshottam Khodabhai Rupala
18.	Shri Abani Roy
19.	Shri Biswajit Daimary

#### **Secretariat**

- |    |                      |   |                     |
|----|----------------------|---|---------------------|
| 1. | Shri Ashok Sarin     | - | Joint Secretary     |
| 2. | Shri C. S. Joon      | - | Director            |
| 3. | Shri A.K. Srivastava | - | Additional Director |

2. As the Chairman could not attend the sitting due to pre-occupation, the members chose Dr. Manda Jagannath, a member of the Committee, to act as the Chairman. The Acting Chairman welcomed the members to the sitting of the Committee.

3. The Committee thereafter took up for consideration and adoption the following draft Action Taken Reports :

- (i) \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*

- (ii) Report on Action Taken by the Government on the recommendations contained in the Sixth Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Chemicals and Fertilizers (Department of Fertilizers).

(iii) \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*

(iv) \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*

4. After some deliberation the adoption/ consideration of the above mentioned Reports was deferred to a later date.

***The Committee then adjourned.***

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***\*\*\* Matters not related to this Report.***

**Appendix – III**

**STANDING COMMITTEE ON CHEMICALS & FERTILIZERS  
(2010-11)  
THIRTEENTH SITTING  
(18.07.2011)**

The Committee sat on Monday from 1500 hours to 1600 hours.

**Present**

*Shri Gopinath Munde* - Chairman

**MEMBERS****LOK SABHA**

2. Smt. Susmita Bauri
3. Shri Prabhatsinh P. Chauhan
4. Smt. Santosh Chowdhary
5. Shri K.D. Deshmukh
6. Adv. Ganeshrao Nagorao Dudhgaonkar
7. Shri Baidya Nath Prasad Mahato
8. Shri Jagdambika Pal
9. Shri Tapas Paul
10. Shri Ashok Kumar Rawat
11. Shri N. Chaluvarya Swamy

**RAJYA SABHA**

12. Shri Silvius Condpan
13. Shri Brijlal Khabri
14. Prof. Anil Kumar Sahani
15. Shri Raghunandan Sharma
16. Shri Parshottam Khodabhai Rupala
17. Shri Abani Roy

**SECRETARIAT**

- |    |                      |   |                     |
|----|----------------------|---|---------------------|
| 1. | Shri N.K. Sapra      | - | Secretary           |
| 2. | Shri Ashok Sarin     | - | Joint Secretary     |
| 3. | Shri C. S. Joon      | - | Director            |
| 4. | Shri A.K. Srivastava | - | Additional Director |

2. At the outset, Hon'ble Chairman welcomed the members to the sitting of the Committee.

3. The Committee thereafter took up for consideration the following draft Reports :-

(i) \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*

(ii) Draft Report on Action Taken by the Government on the recommendations contained in the Sixth Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Chemicals and Fertilizers (Department of Fertilizers);

(iii), (iv), (v), (vi) and (vii)      \*\*\*      \*\*\*      \*\*\*      \*\*\*

4. The Committee adopted the draft reports with minor amendments and authorized the Chairman to present the same to both the Houses of Parliament.

***The Committee then adjourned.***

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\*\*\* ***Matters not related to this Report.***

**Appendix – IV****(Vide Para 3 of the Introduction)**

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE  
RECOMMENDATIONS CONTAINED IN THE SIXTH REPORT (FIFTEENTH LOK  
SABHA) OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS  
(2009-10) ON 'DEMANDS FOR GRANTS (2010-11)' OF THE MINISTRY OF  
CHEMICALS AND FERTILIZERS (DEPARTMENT OF FERTILIZERS)**

I	Total No. of Recommendations	09
II	Observations / Recommendations which have been accepted by the Government:- (Vide Recommendation at Sl.Nos. 1,2,3,4,5,8 and 9)	07
Percentage of Total		77.78%
III	Observation / Recommendation which the Committee do not desire to pursue in view of the Government's reply:- (Vide Recommendation at Sl.No. Nil)	00
Percentage of Total		00
IV	Observation / Recommendation in respect of which reply of the Government have not been accepted by the Committee and which require reiteration:- (Vide Recommendation at Sl.No. 6 and 7)	02
Percentage of Total		22.22%
V	Observations / Recommendations in respect of which replies of the Government are of interim nature:- (Vide Recommendations at Sl.Nos. Nil)	00
Percentage of Total		00