

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

UNSTARRED QUESTION NO:188

ANSWERED ON:21.07.2015

Subsidy on Fertilizers

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

- (a) the details of subsidy on various fertilizers provided to farmers/fertilizer companies in the public, private and co-operative sectors in the country during each of the last three years and the current year, company-wise;
- (b) whether the Government proposes to provide fertilizer subsidy directly to farmers through their bank account on the line of LPG subsidy and if so, the details thereof along with the number of farmers likely to be benefited therefrom and the time by which the said proposal is likely to be cleared;
- (c) whether the government is making neem coating mandatory for urea as well as imported urea and if so, the details and purpose thereof;
- (d) the existing mechanism to monitor the prices of fertilizers and to provide adequate quantity of fertilizer to each States as demanded by them; and
- (e) whether the Government has taken decision to minimize the import of urea and other fertilizers and if so, the details thereof and the achievement made therefrom ?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS
(SHRI HANSRAJ GANGARAM AHIR)

- (a) : The details of subsidy paid on various fertilizers provided to fertilizer companies in the public, private and co-operative sectors in the country during each of the last three years and the current years, is given in Annexure 'I' to 'IV'."
- (b) : Yes, Madam. The government proposes direct subsidy transfer to farmers' bank account; however a major challenge in operationalizing this scheme lies in identification of beneficiary farmers as in many states the land records are neither accurate nor updated. Therefore, the Department plans to have a phased approach and prepare a road map for pilot project in select districts to capture the details/identity proof of buyer's (Aadhaar Number/ Land Details) at retail fertilizer stores in order to build a comprehensive database of beneficiary farmers over a period of time."
- (c) : Department of Fertilizers has issued Notification dt. 25.05.2015 whereby it has been made mandatory for all the indigenous producers of urea to produce 100% as Neem Coated Urea (NCU). Since NCU cannot be used for industrial purposes, illegal diversion of subsidized urea to non-agricultural uses would not be possible. By curbing this illegal diversion of Urea for non-agricultural purposes, the Government aims to prevent the subsidy leakages.
- (d) : The mechanism put in place to keep prices of P&K fertilizers at reasonable rates is as under:
- a. It has been made mandatory for the fertilizer companies to submit, the cost data of their fertilizer products from 2012-13 onwards in prescribed format on six monthly basis. The Department has also appointed Cost Accountants/Firms to scrutinize the said cost data to ensure that the prices fixed by the fertilizers companies are reasonable.
- b. It has also been stipulated in the provisions that in cases, where after scrutiny, unreasonableness of MRP is established or where there is no correlation between the cost of production or acquisition and the MRP printed on the bags, the subsidy would be restricted or denied even if the product is otherwise eligible for subsidy under NBS Scheme. In proven case of abuse of subsidy mechanism, the Department of Fertilizers, on the recommendation of Inter-Ministerial Committee may exclude any grade/grades of fertilizers of a particular company or the fertilizer company itself from the NBS Scheme.

The following steps are being taken by the Government to meet the requirement of fertilizers to the farmers in all State/UTs:-

1. The month-wise demand is assessed and projected by the Department of Agriculture & Co-operation (DAC) in consultation with the State Governments before commencement of each cropping season.
2. On the basis of month-wise & State-wise projection given by the DAC, Department of Fertilizers allocates sufficient/adequate quantities of fertilizers to States by issuing monthly supply plan and continuously monitors the availability through following system:
 - (i) The movement of all major subsidized fertilizers is being monitored throughout the country by an on-line web based monitoring

system(www.urvarak.co.in) also called as Fertilizer Monitoring System (FMS);

(ii) The State Governments are regularly advised to coordinate with manufacturers and importers of fertilizers for streamlining the supplies through timely placement of indents for railway rakes through their state institutional agencies like Markfed etc.

(iii) Regular Weekly Video Conferences is conducted jointly by Department of Agriculture & Cooperation (DAC), Department of Fertilizers (DoF), and Ministry of Railways with State Agriculture Officials and corrective actions are taken to dispatch fertilizer as indicated by the State Governments.

(iv) The gap in the demand and domestic production of fertilizer is met through imports.

State-wise requirement, availability and sales for the year 2014-15 and from April to June, 2015 are downloaded from FMS and annexed at Annexure A.

As can be seen from the Annexures that the availability of all the fertilizers in almost all the states is adequate.

(e) : Department of Fertilizers has issued New Urea Policy 2015 on 25th May, 2015 with twin objectives of maximizing indigenous urea production and promoting energy efficiency in the urea units to reduce the subsidy burden on the Government.
