

[AS INTRODUCED IN THE RAJYA SABHA
ON THE 11TH JULY, 2014]

Bill No. XL of 2013

THE FERTILIZER (PRICE CONTROL) BILL, 2013

A

BILL

to provide for the fixing of maximum retail price of all fertilizers by the Central Government and for matters connected therewith and incidental thereto

BE it enacted by Parliament in the Sixty-fourth Year of the Republic of India as follows:—

1. (1) This Act may be called the Fertilizer (Price Control) Act, 2013.

(2) It extends to the whole of India.

(3) It shall come into force on such date as the Central Government may, by notification
5 in the Official Gazette, appoint.

Short title,
extent and
commencement.

Definitions.

2. In this Act, unless the context otherwise requires,—

(a) “dealer” means a person engaged in the business of selling fertilizers whether in wholesale or retail or industrial use and includes a manufacturer, importer and a pool handling agency carrying on such business and his agents;

(b) “fertilizer” means any substance used or intended to be used as a fertilizer of the soil or crop and specified in Part A of Schedule 1 of the Fertilizer (Control) Order, 1985 and includes a mixture of fertilizer and special mixture of Fertilizers; 5

(c) “importer” means a person who imports fertilizer in accordance with the export and import policy of the Central Government, as amended from time to time;

(d) “manufacturer” means a person carrying on business of manufacturing of fertilizers; 10

(e) “maximum retail price” means the ceiling price plus taxes and duties as applicable at which the fertilizer shall be sold in the market;

(f) “pool handling agency” means an agency entrusted by the Central Government with functions relating to handling and distribution of imported fertilizers; 15

(g) “prescribed” means prescribed by rules made under this Act.

Fixation of price of fertilizer by the Central Government.

3. (1) **The Central Government may, by notification in the Official Gazette, fix the maximum retail price or rate at which any fertilizer may be sold by a dealer, manufacturer, importer or a pool handling agency.**

(2) **The Central Government shall constitute a Committee of Experts in such manner and on such conditions as may be prescribed within sixty days of the enforcement this Act, with a view to examine and recommend the maximum retail price of the fertilizers.** 20

(3) **The Central Government shall, on receipt of the recommendations from the Committee of Experts, fix the maximum retail price of the fertilizers.**

(4) **The Central Government shall revise the maximum retail price of the fertilizers once in a year based on the recommendations of the Committee of Experts.** 25

Prohibitions on selling of fertilizer at a price exceeding the price determined by the Central Government.

4. No dealer, manufacturer, importer or pool handling agency shall sell or offer for sale any fertilizer at a price exceeding the maximum price or rate fixed under clause (3) of section 3.

Central Government to provide subsidy.

5. (1) **The Central Government shall reimburse the excess cost of production over the fixed selling price of the fertilizer as subsidy to the fertilizer manufacturing companies.** 30

(2) **The subsidy as prescribed under clause (1) shall be decided by the Central Government in consultation with the Ministry of Chemical and Fertilizers (Department of Fertilizers), Ministry of Agriculture and Departments of Agriculture of all the State Governments.** 35

Act to have overriding effect.

6. The provision of this Act and rules made thereunder shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

Power to make rules.

7. The Central Government may by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

STATEMENT OF OBJECTS AND REASONS

Chemical Fertilizers play a significant role in making the agricultural sector of the country, self reliant. As rightly stated by the working group of Planning Commission, agricultural productivity is very importantly depended on the usage of optimum primary, secondary and micro nutrients and hence the role of Government becomes more significant in making available all types of nutrient at affordable prices to farmers at appropriate time.

India followed a system of controlled prices for all fertilizers until 1992, when the government decontrolled Phosphatic and Potassic (P&K) fertilizers. Now, urea being the only controlled fertilizer, is sold at statutory notified uniform sale price, and decontrolled Phosphatic and Potassic fertilizers are sold at indicative maximum retail prices (MRPs). After the decontrol, the prices of the Phosphatic & Potassic fertilizers registered a sharp increase in the market, which exercised an adverse impact on the demand and consumption of the same. There was also a noted increase in the consumption of subsidized urea, causing an imbalance in the usage of the nutrients of N, P & K (Nitrogen, Phosphate and Potash) and the productivity of the soil. To remove the imbalance in consumption of fertilizers, the Government from 2010 introduced Nutrient Based Subsidy (NBS) Policy which has also not proved very useful. Nutrient based subsidy policy has given the liberty to the manufacturers or importers of chemical fertilizers to fix the MRP based on their cost of production or import. Since then, the fertilizer companies had been hiking the retail price of fertilizers at will, causing extreme hardship to farmers. There is at present no institutional mechanism under the NBS Policy to determine the reasonableness of MRP fixed by the fertilizer companies or any express provision for taking action against manufacturers or marketeers in this behalf.

Pricing of fertilizers being an important area of decision making which can have longstanding impacts on the sustainability of the agricultural sector in the country, it is imperative to withdraw the Nutrient based subsidy policy and to restore the earlier system of fixing the maximum retail price (MRP) of fertilizers.

Hence, this Bill.

VIVEK GUPTA

FINANCIAL MEMORANDUM

Clause 3 of the Bill provides for the constitution of Standing Committee of Experts with a view to examine and recommend the Central Government about the fixation of the maximum retail price of the fertilizers. Clause 5 provides that the Central Government shall reimburse the excess of cost of production over selling price of fertilizers as subsidy to the fertilizer companies and the rate of such subsidy shall be decided by the Central Government in consultation with the Department of Fertilizers, Ministry of Agriculture and Departments of Agriculture of State Governments. The Bill, therefore, if enacted would involve expenditure from the Consolidated Fund of India. The recurring and non-recurring expenditure on it cannot be estimated at this stage, but has to be worked out by Central Government while implementing the provisions of the Act.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 7 of the Bill empowers the Central Government to make rules for carrying out the purposes of the Bill. The delegation of legislative power is of a normal character, as the matters to be prescribed are of details only.

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(Shri Vivek Gupta, M.P.)