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**STANDING COMMITTEE ON
CHEMICALS AND FERTILIZERS**

(2025-26)

(EIGHTEENTH LOK SABHA)

MINISTRY OF CHEMICALS AND FERTILIZERS

(DEPARTMENT OF FERTILIZERS)

[Evaluation of Implementation of the Fertilizer (Movement Control) Order, 1973]

TWENTY- NINTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT

NEW DELHI

August, 2026/ Sravana 1947 (Saka)

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Presented to Lok Sabha on 06 August, 2026

Laid in Rajya Sabha on 06 August, 2026

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Shri Azad Kirti Jha - Chairperson

MEMBERS
LOK SABHA

2. Shri Brijmohan Agrawal
3. Shri Ajay Bhatt
4. Shri Robert Bruce C.
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16. Shri Rajesh Ranjan
17. Shri Daggumalla Prasada Rao
18. Shri Tharaniventhan M.S.
19. Shri Nalin Soren
20. Shri Shivmangal Singh Tomar
21. Vacant*

RAJYA SABHA

22. Shri Naresh Bansal
23. Shri Subhash Barala
24. Shri Ramesh Lingamaneni$
25. Shri Rwngwra Narzary
26. Shri Manmohan Samal&
27. Shri Arun Singh
28. Shri Akhilesh Prasad Singh
29. Shri Tejveer Singh
30. Shri L. K. Sudhish%
31. Vacant

SECRETARIAT

1.	Smt. Maya Lingi	-	Joint Secretary
2.	Ms. Miranda Ingudam	-	Director
3.	Shri Abhishek Kumar	-	Joint Director

* Vacant *vice* Dr. Ricky Andrew J. Syngkon, MP(LS), passed away on 19.02.2026 *vide* LS Table Office Notification No.21/4(8)/2026/TO(B) dated 20.02.2026.
& Nominated w.e.f. 03.06.2026 *vide* L.S. Bulletin-Part II dated 04.06.2026 Para No. 5267.
% Nominated w.e.f. 03.06.2026 *vide* L.S. Bulletin-Part II dated 04.06.2026 Para No. 5267.
$ Nominated w.e.f. 23.07.2026 *vide* L.S. Bulletin-Part II dated 24.07.2026 Para No. 5724.
Dr. Bhagwat Karad, MP(RS) retired on 02.04.2026 *vide* Committee Branch note dated 19.02.2026.
Shri G.K. Vasan, MP(RS) retired on 02.04.2026 *vide* Committee Branch note dated 19.02.2026.
Shri Subhash Chandra Bose Pilli, MP(RS) retired from the membership of Rajya Sabha w.e.f. 21.06.2026 vide Committee Branch note dated 19.02.2026.

INTRODUCTION

I, the Chairperson, Standing Committee on Chemicals & Fertilizers (2025-26) having been authorized by the Committee do present on their behalf, this Twenty-Ninth Report (Eighteenth Lok Sabha) on 'Evaluation of Implementation of the Fertilizer (Movement Control) Order, 1973' pertaining to the Ministry of Chemicals and Fertilizers (Department of Fertilizers).

2. The Committee had a briefing by the representatives of the Department of Fertilizers on 6th January, 2026.

3. The Committee considered and adopted this Report at their Sitting held on 3rd August, 2026.

4. The Committee wish to express their thanks to the officers of the Ministry of Chemicals and Fertilizers, Department of Fertilizers for briefing before the Committee all the requisite information related to examination of the subject.

5. The Committee also place on record their appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

6. For ease of reference and convenience, the Observations/ Recommendations of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI;
03 August, 2026
12 Sravana, 1948 (Saka)

AZAD KIRTI JHA,
Chairperson,
Standing Committee on Chemicals and Fertilizers.

GLOSSARY OF ABBREVIATIONS

(Report on Evaluation of Implementation of the Fertilizer (Movement Control) Order, 1973)

Abbreviation	Full Form
AAO	Assistant Agriculture Officer
BAO	Block Agriculture Officer
BN	Background Note
DA&FW	Department of Agriculture and Farmers' Welfare
DAP	Di-Ammonium Phosphate
DBT	Direct Benefit Transfer
DEF	Diesel Exhaust Fluid
DoF	Department of Fertilizers
ECA	Essential Commodities Act, 1955
e-PoS	Electronic Point of Sale
FC(M)O	Fertilizer (Movement Control) Order, 1973
FCO	Fertilizer (Control) Order, 1985
FI	Fertilizer Inspector
FIR	First Information Report
GST	Goods and Services Tax
iFMS	Integrated Fertilizer Management System
J&K	Jammu and Kashmir
LMT	Lakh Metric Tonne
LOP	List of Points
MFMB	Meri Fasal Mera Byora
MOP	Muriate of Potash
MRP	Maximum Retail Price
MT	Metric Tonne
NPK	Nitrogen, Phosphorus, and Potassium (Complex Fertilizers)
PACS	Primary Agricultural Credit Societies
PMKSK	Pradhan Mantri Kisan Samriddhi Kendra
PoS	Point of Sale
PPT	PowerPoint (Presentation)
QC	Quality Control
SAP/ERP	Systems, Applications and Products / Enterprise Resource Planning
SOP	Standard Operating Procedure
UT	Union Territory

CHAPTER I

INTRODUCTION

Fertilizers are a critical input for Indian agriculture, underpinning the food security of a nation of more than 1.4 billion people. The timely, equitable and affordable availability of fertilizers, particularly Urea, Di Ammonium Phosphate (DAP), Muriate of Potash (MOP) and complex NPK fertilizers, across all States and Union Territories is central to the mandate of the Department of Fertilizers (DoF) under the Ministry of Chemicals and Fertilizers. The Government of India provides substantial financial support through fertilizer subsidies, amounting to Rs. 2,17,175.73 crore in FY 2025–26, as against Rs. 1,77,129.50 crore in FY 2024–25, to ensure that this vital agricultural input reaches every farmer in a timely manner at an affordable price.

1.2 Regulating the movement and ensuring the equitable distribution of this strategically important and heavily subsidized commodity has long been a significant challenge. To address this, the Central Government issued the Fertilizer (Movement Control) Order, 1973 (hereinafter referred to as "the Order" or "FC(M)O, 1973") under the Essential Commodities Act, 1955. The primary objective of the Order is to ensure that fertilizers are not diverted from their designated destination States, that unauthorized inter-State movement is prevented, and that the distribution of fertilizers remains aligned with the Government's allocation policy and seasonal supply plans.

1.3 Despite this statutory framework being in existence for over fifty years, recurring ground-level reports of shortages, diversion, black-marketing, cross-border smuggling, and farmer distress during peak cropping seasons had been reported time and again. Keeping this scenario at the backdrop the Standing Committee on Chemicals and Fertilizers (2025-26) took up the subject 'Evaluation of Implementation of Fertilizers (Movement Control) Order, 1973 with special reference to effectiveness of levy of penalties for violation of the Order' for detailed examination. The Committee had a briefing by representatives of the Department of Fertilizers on 6th January 2026.

1.4 Following a detailed examination of the subject, the Committee presents this Report containing its observations and recommendations on the implementation of the Fertilizers (Movement Control) Order, 1973. The Report examines the legal and institutional framework governing the movement and distribution of fertilizers; evaluates the effectiveness of the mechanisms established under the Order to regulate inter-State movement and prevent unauthorized diversion; assesses the adequacy of monitoring, enforcement and compliance systems; and critically reviews the existing framework for the detection of violations and the levy of penalties. The Committee has also examined the role of digital monitoring systems, coordination between the Central Government and the States and the overall effectiveness of the Order in ensuring the orderly movement and equitable distribution of fertilizers across the country. These aspects are discussed in detail in the succeeding Chapters.

CHAPTER II

LEGISLATIVE FRAMEWORK AND IMPLEMENTATION

I. The Essential Commodities Act, 1955 and Its Subordinate Orders

2.1 The **Essential Commodities Act, 1955 (ECA)** is the principal legislation that empowers the Central Government to regulate the production, supply, distribution and movement of essential commodities in the public interest. Section 3 of the Act confers wide enabling powers upon the Central Government to issue orders for regulating the production, supply, distribution, storage, transport and movement of essential commodities, whenever considered necessary for maintaining their equitable availability and securing supplies at fair prices. Fertilizers have been notified as essential commodities under the Act, thereby enabling the Government to regulate their production, pricing and distribution in the larger public interest. Pursuant to these statutory powers, the Central Government has issued two key subordinate legislations governing the fertilizer sector, namely, the **Fertilizer (Movement Control) Order, 1973 [FC(M)O]**, which regulates the movement and distribution of fertilizers and the **Fertilizer (Control) Order, 1985 (FCO)**, which prescribes standards relating to manufacture, quality, sale and distribution. Explaining the complementary roles of these two Orders during the briefing held on 6 January 2026, the Secretary, Department of Fertilizers, stated as under:

> *"The main Act is the Essential Commodities Act, which we call the EC Act... There are two orders which are from this particular Act. So, they derive their existence and the legality because it is an order. It is not passed by the Parliament. It is an order, so it depends upon the EC Act. The EC Act gave rise to this Movement Control Order and the Fertilizer Control Order. The FCO is a very big and very substantial kind of order, and this Movement Control Order is relatively small."*

2.2 **The Fertilizer (Control) Order, 1985 (FCO)** is the principal regulatory framework governing the manufacture, import, quality, sale and distribution of fertilizers in the Country. It prescribes standards relating to fertilizer specifications, labelling, packaging, registration and licensing of manufacturers, importers, wholesalers and retailers. Clause

27 of the FCO provides for the appointment of Fertilizer Inspectors, who are the designated enforcement authorities under the Order. Clause 28 empowers these Inspectors to inspect premises, draw samples, examine records, conduct searches and seize stocks or documents wherever violations are suspected. Contravention of the provisions of the FCO is punishable under Section 7 of the Essential Commodities Act, 1955, with imprisonment ranging from three months to seven years, in addition to administrative actions such as suspension or cancellation of licenses and other regulatory measures as prescribed under the Order.

II. The Fertilizer (Movement Control) Order, 1973: Structure and Key Provisions

2.3 The Fertilizer (Movement Control) Order, 1973 was issued on 25th April 1973 under Section 3 of the Essential Commodities Act, 1955 (ECA). It is a targeted order focused specifically on movement regulation and supply planning. Its principal clauses, as progressively amended since 1973, are as under:

> **"Clause 3 — Regulation of Inter-State Movement:** Prohibits unauthorised export of fertilizers from one State to another. Inter-State movement without authorisation is a punishable offence under the ECA. (Substituted in 1985.)
>
> **Clause 3A — Digital Movement Monitoring:** Mandates that the distribution and movement of fertilizers and their raw materials shall be continuously monitored through the online web-based Fertilizer Monitoring System, now the Integrated Fertilizer Management System (iFMS).
>
> **Clause 3B — Monthly Supply Planning:** Mandates that the Department of Fertilizers draw up monthly State-wise fertilizer supply plans, agreed upon by manufacturers and importers, to ensure nationwide availability.
>
> **Clause 3C — Regulated Shares:** Enables regulation of shares of production or imports allocated to States.
>
> **Clause 4 — Enforcement Powers:** Empowers State Governments to initiate search and seizure through Fertilizer Inspectors appointed under Clause 27 of the FCO-1985, or Police Officers not below the rank of Head Constable."

2.4 When the Committee sought to ascertain whether the Order, framed over five decades ago, continues to be adequate in the present regulatory and operational context, the Secretary, Department of Fertilizers, responded as follows:

"Sir, if it is followed in the true spirit, it is still sufficient."

III. IMPLEMENTATION MECHANISM, DIGITAL MONITORING AND MOVEMENT CHAIN

(A) Centre-State Division of Responsibilities

2.5 Implementation of the FC(M)O, 1973 operates through a coordinated Centre-State framework. The Department of Fertilizers (DoF) is responsible for policy relating to fertilizer production, availability, allocation, movement planning, and issuance of monthly supply plans. The Department of Agriculture and Farmers Welfare (DA&FW) is associated in demand assessment; the Ministry of Railways coordinates rake movement; and State Governments are the principal enforcement authorities. The division of responsibilities is as under:

"**Issuance of Movement Directives:** Primarily the Central Government / D/o Fertilizers, being the authority under the Order, including policy directions relating to inter-State movement, allocation and supply balancing.

Monitoring of Movement: Undertaken jointly through the Department of Fertilizers (national-level production, dispatch and supply monitoring) and State Governments (receipt, intra-State distribution and field availability monitoring).

Inspection at Wholesale/Retail Level: Primarily the State Governments through designated enforcement officers, inspectors and district authorities under the applicable control framework.

Seizure and Confiscation: Carried out by competent authorities/officers empowered under the Essential Commodities Act, 1955 and related delegated powers, generally at the State/district level, subject to due legal process.

Prosecution and Conviction Follow-Up: Initiation of cases is generally by the concerned enforcement authorities of the State Government/authorized agencies, with prosecution conducted before the competent courts. Follow-up on trial proceedings is undertaken by the concerned State authorities in coordination with prosecuting agencies."

(B) The Movement Chain: End-to-End Stakeholder Responsibilities

2.6 The fertilizer movement chain, as described by the States in their replies, operates through the following stages, with the key stakeholders at each stage bearing defined responsibilities:

Stage	Key Stakeholders	Primary Responsibilities
Plant/Port (Origin)	Fertilizer manufacturers, importers, DoF	Quality compliance, production/import per supply plan, dispatch to rake points/warehouses as per DoF allocation
Rail/Road Transit	Indian Railways, road transporters, companies' logistics teams	Freight management, rake indenting, movement as per supply plan; companies maintain 80:20 rail-road ratio target for Urea
Rake Point	Rake Point In-charge, H&F Agents, State Agri. Dept.	Unloading, quantity confirmation against dispatch note in iFMS, secondary dispatch to warehouses; receipts mandatorily acknowledged in iFMS
Warehouse/Stock Point	State Marketing Federations (Markfed, GUJCOMASOL, TANFED, MECOFED etc.), company godowns	Buffer stocking, inventory management, daily stock update on iFMS
Wholesaler/Distributor	Licensed dealers, cooperative unions, Markfed	Lift allocated quantities; distribute to retailers per company/State allocation; maintain records and invoices
Retailer	Authorized retailers/dealers, PACS, PMKSKs	Sale through Aadhaar-authenticated e-PoS; strict adherence to MRP; acknowledge stock receipt in iFMS; display stock and price daily
Farmer (End Beneficiary)	Individual farmers	Purchase through biometric Aadhaar authentication; 50-bag/month ceiling

		automatically enforced; buyers > 40 bags auto-flagged to District Collector

Source: Replies of States/UTs to Point No. 33 (Annexure 33)

(C) Integrated Fertilizer Management System (iFMS): Digital Backbone of the Order

2.7 The most significant evolution in the implementation of the FC(M)O, 1973 since its enactment is the statutory embedding of digital monitoring through the insertion of Clause 3A, which mandates continuous monitoring through the online web-based Fertilizer Monitoring System, now the iFMS. On being asked about the Integrated Fertilizer Management System (iFMS) and the manner in which it assists the Department in regulating the movement of fertilizers in accordance with approved supply plans, the Department, in its written reply, submitted as under:

> "Integrated Fertilizer Management System (iFMS) is an online platform developed for monitoring and management of fertilizer movement across the country. Under the system, state-wise and season-wise fertilizer requirement received from States/UTs is consolidated by DA&FW and uploaded in iFMS. Based on the approved requirement and assessment of availability, Movement Division of DoF prepares the supply plan in the system considering various parameters such as availability of fertilizer, production position, rake movement, port stocks, and past supply pattern. The supply plan approved by DoF is shared online with fertilizer companies through iFMS.
>
> Fertilizer companies accordingly plan dispatches through their SAP/ERP systems as per the approved allocation and movement plan. The dispatch details generated in company SAP/ERP systems are integrated and captured in iFMS for monitoring of movement. The system enables real-time monitoring of fertilizer dispatches, allocation, rake placement, stock position and state-wise supply status. Thus, iFMS helps the Department in ensuring that fertilizer movement is carried out strictly as per approved plans and approved state allocations."

2.8 On the question of how the Department verifies whether fertilizers moved under movement permits actually reach the intended beneficiaries, all State Governments, including Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Jammu and Kashmir, Karnataka, Kerala, Maharashtra, Odisha, Tamil Nadu, and Uttar Pradesh, confirmed that the Integrated Fertilizer Management System (iFMS) serves as the primary verification mechanism. Under the system, all movement permits are generated online, capturing the source, destination, and quantity of fertilizers, while the receiving dealer is required to acknowledge receipt electronically. Any discrepancy, such as non-confirmation of receipt, abnormal stock balances or a mismatch between receipts and sales, is treated as a violation and triggers inspection and enforcement action.

2.9 On being asked whether the Integrated Fertilizer Management System (iFMS) is integrated with the e-PoS retail sale systems across the States and to clarify the integration status, existing gaps and its linkage with the Direct Benefit Transfer (DBT) system, the Department, in its written reply, submitted as follows:

"National-level integration (All States/UTs)

- The Integrated Fertilizer Management System (iFMS) has been rolled out across all States and Union Territories since 2018.
- It is designed as an end-to-end platform, covering production, movement, stock, and retail sale of fertilizers.

Mandatory e-PoS-based retail sale

- Sale of subsidized fertilizers is mandatorily conducted through e-PoS devices at retailer level.
- These PoS devices are Aadhaar-authenticated, ensuring identification of the actual buyer (farmer).

Real-time integration with iFMS

- Every retail transaction captured on e-PoS is automatically integrated into iFMS in real time.
- This enables:
    - Monitoring of actual sales at retail point
    - Generation of subsidy claims based on sale (not dispatch)

    - End-to-end visibility from plant → retailer → farmer

State-level implementation

- States use iFMS dashboards (e-Urvarak) to monitor:
    - Retail sales through PoS
    - Stock and availability
    - Retailers not using PoS devices
- Some States (e.g., Haryana) have further integrated iFMS with State specific MFMB farmer databases/portal, strengthening targeting and control.

To enhance the scope of integration, sale of fertilizers is being linked with land /crop through integration of iFMS with Agristack (Department of Agriculture & Farmers' Welfare). By matching both datasets, DoF aims to identify buyers in the iFMS database who are also present in the Agristack database. Based on the matches, the analysis would help understand farmers' fertilizer consumption patterns in relation to their land holdings and cropping patterns. This initiative is aimed at bringing in rational and balanced use of fertilizers."

2.10 A successful instance of technology-driven enforcement intelligence was cited by the Secretary, Department of Fertilizers, during examination on 6th January 2026 — involving detection of suspicious dealer behaviour in Nepal border districts through iFMS analytics:

> *"Just for your information, recently we monitored seven districts on the Nepal border, and all Collectors attended, and we analyzed whether sale of abnormal fertilizer is happening or not. Three situations actually came to our notice. We checked how much sale is happening after 8 PM. Our system can detect that also. So, we noticed some abnormality. One particular dealer had 30,000 bags in a month after 8 PM statutory shop closing time. Now, after that review and action against him, those six districts are registering seven per cent to 13 per cent less sale of urea."*

2.11 On how States reconcile discrepancies between iFMS data and field-level reports of shortages or diversion, replies of States confirm a common protocol: cross-verification of iFMS records with dealer stock registers and e-PoS sales data; field inquiries and physical inspections to validate reported shortages; reconciliation of stock across the supply chain; and penal action under the FCO where confirmed discrepancies are found. Assam reported frequent retail visits to check physical vs PoS stock in real time; Gujarat additionally verifies through Frequent Buyers and Top-20 Buyers lists from iFMS.

(D) Detection Mechanisms for Unauthorized Movement

2.12 In response to the Committee's query regarding the mechanisms currently in place to detect unauthorized movement, diversion, or non-compliance with movement directives under the Order and the number of such violations detected during the last three peak seasons, along with State wise details, the Department, in its written reply, has informed the Committee that the State Governments have put in place a multi layered enforcement framework. The key mechanisms adopted across the States are as follows:

- Surprise inspection squads comprising senior Agriculture Department and Vigilance & Enforcement Department officials — Andhra Pradesh, Haryana, Chhattisgarh, Gujarat, Karnataka.
- Joint inspections by Agriculture, Revenue, GST and Police Departments specifically targeting diversion, hoarding, black-marketing, and forced tagging — Andhra Pradesh, Gujarat, Bihar, Haryana.
- 100 percent verification of fertilizer outlets during Kharif and Rabi peak seasons — Andhra Pradesh, Haryana, Himachal Pradesh.
- iFMS-based analytics including time-of-sale monitoring, top-buyer identification, and PoS-stock reconciliation — J&K, Gujarat, Chhattisgarh, Tamil Nadu.
- District and State-level control rooms for confidential complaint reporting — Bihar.
- Letters to District Magistrates of Nepal border districts for strong vigilance against cross-border diversion — Bihar; similar mechanism under DoF for all high-consumption districts.
- District Task Force monitoring with Police patrolling on roads — Assam.
- Neem-coated Urea detection in industrial units (resin factories, plywood units, DEF manufacturers) — Uttar Pradesh, Gujarat, Rajasthan, Punjab.

CHAPTER III

ENFORCEMENT ARCHITECTURE: PERSONNEL, POWERS AND PROCEDURES

I. ENFORCEMENT ARCHITECTURE

(A) Fertilizer Inspectors: Strength and Adequacy

3.1 On being asked to provide State wise details of Fertilizer Inspectors and to indicate whether their present strength is adequate to achieve the objectives of the Order, the Department, in its written reply, submitted as under:

State/UT	Fertilizer Inspectors Appointed (Working)	Adequacy Assessment by State
Andhra Pradesh	861 (total); 849 working	Sufficient
Arunachal Pradesh	By default: Agri. Dev. Officers under 2016 Gazette	Not stated
Assam	382	Not stated
Bihar	3,260	Sufficient
Chhattisgarh	237	Sufficient
Gujarat	143 (112 BAO + 31 Addl. Directors QC)	Not stated
Haryana	336	Sufficient
Himachal Pradesh	94 (89 working; 5 vacant)	Sufficient
J&K	34 (18 active enforcement)	Sufficient
Jharkhand	90 filled out of 356 sanctioned	NOT SUFFICIENT
Karnataka	1,075	NOT SUFFICIENT
Kerala	1,025	Sufficient
Madhya Pradesh	980 filled out of 2,748 sanctioned (1,768 vacant)	Not stated
Maharashtra	484	Not stated

Manipur	8	NOT SUFFICIENT
Meghalaya	151	Sufficient
Mizoram	11	Sufficient
Odisha	934 (472 AAO-cum-FI)	Sufficient
Punjab	607	Sufficient
Rajasthan	744	Sufficient
Tamil Nadu	867 (795 at block level)	Sufficient
Telangana	824 (total); vacancies exist	Not stated
Uttar Pradesh	894	Sufficient
Uttarakhand	82	Sufficient
West Bengal	674 (620 working; 54 vacant)	Not stated

3.2 Three States, namely Jharkhand, Karnataka and Manipur explicitly stated that the number of Fertilizer Inspectors was not sufficient to achieve the objectives of the Order. In Jharkhand, only 90 posts were filled against a sanctioned strength of 356. In Madhya Pradesh, 1,768 posts remained vacant out of 2,748 sanctioned, representing a vacancy rate of 64 percent. These States are amongst those where robust enforcement was particularly critical, given their fertilizer consumption patterns and the risks of diversion.

(B) Enforcement Powers Under the Order

3.3 Clause 4 of the Fertilizer (Movement Control) Order, 1973 empowers authorized officers to stop and search any person, vehicle, boat, or receptacle suspected of being used for the unauthorized movement of fertilizers; detain vehicles found to be in violation; enter and search premises; and seize fertilizers and relevant records in accordance with Sections 102 and 103 of the Code of Criminal Procedure. The power of authorization is jurisdiction specific, an important safeguard intended to prevent misuse of these enforcement powers. During the briefing, the Secretary, Department of Fertilizers, explained as follows:

"Under Clause 27 of the FCO, they defined who can take action against the violators under the EC Act. They said that the State Government can authorize or the Central Government can authorize, but having a geographical jurisdiction. That means if I am authorizing a Sub-Inspector of Police, then he should have an exact definition of where he is working. That is written in the Act itself. So, it has to be an authorized person having jurisdiction, like every Magistrate, Executive Magistrate in the field is having a defined jurisdiction. Similarly, this is such an important Act and to prevent the misuse, this kind of provisioning has been made under the EC Act."

(C) Penal Provisions Under Section 7 of the ECA

3.4 Violations of the FC(M)O, 1973 attract penalties under Section 7 of the ECA. The penalty framework is as under:

Nature of Violation	Penalty Under Section 7, ECA
Contravention of any order under Section 3 — General	Imprisonment between 3 months and 7 years, with fine
Failure to comply with directions by competent authority	Imprisonment up to 1 year, with fine, or both
Lesser punishment	Courts may impose sentence below 3 months only for adequate and special reasons, to be recorded in judgment

3.5 The Committee were informed through the Department's written replies that the penalties imposed under Section 7 of the Essential Commodities Act for fertilizer related violations vary widely across the States. Andhra Pradesh reported the highest level of enforcement, with 253 cases registered under Section 7 of the Act during 2025–26, resulting in penalties amounting to Rs. 129 lakh, while conviction rates in the preceding years ranged between 93 and 96 per cent. Tamil Nadu and Karnataka also reported the registration of FIRs and proceedings under relevant provisions. Punjab reported the award of two years' imprisonment in one case and the imposition of fines in eight cases, while Jammu and Kashmir reported a penalty of Rs. 6,000 in one case of inter State diversion. In contrast, a majority of States, including Bihar, Gujarat, Haryana, Himachal

Pradesh, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, and Odisha, reported that no monetary penalties had been imposed for violations under the Fertilizer (Movement Control) Order, 1973.

(D) Standard Operating Procedure and Absence Thereof

3.6 On being asked whether any Standard Operating Procedure (SOP) exists for enforcement action under the Fertilizer (Movement Control) Order, 1973 and, if so, to furnish a copy thereof, or otherwise indicate the timeline for issuing a uniform SOP, the Department, in its written reply, submitted as follows:

> "At present, no separate centralized Standard Operating Procedure (SOP) has been prescribed exclusively for enforcement action under the Fertilizer (Movement Control) Order, 1973. Enforcement actions are undertaken under the provisions of the Order read with the Essential Commodities Act, 1955, related control orders, and instructions/guidelines issued from time to time by the Central and State Governments. Since enforcement responsibilities are exercised by competent authorities in different States based on local facts, jurisdictional requirements, and established legal procedures, a single uniform SOP has not been considered essential so far. Existing statutory provisions and administrative mechanisms have generally been found adequate for operational purposes.
>
> However, the need for further streamlining of procedures, including issuance of additional guidance wherever required, remains under continuous review in consultation with stakeholders."

3.7 The absence of a uniform Standard Operating Procedure (SOP) is reflected in the wide variation in enforcement practices across the States. While some States, such as Andhra Pradesh, Tamil Nadu, and Uttar Pradesh, have adopted comprehensive enforcement mechanisms, including dedicated inspection squads, joint inter departmental raids and iFMS based analytics, others, including Bihar, Gujarat, Kerala, Madhya Pradesh, Maharashtra, Punjab and West Bengal, have reported little or no enforcement action specifically under the Fertilizer (Movement Control) Order, 1973.

II. ENFORCEMENT DATA: VIOLATIONS, SEIZURES, PENALTIES AND PROSECUTIONS

(A) Five-Year Enforcement Record: State-wise Overview

3.8 The Committee sought State/UT wise data for the last five years on inspections conducted, violations detected, show cause notices issued, licenses suspended or cancelled, FIRs registered, prosecutions launched, and convictions secured under the Fertilizer (Movement Control) Order, 1973. The information furnished by the States in response to Point No. 36 reveals significant disparities in enforcement across the country, with a small number of States accounting for the overwhelming majority of recorded enforcement action, while most States reported either nil or negligible action under the Order. A consolidated overview of the five-year enforcement record is as follows:

State/UT	Inspections (5yr Total)	Violations Detected (5yr)	FIRs Registered (5yr)	Convictions (5yr)	Remarks
Andhra Pradesh	~88,211	~1,035	44	~30	High enforcement; consistent 93-96% conviction rate
Assam	5,429 (25-26 only)	425	1	0	Partial data; low FIR to inspection ratio
Bihar	63,907	5,039	241	0	High inspections; zero convictions; no FMCO cases
Chhattisgarh	21,572	—	—	—	124 licences suspended; Rs.35.52 lakh penalties
Gujarat	89,747	—	98	0	FIRs for diversion; no monetary penalty provision
Haryana	8,819	140	43	~49	High conviction rate in 6A cases
Himachal Pradesh	358	43	2	0	All under FCO, not FMCO specifically
Jharkhand	765	91	11	0	No prosecutions launched

Karnataka	NIL under FMCO	NIL under FMCO	NIL under FMCO	NIL	15 diversion cases in 2025-26 under FCO; 1,659 MT seized
Kerala	10 (5yr)	0	0	0	No violations under FMCO
Madhya Pradesh	21,360	0	433	0	433 FIRs but NIL convictions; high vacancy
Maharashtra	50,706+ dealer	1,556	74	NA	1,027 suspended; 529 cancelled; no FMCO monetary penalty
Mizoram	104	15	1	0	Border smuggling active; 1 licence cancelled
Odisha	33,687	—	34	0	Seizures active; no prosecution/conviction data
Rajasthan	49,815	1	1	1	Minimal FMCO action; 1 case only
Tamil Nadu	99,207	4,186	15	0	Highest inspections; no convictions under FMCO
Telangana	55,863	482	21	~27	99% conviction rate in confiscation cases
Uttar Pradesh	2,65,271	658	658	0	Highest inspections nationally; zero convictions
West Bengal	~1,32,193	~2,871	2	0	2 recent FMCO cases; most data under FCO

3.9 When the Committee further questioned the apparent inconsistency between the enforcement data and the persistent complaints received from farmers, particularly in States reporting nil or negligible enforcement action, it observed that the figures were difficult to reconcile with the ground realities, noting that '17 to 19 States have reported nil enforcement. It is difficult to believe that nothing happened throughout the year, especially when the loudest complaints are coming from these very States. In response, the representative of the Department of Fertilizers submitted as follows:

> *"सर, हमने यह डेटा स्टेट गवर्नमेंट से लिया है। उन्होंने अंडर देयर सिग्नेचर प्रोवाइड किया है। सर, उनका यह कहना है कि जो इंटर स्टेट अनअथॉराइज्ड मुवमेंट है, उसके इंस्टांसेज उनकी नजर में नहीं है। जहां पर आए हैं, यह उन्होंने दिया है, लेकिन लार्जजर एनफोर्समेंट का डेटा, एफसीओ के अंडर है, वह दूसरा डेटा है। हमने पहले कोट किया है। इसमें ब्लैक मार्केटिंग, होल्डिंग, सबस्डैंईस एंड डायवर्जन।"*

(B) Search and Seizure: Quantity and Outcomes

3.10 On being asked to provide the three-year State/UT wise data on search and seizure operations under the Fertilizer (Movement Control) Order, 1973, the Department, in its written reply, submitted that the information furnished by the States reveals significant enforcement activity in terms of the quantities of fertilizers detained and seized. However, the ultimate disposal of the seized stocks, whether released after the imposition of penalties, auctioned, or confiscated, has been reported inconsistently across the States. The key highlights are as follows:

State	2023-24	2024-25	2025-26	Outcome Pattern
Andhra Pradesh	1,311 MT seized (Rs. 184 lakh)	1,056 MT seized (Rs. 121 lakh)	2,358 MT seized (Rs. 645 lakh)	Released with penalty
Gujarat	501 MT detained; 30 FIRs	205 MT detained; 17 FIRs	355 MT detained; 20 FIRs	Auctioned
Karnataka	999 MT seized (Rs. 617 lakh)	850 MT seized (Rs. 241 lakh)	1,659 MT seized (Rs. 755 lakh)	Released/auctioned/confiscated per court order
Maharashtra	—	—	2,478 MT seized (Rs. 453.61 lakh)	Not specified
Mizoram	1,288 bags Urea	1,010 bags Urea	458 bags Urea	Seizure and stop-sale notice

Odisha	3 seizures	8 seizures	15 seizures	Non-standard stock destroyed; penalty imposed
Rajasthan	Nil	Nil	50 bags Urea + 50 bags SSP + 50 kg Sulphur	Under process
Tamil Nadu	0 MT seized	333.70 MT seized	1,650.65 MT seized	Under process
Telangana	—	—	458.19 MT seized (Rs. 656.50 lakh)	Released with penalty
Uttar Pradesh	11.23 MT seized	19.83 MT seized	118.64 MT seized	6.43 MT released; remainder under process
West Bengal	Nil	500 bags NPK seized	664 bags Urea seized	Trial under process
Manipur	0	378 MT detained	1,170 MT detained	FIRs in 3 cases (2024-25)

(C) Penalties: Imposition and Realization

3.11 The five-year data on penalties imposed and realized, furnished by the Department, reveal a near-universal absence of monetary penalties specifically under the FC(M)O, 1973. The notable exceptions are: Andhra Pradesh, which reported Rs. 129 lakhs imposed and realized in 2025-26 (against Rs. 24-56 lakhs in prior years); Telangana, which reported Rs. 9.27 lakhs in 2025-26 (rising from Rs. 0.12-0.18 lakhs in prior years); Karnataka (Rs. 1.59 lakh to Rs. 4.65 lakhs per year, fully realized); and Chhattisgarh (Rs. 35.52 lakhs over five years, fully realized). Twelve States — including Bihar, Gujarat, Haryana, Madhya Pradesh, Maharashtra, Odisha, Punjab, Tamil Nadu, and Uttar Pradesh — reported NIL monetary penalties specifically under the FC(M)O.

3.12 On being asked whether the Department was aware of instances where the penalties imposed were disproportionately low in comparison with the economic gains derived from diversion or hoarding, thereby creating incentives for repeated violations, and, if so, what corrective measures are proposed, the Department, in its written reply, submitted as follows:

> "The Department does not generally assess such matters in terms of isolated penalty-value comparisons, as penalties for violations are determined by the State governments under the Essential Commodities Act, 1955 and other applicable legal provisions based on facts of each case.
>
> Wherever irregularities are reported, the focus remains on prompt detection, seizure, prosecution, improved monitoring, and coordination with State Governments to prevent recurrence. Corrective measures are therefore centered on stronger compliance systems and enforcement rather than any generalized presumption of inadequate penalties."

(D) Enforcement Timelines and the Prosecution Gap

3.13 The Committee sought State/UT wise data on the average time taken at various stages of enforcement, namely from detection of a violation to the issuance of a show cause notice, suspension or cancellation of license, registration of an FIR, filing of the charge sheet, and final conviction. The information furnished by the States in response to Point No. 38 indicates that administrative action, such as the issuance of show cause notices and license suspension or cancellation, was generally initiated within 1 to 15 days of detection. The data relating to the period between registration of an FIR and final conviction are summarized below:

Stage	Typical Timeline (State Responses)
Detection → Show Cause Notice	1-2 days (most States)
Show Cause Notice → Licence Suspension/Cancellation	10-30 days (most States)
Detection → FIR Registration	1-7 days (most States)
FIR → Filing of Charge-Sheet	10-90 days (State Police dependent)
Charge-Sheet → Disposal/Conviction	Months to years (Judiciary dependent; Telangana: 6 months to 1 year; UP: more than 6 months; Karnataka: 'prolonged judicial delays')

3.14 When the Committee drew attention during the briefing to this apparent weakness in the enforcement chain, the Secretary, Department of Fertilizers, responded as follows:

> *"But these FIRs actually take time to convert into the real punishment. It takes years to get there. But this much is more than sufficient in terms of creating the deterrent that somebody is looking at them.".*

(E) Conviction Rates: Low and Unevenly Distributed

3.15 The State wise data on conviction rates furnished by the Department indicate considerable variation across the States. Andhra Pradesh reported conviction rates ranging from 92 to 96 per cent during the last five years and stated that the lower conviction rate in certain cases was attributable to procedural lapses, ambiguity in the relevant provisions, and witnesses turning hostile. Telangana reported a conviction rate of 99 per cent in confiscation and disposal proceedings before Magistrates, whereas the conviction rate in cases relating to violations of Clause 19 of the Fertilizer (Control) Order, including black marketing, tagging, and hoarding, was reported at 10 per cent. According to the State, the lower conviction rate was due to witnesses turning hostile and the lack of clear demarcation of the applicable provisions. Jammu and Kashmir reported a conviction rate of 100 per cent in the single case prosecuted during the period under review.

3.16 The information furnished by the States further indicates that Bihar, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh, and several other States reported no convictions under the Essential Commodities Act for fertilizer related violations during the five-year period under review. The reasons cited by the States include delays in judicial proceedings, frequent transfers of enforcement personnel affecting prosecution follow up, ambiguity in the relevant provisions of the Essential Commodities Act and the Control Orders, witnesses turning hostile, and gaps in the prosecution process following the registration of FIRs. The data also show that Bihar reported the registration of 241 FIRs during the five-year period, while no prosecutions were reported during the same period.

III. DIVERSION PATTERNS, HOTSPOTS AND MODES OF VIOLATION

(A) Nature and Modes of Diversion

3.17 The Committee sought a detailed note on the common modes of diversion and violations observed in the movement and distribution of fertilizers. The information furnished by the States in response to the Committee's query identifies the following commonly reported modes of diversion and violations across the States:

Cross-Border Inter-State Diversion: The most common mode was, diversion from border districts to adjoining States where subsidized fertilizers are not available (Andhra Pradesh, Tamil Nadu, Telangana, West Bengal, Mizoram, J&K). In Mizoram, cross-border smuggling to Myanmar has been detected. Andhra Pradesh reported 8 active cases of inter-State diversion with FIRs filed at Palnadu, NTR, and Nandyal districts.

Industrial Diversion of Agricultural-Grade Urea: Subsidized neem-coated Urea being used in industrial processes *viz.* plywood and resin factories, diesel exhaust fluid (DEF) units, cattle feed manufacturing, is a significant pattern particularly in Rajasthan, Uttar Pradesh, Gujarat, Karnataka, and Punjab. Uttar Pradesh conducts regular raids on industrial units using neem-coated Urea. Punjab identified Hoshiarpur (plywood manufacturing) and Rajasthan identified DEF units and resin factories as key diversion destinations.

Stock Manipulation and False PoS Sales: Mismatch between iFMS records and physical stock at dealer level; bulk sales shown as multiple small transactions to mask diversion; sale without proper PoS authentication in remote/low-connectivity areas; Mizoram reported dealers providing multiple fingerprints per farmer in PoS machines to exceed individual limits.

Transport-Level Diversion: Partial unloading and re-routing during transit from rake points to remote districts (particularly in hilly terrain — J&K, Uttarakhand); movement without valid documents (Madhya Pradesh: 28 cases of unauthorized movement in 2025-26); delayed or non-reporting of receipt at destination.

Hoarding and Black Marketing: Withholding of stock to create artificial scarcity and sell above MRP during peak seasons. Bihar reported 1,076 hoarding cases; Maharashtra reported 234 black marketing and 28 hoarding cases; Madhya Pradesh reported 22 black marketing FIRs in 2025-26; Uttar Pradesh reported 52 hoarding FIRs in 2025-26.

(B) Diversion-Prone Districts and Regions

3.18 In response to the Committee's query, the Department submitted the State wise information on Districts where instances of fertilizer diversion have been reported, based on iFMS analytics, field inspections, and intelligence inputs. The Districts reported by the States are as follows:

State	Top Diversion-Prone Districts / Basis of Identification
Andhra Pradesh	Palnadu, NTR, Nandyal — border districts with Telangana; 8 FIRs filed for inter-State diversion
Gujarat	Surat, Mehsana, Banaskantha, Kutch
J&K	Kathua and Samba — border areas prone to diversion
Karnataka	Ballari, Raichur, Kolar, Chikmagalur, Tumkur, Bengaluru, Mysuru, Shivmoga, Hassan, Belagavi, Kodagu — via informants/inspections/intelligence
Mizoram	Siaha, Lawngtlai, Lunglei — border-adjacent areas; cross-border smuggling to Myanmar
Punjab	Hoshiarpur — plywood manufacturing-led diversion of agricultural Urea
Rajasthan	Dholpur, Karauli, Bharatpur, Alwar, Ganganagar, Hanumangarh, Sawai Madhopur, Jalore, Chittorgarh, Baran, Jhalawar, Dungarpur, Banswara, Jhunjhunu, Sirohi — border districts
Tamil Nadu	Coimbatore, Dharmapuri, Erode, Kanyakumari, Krishnagiri, The Nilgiris, Tenkasi, Theni, Thirupathur, Tiruppur, Tiruvallur, Tiruvannamalai, Vellore, Virudhunagar
Telangana	Adilabad, Mancherial, Nirmal — border districts with Maharashtra

Uttar Pradesh	Shravasti, Shamli, Kanpur Dehat, Hardoi, Unnao, Amethi, Meerut, Rampur, Sitapur, Sambhal, Basti, Muzaffarnagar, Barabanki, Chandauli, Raebareli, Varanasi
Uttarakhand	Udham Singh Nagar — UP-Uttarakhand corridor; Urea cross-border diversion

(C) Major Violation Cases and Fiscal Impact

3.19 The Committee sought State wise details of major cases involving fertilizer diversion, hoarding, forged records, and repeated non-compliance. In response, the Department furnished the information received from the States. The details submitted by the States on such cases are as follows:

- Andhra Pradesh: 8 active FIR cases for inter-State diversion in Palnadu (3), NTR (3), and Nandyal (2) districts.
- Bihar: 1,076 hoarding cases; zero diversion or forged records cases.
- Karnataka: 15 diversion FIRs; 5 hoarding/black marketing licence cancellations; 160 cases for label violations and unauthorized godowns.
- Maharashtra: 5 diversion cases; 234 black marketing and 28 hoarding cases.
- Madhya Pradesh: 1 diversion case and 28 unauthorised movement cases with FIRs in 2025-26; 22 black marketing FIRs.
- Mizoram: Systematic cross-border smuggling; 1 cooperative society permanently debarred for repeated violations including sale above MRP and improper record-keeping.
- Uttar Pradesh: 22 diversion FIRs, 52 hoarding FIRs, 1 forged records FIR in 2025-26.

3.20 On the question of whether the Department has quantified the fiscal loss to the exchequer arising from the diversion and illegal movement of fertilizers, the Department furnished the information received from the States. Most States reported that no quantification of fiscal loss on account of inter State diversion had been undertaken or that no such diversion had been detected. Karnataka reported the confiscation of 612.8 MT of urea in 15 cases during 2025–26. Jammu and Kashmir reported one case involving

2.7 MT of urea, with Rs. 15,990 realized through auction of the seized stock. Tamil Nadu stated that FIRs are registered in such cases and recovery is pursued through court proceedings. The replies furnished by the States do not include any consolidated estimate of the fiscal loss to the exchequer arising from fertilizer diversion or the amount recovered on that account.

(D) Major Violation Cases and Fiscal Impact

3.21 The Committee sought clarification on whether repeat offenders under the Fertilizer (Movement Control) Order, 1973 are tracked and, if so, requested details of the number of repeat offenders identified during the last three years and the action taken against them, including blacklisting, suspension of licenses, or prosecution. In response, the Department furnished the information received from the States. Most States reported that no repeat offenders had been identified during the last three years. Mizoram reported one repeat offender, whose license was permanently cancelled. The replies furnished by the remaining States did not report the identification of any repeat offenders during the period under review.

IV. SUPPLY PLANNING, BUFFER STOCK AND SEASONAL PREPAREDNESS

3.22 The Committee also examined the adequacy of stock norms and seasonal preparedness under the Fertilizer (Movement Control) Order, 1973. During the briefing held on 06 January 2026, when the Committee enquired whether any State wise buffer stock policy had been prescribed to ensure the availability of fertilizers during peak agricultural seasons, the Secretary, Department of Fertilizers, responded as follows:

> *"Sir, there is no buffer stock policy and it is not required at this moment…..the buffer was attempted a few years ago, but it became an utter failure. My point is how do we actually know about how much we have from ending of one season to the beginning of the next season is through our opening stock concept. Every State is given the fertilizer from different source for consumption. They are even given a little more than consumption, which is there for the next cropping season to start as the base. I can give you the details for every State, for every season, what was the opening stock and when it got raised another fresh supplier."*

CHAPTER IV

ACCOUNTABILITY GAPS, CENTRE-STATE COORDINATION AND WAY FORWARD

I. The Diffusion of Accountability

The Committee sought clarification on the respective roles and responsibilities of the Central Government and the State Governments in the implementation and enforcement of the Fertilizer (Movement Control) Order, 1973. In its responses to the Committee's queries on matters relating to fertilizer availability, diversion, black marketing, and distribution at the field level, the Department stated that the responsibility for intra State distribution and enforcement rests with the respective State Governments.

4.2 On being asked about the mechanism adopted by the Department for implementing the provisions of the Fertilizer (Movement Control) Order, 1973, and the manner in which it coordinates with the State Governments for its effective implementation, the Department, in its written reply, submitted as follows:

> The Department implements the Fertilizer (Movement Control) Order, 1973 through an administrative monitoring and coordination mechanism rather than routine physical movement restrictions. Key elements are:
>
> (i) Seasonal assessment and supply planning based on State-wise demand projections for Kharif/Rabi seasons.
>
> (ii) Regular coordination with fertilizer manufacturers/importers for timely inter-State supply, rake movement and stock positioning.
>
> (iii) Monitoring via regular coordination with State Governments through periodic meetings and video conferences. States provide demand estimates, stock positions and field feedback.
>
> Thus, implementation is primarily through Centre-State coordination, advance planning and continuous monitoring to ensure equitable fertilizer availability.

4.3 On being asked whether the Department of Fertilizers was solely responsible for the implementation of the Fertilizer (Movement Control) Order, 1973, and whether the Ministry of Agriculture and Farmers Welfare also had a role in its implementation, and, if so, to clarify its functions, the Department, in its written reply, submitted as follows:

> "The D/o Fertilizers is not solely responsible for implementation of the Fertilizer (Movement Control) Order, 1973. The subject requires a coordinated approach involving multiple stakeholders at the Central and State levels. While the D/o Fertilizers primarily handles policy relating to fertilizer production, availability, allocation, and movement planning, implementation on the ground is supported through State Governments and concerned authorities under the relevant legal framework. The Ministry of Agriculture and Farmers Welfare is also associated in matters relating to assessment of season-wise fertilizer requirement. Its inputs assist in planning and balancing supply with agricultural needs. Accordingly, effective implementation is undertaken through inter-ministerial coordination rather than by any single Department in isolation."

II. The Ground Reality and the Farmer's Silence

4.4 During the briefing held on 06 January 2026, the Committee observed that the enforcement data furnished by the States may not fully capture the extent of violations, as many farmers may be reluctant to report malpractices due to local pressures and concerns over securing timely access to fertilizers. In response, the Secretary, Department of Fertilizers, stated as follows:

> "*So, the States have a lot of responsibility to ensure that people lodge a complaint."*

4.5 On being further asked whether the instances of fertilizer diversion reported in Districts along the Nepal border, as reflected in iFMS analytics, could also be occurring in other parts of the Country wherever price differentials or demand pressures create economic incentives for diversion, the Secretary, Department of Fertilizers, responded as follows:

“That is why, we are disseminating this information that Collectors and their district administration should see to it from time to time if there is any abnormality observed in the dealer shops all around the district.”

III. Department's Position on Reform

4.6 When the Committee sought the Department's views on specific measures to strengthen the implementation of the Fertilizer (Movement Control) Order, 1973, including stronger penalties, clearer accountability, a uniform Standard Operating Procedure (SOP) and technology driven enforcement, the Department's responses on each of these aspects were as follows:

> **“Deterrence Value of Penalties:** Enforcement under the ECA already exists. Any further enhancement, if considered necessary, would require broader legislative examination. No specific proposals for enhancement of the FC(M)O penalty framework are under consideration.
>
> **Uniform SOP for Enforcement:** No centralized SOP has been prescribed. Further standardization, including model inspection protocols or common checklists, may be considered in consultation with States.
>
> **Time-Bound Enforcement:** Emphasis on faster reporting, prompt field response, and periodic review, rather than prescribing rigid nationwide timelines, as cases vary by jurisdiction.
>
> **Technology Upgrades:** Continuous improvements in digital stock monitoring, dispatch tracking, online reporting dashboards, and data integration are being explored subject to feasibility and resources.
>
> **Accountability Mechanisms:** Regular review meetings and coordinated oversight with States remain the primary mechanisms. No additional central accountability framework for State enforcement failures is proposed.”

4.7 On being asked to provide a brief summary of the achievements, if any, in improving fertilizer movement regulation and supply stability in recent years, the Department, in its written reply, submitted as follows:

"The summary is as under:

Supply Stability

- **Advance Import Planning:** Advance import planning was undertaken in FY 2025-26 to ensure timely supplies of fertilizers, particularly during peak demand period.
- **Record Rake Movement:** The highest ever rake movement of 80.6 rakes/day was achieved (in December 2025) during FY 2025–26, reflecting significant improvement and faster evacuation from ports/plants to States. Overall, the total fertilizer rake movement was considerably higher vis. a vis. 2024-25.
- **Continuous Coordination with States:** 24x7 coordination was maintained with State Governments. Any issue regarding supplies to the States was resolved promptly. Moreover, the States were advised to ensure adequate availability within the State through better and effective Inter District and Intra District distribution channels.
- **Subsidy Support to Farmers:** To protect farmers from global price volatility, the Government extended substantial subsidy support amounting to ₹**2,17,175.73**crore in FY 2025-26 that is significantly higher than the subsidy of ₹**1,77,129.50** crore in FY 2024-25.
- **Increase in NPK Production:** Domestic production of NPK fertilizers increased to 128.61 LMT during FY 2025–26, registering a growth of 6.23 % over the previous year (121.06 LMT in FY 2024-25), thereby strengthening indigenous supplies.

Movement Regulation

- **Enforcement Measures by States:** State Governments intensified enforcement actions to curb diversion and hoarding of fertilizers. DA&FW regularly coordinates with States and monitors the enforcement activities on weekly basis.

- **Dharti Mata Bachao Abhiyan for judicious use of fertilizer**: A comprehensive multilevel mechanism namely, Dharti Mata Bachao Abhiyan with Committees constituted at Village level, Sub Division (taluka/ tehsil) & District Level was initiated in the Month of August, 2025. Under the program, Dharti Mata Bachao Nigrani Samiti is constituted at Village level to be headed by Gram Pradhan, Sub Division Level Committee is headed by Sub Divisional Magistrate and District level Committee is headed by District Magistrate. The Samiti is to monitor excessive sale of fertilizers to particular individuals or group of individuals in panchayat, ascertaining the reason for the same and informing district & sub-division authorities in case of diversion for non agricultural use / cross border smuggling. Such surveillance mechanism, which will keep track on any illegal diversion of fertilizers as well as on production/distribution of spurious or fake fertilizers."

4.8 On being asked whether the Department agrees that the Fertilizer (Movement Control) Order, 1973 requires a comprehensive review, including provisions relating to stronger penalties, clearer accountability, and technology driven enforcement, the Department, in its written reply, submitted as follows:

> "No, the Department does not agree that the Fertilizer (Movement Control) Order, 1973 is at risk of becoming merely symbolic. The Order continues to provide an enabling statutory framework for regulating fertilizer movement and supporting equitable availability when read with the Essential Commodities Act, 1955 and other applicable mechanisms. Its effectiveness is supplemented through administrative measures such as digital monitoring systems, supply planning, coordinated enforcement with States, and timely corrective interventions. Accordingly, the focus remains on continuous strengthening of implementation within the existing framework rather than presuming that only a comprehensive overhaul would ensure effectiveness."

4.9 On being further asked whether the Department has prepared or proposed any roadmap for reforming the Fertilizer (Movement Control) Order, 1973, including timelines, stakeholder consultations and the proposed legislative or executive measures, and, if not, how it proposes to address the enforcement issues observed during its implementation, the Department, in its written reply, submitted as follows:

> “At present, no separate formal roadmap for comprehensive reform of the Fertilizer (Movement Control) Order, 1973 has been finalized. The Department continuously reviews operational requirements and, wherever necessary, addresses issues through administrative measures, stakeholder consultations, and appropriate executive actions within the existing legal framework. The Department does not accept a generalized premise of repeated enforcement failures. Ground-level challenges, where reported, are addressed through strengthened monitoring, improved coordination with State Governments, dynamic supply management, and targeted corrective interventions to ensure timely fertilizer availability.”

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS

1. Standardizing Enforcement under the FC(M)O, 1973

The Committee take note of the fact that, despite the Fertilizer (Movement Control) Order, 1973 having been in operation for over fifty years and despite the Department's own recognition that enforcement practices vary widely across States, no centralized Standard Operating Procedure (SOP) has been prescribed for enforcement action under the Order. The Committee find that, in the absence of a uniform SOP, enforcement has remained entirely at the discretion of individual States, leading to a situation where States such as Andhra Pradesh, Tamil Nadu and Uttar Pradesh conduct comprehensive enforcement through dedicated inspection squads, joint inter-departmental raids and iFMS-based analytics, while States such as Bihar, Gujarat, Kerala, Madhya Pradesh, Maharashtra and West Bengal have reported little or no enforcement action specifically under the FC(M)O, 1973. The Committee are of the firm view that the absence of a centralized SOP is not merely a procedural gap but a substantive reason for the gross unevenness of enforcement and that the Department's stated reason for not having one, namely that "a single uniform SOP has not been considered essential so far", is neither adequate nor acceptable in the context of the consistent farmer complaints and diversion patterns documented in this Report. The Committee, therefore, recommend that the Department of Fertilizers, in consultation with the State Governments and the Department of Agriculture and Farmers Welfare, prescribe a comprehensive Standard Operating Procedure for enforcement under the FC(M)O, 1973. The SOP should lay down uniform procedures for inspections, movement checks, verification through the Integrated Fertilizer Management System (iFMS), seizure, registration of cases and prosecution. The Committee further recommend that compliance with the SOP be reviewed periodically through structured Centre State coordination meetings to ensure consistent enforcement across the Country.

2. Critical Vacancies in Fertilizer Inspectorate: Enforcement Crippled by Chronic Understaffing in Key States

The Committee note that several high consumption States face staffing constraints in their fertilizer enforcement machinery. In Madhya Pradesh, 1,768 posts of Fertilizer Inspectors remain vacant out of a sanctioned strength of 2,748, a vacancy rate of 64 per cent, even as the State registered 433 FIRs in five years with zero convictions, suggesting that inspectors, where present, are not adequately supported through prosecution. In Jharkhand, only 90 out of 356 sanctioned posts are filled. Manipur has only 8 Fertilizer Inspectors in the entire State and has explicitly stated that the strength is insufficient. Karnataka, with 1,075 inspectors, also assessed the strength as insufficient relative to enforcement needs. The Committee find that States themselves acknowledge inadequacy of inspector strength. Admittedly, the Department at the Central level has made no cognizable effort to ensure that State enforcement agencies are appropriately resourced thereby treating enforcement merely as a State matter without any coordinated accountability framework to address practical failures of the extant system. The Committee recommend that the Department of Fertilizers take up, through the Ministry of Agriculture and Farmers Welfare and through the Union Government's coordination channels, the filling of critical vacancies in the Fertilizer Inspectorate in States where the vacancy rate exceeds 30 per cent, particularly Madhya Pradesh, Jharkhand and Manipur, with a time-bound target for vacancy-filling. The Committee further desire that the Department link the annual State-wise fertilizer allocation review to an assessment of enforcement capacity, so that States with under-staffed enforcement agencies are given a specific compliance timeline for filling vacancies before the commencement of each peak cropping season. The Committee also desire that appropriate initiatives for a more sustainable approach to address the present constraints be explored and the outcomes thereof be apprised to the Committee.

3. Strengthening the Monetary Penalty Framework under the FC(M)O, 1973

The Committee observe that several States reported no monetary penalties under the FC(M)O, 1973 during the period under review, notwithstanding the detection of violations and seizure of diverted fertilizer stocks. The Committee find that even in States where penalties were imposed, the amounts were disproportionately low in comparison with the apparent economic gains from alleged illegal diversions. The Committee are therefore, of the considered view that a penalty regime which does not outweigh the financial incentive to violate the law cannot serve as an effective deterrent. The Committee, therefore, recommend that the Department of Fertilizers, in consultation with the Ministry of Law and Justice and the State Governments, review the existing penalty framework under the Essential Commodities Act, 1955 and the FC(M)O, 1973 to ensure that monetary penalties are proportionate to the quantity diverted, the market value of the fertilizer and the subsidy wrongfully availed. The Committee further desire that the Department compile and publish annual State wise data on penalties imposed, recovered and pending and closely monitor States reporting persistently low or NIL penalties despite detected violations. The Committee may be apprised of the action taken in the matter.

4. Bridging the First Information Report (FIR) to Conviction Gap in Enforcement

The Committee observe that enforcement under the FC(M)O, 1973 is marked by persistent failures to secure convictions despite large numbers of inspections, violations and FIRs. Admittedly, several States, including Uttar Pradesh, Bihar, Tamil Nadu and Gujarat, reported numerous inspections and prosecutions but no convictions. The Committee find that while administrative actions such as licence suspension and issuance of show cause notices are generally taken promptly, criminal proceedings remain pending for years. The Committee do not find the Department's view that prolonged criminal proceedings can themselves serve as a deterrent and are of the view that an enforcement regime that rarely culminates in conviction cannot effectively discourage violations. The Committee, therefore,

recommend that the Department of Fertilizers, in coordination with the Ministry of Home Affairs and the State Governments, examine measures to ensure the expeditious disposal of cases under the FC(M)O, 1973, including the feasibility of designating such cases for time bound trials under appropriate judicial mechanisms such as Fast Track Courts. The Committee further desire that the Department monitor the status of all pending prosecutions through a centralized digitized reporting system and require States to furnish periodic updates on cases pending beyond one year, so that delays can be identified and corrective measures taken. The Committee may be apprised of the outcomes in the matter.

5. Systematic Industrial Diversion of Subsidized Neem-Coated Urea: Apparent Structural Leakage Demanding a Dedicated Response

The Committee take note of the documented large-scale diversion of subsidized neem coated Urea for industrial use, particularly by plywood factories, resin manufacturing units, diesel exhaust fluid (DEF) producers and cattle feed manufacturers. Admittedly, this pattern has been confirmed across Rajasthan, Uttar Pradesh, Gujarat, Karnataka and Punjab with States such as Uttar Pradesh and Punjab conducting dedicated enforcement operations against industrial units. The Committee find that this form of diversion is particularly serious as it entails two simultaneous violations: the unlawful diversion of a subsidized fertilizer from its intended agricultural use and the fraudulent withdrawal of fertilizer subsidy from the public exchequer. The Committee further note that the neem coating requirement, introduced specifically to prevent industrial diversion, has not proved to be an adequate safeguard, as industrial users appear to have either adapted their manufacturing processes to utilize neem coated Urea or devised means to circumvent the intended restriction. The Committee, therefore, recommend that the Department of Fertilizers, in coordination with the State Governments, establish a robust monitoring mechanism with real-time inputs to prevent the industrial diversion of subsidized neem coated Urea. The Committee further recommend periodic analysis of Integrated Fertilizer Management System (iFMS) data to identify abnormal Urea offtake in Districts with plywood, resin, diesel exhaust fluid

and other Urea consuming industries. The Committee also desire mandatory registration of industrial users of Urea, along with quantity limits based on verified production requirements, so that legitimate industrial consumption can be distinguished from diversion of subsidized agricultural Urea and appropriate enforcement action can be taken against violators. The Committee may be apprised of the details of the holistic review and outcome measures thereof.

6. Alleged Cross Border Smuggling to Nepal and Myanmar: Addressing the International Dimension of Fertilizer Diversion

The Committee note that the diversion of subsidized fertilizers has acquired an international dimension. Notably, the Department of Fertilizers have reported systematic smuggling of subsidized Indian fertilizers to Nepal through border Districts of Bihar while Mizoram has reported similar diversion to Myanmar. The Committee further note that targeted analysis of Integrated Fertilizer Management System (iFMS) data in seven Nepal border Districts led to a significant reduction in Urea offtake, demonstrating the effectiveness of data driven surveillance. The Committee are, however, concerned that despite the scale of cross border diversion and the resulting subsidy loss, there is absence of any institutional mechanism for coordination with neighbouring Countries. The Committee, therefore, recommend that the Department of Fertilizers, in coordination with the appropriate concerned authority, establish formal information sharing and coordination mechanisms with neighbouring Countries *viz.* Nepal and Myanmar to curb cross border diversion of subsidized fertilizers. The Committee also desire that the iFMS-based monitoring framework successfully implemented in Nepal border districts be institutionalized and extended to all vulnerable international border Districts to enable continuous surveillance and timely enforcement action, with the overall objective of preventing cross-border diversion of fertilizers.

7. Absence of Fiscal Loss Assessment: Quantifying Subsidy Leakage from Fertilizer Diversion

The Committee note that, despite documented seizures of diverted fertilizers across several States, the Department has admitted that neither the Central Government nor the State Governments have undertaken a comprehensive assessment of the fiscal loss to the exchequer arising from such diversions. The Committee further note that most States either reported that no such quantification had been undertaken or that no diversion had been detected in their respective jurisdictions. The Committee are of the considered view that the absence of a systematic assessment of subsidy leakage remains a gap in the overall monitoring and evaluation of the fertilizer subsidy regime, particularly when the fertilizer subsidy amounted to Rs. 2,17,175.73 crore in FY 2025–26. The Committee observe that without a credible estimate of the fiscal impacts of diversion, it remains difficult to fully assess enforcement outcomes, evaluate the adequacy of existing deterrence measures or quantify the financial implications for the exchequer. The Committee, therefore, recommend that the Department of Fertilizers develop a standardized methodology for estimating the fiscal loss arising from fertilizer diversions, taking into account the quantity diverted and also the subsidy involved. The Committee further desire that the Department to undertake annual assessments of all State Governments based on the standardized methodology and consolidate and publish a national estimate of subsidy leakage to support informed policy making, strengthen accountability and improve enforcement.

8. Absence of Tracking Mechanism for Repeat Offenders: Need for Strengthening Accountability for detection of Habitual Violators

The Committee note that most States reported no identification of repeat offenders under the FC(M)O, 1973 during the last three years, despite reporting cases of hoarding, black marketing and other violations. The Committee are of the view that this points to the absence of a systematic mechanism for maintaining the compliance history of dealers, which may limit the ability of enforcement

authorities to identify and take appropriate action against repeat violators. The Committee, therefore, recommend that the Department of Fertilizers integrate a Repeat Violator Registry into the Integrated Fertilizer Management System (iFMS), capturing enforcement actions, including FIRs, licence suspensions, cancellations and penalty orders, against each dealer through a unique identifier. The Committee further desire that the Department prescribe a uniform framework for dealing with repeat violations, with progressively stricter regulatory action, including suspension and cancellation of licence where warranted, to promote greater compliance and strengthen enforcement.

9. Scaling iFMS Analytics for Data Driven Enforcement

The Committee note the significant potential of Integrated Fertilizer Management System (iFMS) analytics for proactive enforcement. Notably, the targeted monitoring of Nepal border Districts, which identified suspicious after-hours transactions and led to a measurable reduction in Urea offtake, demonstrates the effectiveness of data driven surveillance. The Committee also find that while a few States have adopted advanced iFMS analytics *viz.* time of sale monitoring, buyer pattern analysis and stock reconciliation, institutionalization of such good practices have still not been done across the country. The Committee, therefore, recommend that the Department of Fertilizers prescribe a standard national iFMS analytics protocol for all States and Union Territories, covering time of sale monitoring, detection of abnormal bulk purchases, buyer pattern analysis and reconciliation of Point-of-Sale transactions with physical stock. The Committee also desire that anomalies identified through iFMS be subjected to time bound field verification and that States submit periodic analytics reports to the Department to institutionalize a more robust data-driven enforcement across the country.

10. Diffusion of Accountability Between Centre and States: The FC(M)O, 1973 Enforcement Gap

The Committee observe that while enforcement under the FC(M)O, 1973 is primarily the responsibility of the State Governments, the absence of a central mechanism to monitor enforcement outcomes has created a gap in accountability. The Department of Fertilizers has stated that accountability for enforcement lapses rests with the respective State Governments or the competent administrative authorities. The Committee are, however, of the view that, given the scale of public expenditure on fertilizer subsidy, amounting to Rs. 2,17,175.73 crore in FY 2025–26, the Department's role should extend beyond supply planning and movement monitoring to include systematic oversight of enforcement performance across States. The Committee, therefore, recommend that the Department of Fertilizers institute an Annual Fertilizer Enforcement Report covering each State and Union Territory, based on data from the Integrated Fertilizer Management System (iFMS), State enforcement returns and field reports. The Committee desire the Report to include information on fertilizer availability; shortage incidents; inspections; enforcement action under the FC(M)O, 1973 and the Fertilizer (Control) Order, 1985; prosecution and conviction outcomes, and a performance assessment against defined benchmarks. The Committee further desire that the Report should also be shared with the respective State Governments. The Committee also desire that the feasibility of constitution of an Inter-Ministerial Task Force, comprising representatives of the Department of Fertilizers, the Department of Agriculture and Farmers Welfare, the Ministry of Home Affairs and the Ministry of Law and Justice, to periodically review enforcement performance and recommend legislative, administrative and technological measures for strengthening implementation of the FC(M)O, 1973 may be explored by the Department and outcomes thereof be apprised to the Committee.

11. Need for Comprehensive Review of the FC(M)O, 1973

The Committee find that keeping in view the enforcement shortcomings highlighted in the preceding paras of this Report, a comprehensive review of the Fertilizer (Movement Control) Order, 1973 appears to be necessary. Enacted over fifty years ago, the Committee observe that the Order predates the present digital

ecosystem, including the Integrated Fertilizer Management System (iFMS), e-PoS, Agristack and Direct Benefit Transfer and needs requisite updation and alignment to address emerging challenges in fertilizer regulation and enforcement. The Committee, therefore, recommend that the Department of Fertilizers undertake a comprehensive, time bound review of the Fertilizer (Movement Control) Order, 1973 to align it with the current digital enforcement framework, strengthen the penalty and enforcement provisions and clearly demarcate the respective responsibilities of the Central and State Governments. The Committee further desire that the Department come out with a roadmap after a time-bound review and submit its proposals for amendments to the extant Order.

12. Need for Adequate Seasonal Stocks and Contingency Plans for Crisis Situations

The Committee note that the Department of Fertilizers does not maintain a formal buffer stock policy for fertilizers and instead relies on the concept of opening stocks supported by dynamic supply planning and back-to-back imports. Admittedly, the opening stock position has improved in recent years. The Committee are however, of the view that recent geopolitical developments, including the West Asia crisis, have highlighted the vulnerability of fertilizer supply chains to external disruptions affecting both imports as well as domestic productions. The Committee appreciate the Department's timely measures during the crisis, including advance import planning, coordination with Indian Missions abroad and gas allocation through the Empowered Committee on Pool Management (EPMC). However, keeping in view that these measures underscore the need for a structured contingency framework, the Committee, recommend that the Department of Fertilizers formulate a Fertilizer Strategic Reserve and Contingency Protocol to strengthen preparedness against supply disruptions. The Committee desire that the Protocol should, *inter alia*, prescribe minimum opening stock norms for major fertilizers at the national and State levels before each cropping season, with special attention to border, remote, hilly and shortage prone Districts while also providing for a contingency response framework for

geopolitical or supply shocks, including advance procurement, gas allocation, coordination with supplier countries and logistics planning and examine the feasibility of establishing regional strategic reserves for import dependent fertilizers such as DAP and MOP. The Committee further desire that compliance with the prescribed opening stock norms should be monitored through the Integrated Fertilizer Management System (iFMS) and periodic reports on stock adequacy be submitted to the Department.

13. Strengthening Grassroots Vigilance: Nigrani Samitis and Farmer Grievance Redressal

The Committee welcome the Government's initiative of constituting *Dharti Mata Bachao Nigrani Samitis* at the Village, Sub Division and District levels to strengthen community participation in monitoring fertilizer distribution and preventing diversion. The Committee, however, note that the programme presently functions as an administrative initiative without a formal linkage to the enforcement framework under the FC(M)O, 1973. The Committee also observe that many farmers are reluctant to report malpractices owing to limited awareness of their rights, economic vulnerability and fear of retaliation, resulting in several violations remaining unreported. The Committee, therefore, recommend that the Department of Fertilizers, in coordination with the Department of Agriculture and Farmers Welfare, strengthen the Dharti Mata Bachao Nigrani Samitis by establishing a formal protocol for integrating complaints and intelligence generated by these Committees into the enforcement mechanism under the FC(M)O, 1973. The Committee further recommend that the Vigilance Committees meet regularly during peak cropping seasons and submit reports through the Integrated Fertilizer Management System (iFMS) and that all credible complaints be subjected to prompt verification and time bound enforcement action. The Committee also desire the establishment of a dedicated toll-free helpline for reporting fertilizer related malpractices, with wide public awareness through fertilizer bags and retail outlets, and periodic reporting on complaints received, action taken and enforcement outcomes.

14. Strengthening iFMS Against Stock Manipulation and False PoS Transactions

The Committee note that stock manipulation through false Point of Sale (PoS) transactions undermines the integrity of the digital systems designed to prevent fertilizer diversion. Reportedly malpractices include splitting bulk purchases into multiple transactions, conducting sales without proper PoS authentication in low connectivity areas and misuse of biometric authentication to circumvent purchase limits. The Committee find that such practices compromise the reliability of Integrated Fertilizer Management System (iFMS) data used for supply management, subsidy disbursement and enforcement. The Committee, therefore, recommend that the Department of Fertilizers strengthen the Integrated Fertilizer Management System (iFMS) by incorporating automated analytics to detect suspicious transaction patterns, including repeated purchases by the same beneficiary beyond permissible limits, abnormal biometric usage, and unusual transaction volumes or timings. The Committee further desire that an appropriate mechanism be put in place so that all such alerts be automatically referred to the concerned State authorities for time bound physical verification and appropriate enforcement action.

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NEW DELHI;
03 *August*, 2026
12 *Sravana*, 1948 (*Saka*)

AZAD KIRTI JHA,
Chairperson,
Standing Committee on Chemicals and Fertilizers.

APPENDIX – I

STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS

(2025-26)

Minutes of the Eleventh Sitting of the Committee

The Committee sat on Tuesday, the 06th January, 2026 from 1545 hrs. to 1645 hrs. in Committee Room 'B', Parliament House Annexe (PHA), New Delhi.

PRESENT

Shri Azad KirtiJha– Chairperson

LOK SABHA MEMBERS

2. Shri Brijmohan Agrawal
3. Shri Ajay Bhatt
4. Shri Robert Bruce C.
5. Shri Bharatsinhji Shankarji Dabhi
6. Dr. Kalyan Vaijinathrao Kale
7. Shri Malvinder Singh Kang
8. Shri Praveen Patel
9. Dr. Sambit Patra
10. Shri Balram Naik Porika
11. Shri Sachithannatham R.
12. Shri Eatala Rajender
13. Shri Rajesh Ranjan
14. Shri Daggumalla Prasada Rao
15. Shri Shivmangal Singh Tomar

RAJYA SABHA MEMBERS

16. Shri Subhash Barala
17. Shri Rwngwra Narzary
18. Shri Subhash Chandra Bose Pilli
19. Shri Akhilesh Prasad Singh
20. Shri Tejveer Singh
21. Shri G.K. Vasan

SECRETARIAT

1. Smt. Maya Lingi - Joint Secretary
2. Ms. Miranda Ingudam - Director
3. Shri Kulvinder Singh - Deputy Secretary
4. Shri Abhishek Kumar - Deputy Director

WITNESSES

Representatives of the Ministry of Chemicals and Fertilizers, Department of Fertilizers:

1. Shri Rajat Kumar Mishra, Secretary, DoF
2. Ms. Aparna Sharma, AS, DoF
3. Shri Anurag Rohatgi, JS, DoF
4. Shri Anil Phulwari, Director, DoF
5. Ms Laboni Das Datta, Director, DoF
6. Shri Abhay Sharma, Director, DoF

2. At the outset, the Chairperson welcomed the representatives of the Department of Fertilizers (DoF), Ministry of Chemicals and Fertilizers to the sitting of the Committee convened for briefing on the subject 'Evaluation of implementation of the Fertilizer (Movement Control) Order, 1973 with special reference to effectiveness of levy of penalties for violation of the Order'. Their attention was the drawn to Direction 55(1) of the 'Directions by the Speaker' regarding confidentiality of the proceedings of the Committee. Thereafter, the Chairperson asked the Secretary, Department of Fertilizers to apprise the Committee about the subject.

3. Thereafter, the Secretary, Department of Fertilizers briefed the Committee on the legal and operational framework governing fertilizer movement under the Essential Commodities Act, 1955 and its offshoots, namely the Fertilizer (Movement Control) Order and the Fertilizer Control Order (FCO). It was submitted that enforcement action is undertaken by duly authorized officers and that Clause 3 of the Movement Control Order regulates inter-State movement of fertilizers. The Committee were informed about enforcement actions taken by States, including issuance of show-cause notices, cancellation of licences and registration of FIRs, though final prosecution often takes time. It was further stated that fertilizer distribution is monitored through the Integrated Fertilizer Management System (IFMS) and that technology-based

analysis of sales patterns has helped detect abnormal sales behaviour in certain border districts, leading to corrective action.

4. The Chairperson noted that the Fertilizer (Movement Control) order, 1973, enacted over five decades ago to regulate fertilizer movement, prevent diversion, curb hoarding and black-marketing and ensure equitable availability during peak agricultural seasons, warranted critical re-examination in view of evolving market conditions. Concern was expressed that despite statutory controls, farmers in several States continued to face shortages, delayed availability and uneven distribution during critical sowing periods. The Chairperson emphasized that such recurring complaints raised doubts about the effectiveness of enforcement mechanisms and the deterrent value of penalties, with violations often perceived as low-risk by errant entities. The need to assess the continued relevance of the penalty framework and the effective use of digital tracking and real-time monitoring tools was also stressed.

5. The Committee, thereafter, raised several important issues and sought clarifications from the Department like diversion and abnormal sales in border areas indicated the likelihood of similar practices elsewhere, particularly in view of farmers' vulnerability and reluctance to report exploitation, the credibility of State-wise enforcement data as 'nil' reporting by several States was considered inconsistent with widespread reports of shortages and malpractice, absence of a clear State-wise buffer stock policy for fertilizers, no defined buffer stock norms had been indicated and sought clarity on how stock adequacy and peak-season shortages are assessed and addressed. In response, it was stated that there was no formal buffer stock policy and that fertilizer availability was managed through opening and closing stocks under a rolling supply system, as earlier attempts at buffer stocking were not successful. The Chairperson nevertheless emphasized the need for contingency planning in the event of supply disruptions or sudden demand surges.

6. The Committee also deliberated on issues relating to the shelf-life and expiry of fertilizers, with Members questioning how stocks carried over from one season to another were managed without compromising quality or causing losses to farmers.

Attention was drawn to the highly seasonal nature of fertilizer demand in several States. It was stated by the Secretary that fertilizers are managed as rolling stocks under a FIFO system and that no expiry-related complaints had been reported, while the Chairperson urged the Department to review this aspect carefully. The issue of Direct Benefit Transfer (DBT) to farmers was also raised and linked to diversion, misuse and denial of fertilizers to genuine beneficiaries. It was stated that effective implementation of Aadhaar-based DBT at the farmer level could address many of these concerns. The Committee were informed that farmer-level DBT is contingent upon the creation and stabilization of the Agri-Stack and that once States achieve coverage of over 80 per cent of farmers under the Agri-Stack, integration of DBT at the beneficiary level would be feasible, which was expected to be achieved within about a year.

7. The Chairperson on conclusion thanked the Secretary, DoF, and accompanying officers for briefing the Committee on the important aspects related to the subject and asked them to furnish written replies to the points raised by the Members that remained unanswered for consideration of the Committee.

(The witnesses then withdrew)

The Committee then adjourned.

[A verbatim record of the proceedings was kept on record]

APPENDIX – II

STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2025-26)

Minutes of the Twenty-sixth Sitting of the Committee

The Committee sat on Monday, the 03rd August, 2026 from 1500 hrs to 1530 hrs in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Azad Kirti Jha – Chairperson

MEMBERS

LOK SABHA

2. Shri Brijmohan Agrawal
3. Shri Ajay Bhatt
4. Shri Robert Bruce C.
5. Shri Bharatsinhji Shankarji Dabhi
6. Smt. Kriti Devi Debbarman
7. Shri Malvinder Singh Kang
8. Shri Babu Singh Kushwaha
9. Shri Praveen Patel
10. Shri Sachithanantham R.
11. Shri Eatala Rajender
12. Shri Daggumalla Prasada Rao
13. Shri Shivmangal Singh Tomar

RAJYA SABHA

14. Shri Naresh Bansal
15. Shri Subhash Barala
16. Shri Rwngwra Narzary
17. Shri Arun Singh
18. Shri Tejveer Singh
19. Shri L. K. Sudhish

SECRETARIAT

4.	Smt. Maya Lingi	-	Joint Secretary
5.	Ms. Miranda Ingudam	-	Director
6.	Shri Kulvinder Singh	-	Deputy Secretary
7.	Shri Abhishek Kumar	-	Joint Director

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened for consideration and adoption of the following seven draft Reports:

i. XXXX XXXX XXXX XXXX XXXX;
ii. Twenty-ninth Report on the subject 'Evaluation of Implementation of the Fertilizer (Movement Control) Order, 1973' pertaining to the Ministry of Chemicals and Fertilizers, Department of Fertilizers;
iii. XXXX XXXX XXXX XXXX XXXX;
iv. XXXX XXXX XXXX XXXX XXXX;
v. XXXX XXXX XXXX XXXX XXXX;
vi. XXXX XXXX XXXX XXXX XXXX; and
vii. XXXX XXXX XXXX XXXX XXXX;

3. After some deliberations, the draft Reports were adopted by the Committee with slight amendments.

4. The Committee then authorized the Chairperson to finalize the Reports and present/lay them in both the Houses of Parliament in the ongoing Monsoon Session.

The Committee then adjourned.

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[xxxx] Not related to the Report.