

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
RAJYA SABHA
QUESTION NO 12.11.2010
ANSWERED ON
SUBSIDY GRANTED TO COMPANIES FOR IMPORTING FERTILIZERS

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Shri Naresh Agrawal

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

- (a) whether Government provides Rs. 1000 Crores of subsidy to companies importing DAP, Urea and other fertilizers directly and whether fertilizers which are imported from abroad have to be loaded and unloaded at minimum 5-6 places on and from ports, ships and trucks by the importing companies before they reach to farmers causing 20 per cent wastage of fertilizers;
- (b) whether the importing companies do not show that loss and take subsidy on that account also;
- (c) if so, the action being taken in this regard; and
- (d) if not, reasons therefore?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS

(SHRI SRIKANT KUMAR JENA)

(a) & (b) Government is providing subsidy on imported DAP, MOP, TSP, MAP and various grade of NPK fertilizers under the Concession Scheme for decontrolled P & K fertilizers. The fertilizers are imported in bulk and moved to different states in the country after discharging and bagging at ports. The handling losses on fertilizers handled and bagged are negligible in comparison to the volume of fertilizers handled. The subsidy on P&K fertilizers is given on the basis of receipt of quantity in the states and final payment is being released on the basis of actual sales made by the companies for agriculture use. The actual subsidy paid during the year 2009-10 on imported decontrolled P&K fertilizers was Rs.13415.48 crore. Urea is the only fertilizer under statutory price control and it is imported for direct agriculture use on Government account through MMTC, STC and IPL to bridge the gap between assessed demand and indigenous availability. Government is also importing approximately 2 million MTs urea through IFFCO & KRIBHCO from Oman India Fertilizer Company (OMIFCO) under Long Term Urea Off Take Agreement (UOTA) between GOI & OMIFCO. The urea imported on Government account is handled & marketed by the designated handling agencies at ports. The difference between cost of imports, handling & marketing expenses and issue price of urea (MRP- Distribution margin) is borne by the government as subsidy on imported urea. The net subsidy paid on imported urea, after taking into account the recovery, during the year 2009-10 was Rs.4602.96 crore.

(c) & (d): In view of the (a) & (b) above question does not arise.