

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO. 1747 TO BE ANSWERED ON : 11.02.2022

Impact of Subsidies on Fertilizer

1747. DR. AMAR SINGH:

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

- (a) the details of measures taken by the Government to ensure that private companies disclose their exact production capacities of fertilizers in order to receive requisite subsidy;
- (b) whether the Government has conducted any survey during the last three years for assessing the impact of subsidies on fertilizers for farmers, if so, the details and findings thereof, State/UT-wise;
- (c) the details of steps taken by the Government during COVID-19 lockdown to ensure access to subsidized fertilizers by small and marginal farmers in the States and UTs; and
- (d) the details of farmers who are benefitted by fertilizer subsidies during the last three years, year-wise and State/UT-wise?

ANSWER

MINISTER FOR HEALTH & FAMILY WELFARE AND CHEMICALS & FERTILIZERS
(DR. MANSUKH MANDAVIYA)

(a): Sir, P&K fertilizers under the Nutrient Based Subsidy (NBS) scheme are decontrolled. Under the policy, a fixed amount of subsidy, decided on annual basis, is provided on subsidized P&K fertilizers depending on their nutrient content. Under this policy, MRP is fixed by fertilizer companies as per market dynamics at reasonable level which is monitored by the Government.

In case of urea, the Re-assessed Capacity (RAC) i.e. the capacity of urea manufacturing units has been determined by the Department of Fertilizers.

(b): Yes Sir, a third party evaluation of the urea subsidy scheme and Nutrient Based Subsidy (NBS) scheme was undertaken by the Department of Fertilizers for the purpose of the continuation of these schemes beyond 31st March, 2021. The major findings of the said study are annexed at **Annexure - I**.

(c): During COVID-19 phase, the following steps were taken by the Department of fertilizers to ensure comfortable availability of Fertilizers in all the States:-

- i. Govt. of India analyzed the situation of rising raw materials and finished fertilizers prices in the international market and accordingly notified NBS subsidy rates twice on 20.05.2021 and on 13.10.2021 in order to control the prices of fertilizers. The subsidy rates during FY 2021-22 is as under:

S. No.	Nutrients	NBS (Rs. Per Kg of Nutrient)	
		01.4.2021 to 19.5.2021	20.05.2021 to 31.3.2022
1.	N	18.789	18.789
2.	P	14.888	45.323
3.	K	10.116	10.116
4.	S	2.374	2.374

Besides, Special one-time package with an additional subsidy for the following P&K fertilizers, applicable from 01.10.2021 to 31.03.2022 has been given:

S. No.	Name of Fertilizers	Additional subsidy over and above the NBS rates fixed for the same period (in Rs./MT)
1.	DAP 18-46-0-0	8769
2.	NPK 20-20-0-13	2000
3.	NPK 10-26-26-0	2000
4.	NPK 12-32-16	2000

This subsidy increase on P&K fertilizer under NBS scheme was to help in making P&K fertilizers available at affordable prices to farming community.

- ii. Assessment of field requirement in consultation with the states and accordingly, the district wise micro planning on daily basis.
 - iii. 24x7 interactions with the state governments, companies and railways through web platforms/control room.
 - iv. Sensitization of the stake holders viz., manufacturers, ports, railways to operate on maximum capacity to produce load, and move the fertilizers to the targeted destinations.
 - v. State Governments impressed upon to use i-FMS dashboard stock figures for district wise stock availability and suitable interventions. Closely monitoring rake movement.
 - vi. Monitoring loading and voyage time of imported fertilizer shipments on daily basis and making required suitable interventions have been made from time to time.
 - vii. Close monitoring 24x7 and regular interaction with states, fertilizer companies and railway board is executed in a targeted manner so as to address the field demand suitably.
- (d): Number of buyer's benefitted under DBT during the last three years, year-wise and State/UT wise is annexed at **Annexure - II**.

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Major Finding by third party on Urea subsidy scheme

- (1) The study noticed that Urea Subsidy Scheme has a great impact on agricultural sector in increasing crop yield and reducing the expenditure of farmers for cultivation. Also, it was noticed that due to the scheme, most farmers get their full requirement of urea, of good quality and in time. Because of the success of the scheme, there is improvement in energy efficiency of urea industries. Thus, there is the necessity for continuation of the urea subsidy scheme to help the urea industries, farmers, and the agriculture sector.
- (2) Majority of the surveyed farmers suggested for the continuation of urea subsidy scheme in the future.
- (3) Study has revealed that most of the farmers have the knowledge that urea bags are provided to them at subsidized rate. Further, due to urea subsidy scheme, most of the farmers get their full requirement of urea and of good quality. The study observed that urea subsidy scheme has increased crop yield and reduced the expenditure of farmers for cultivation. Majority of farmers feel that there are benefits after the availability of the neem coated urea. Also, due to availability of 45 kg urea bag in place of 50 kg bag, 50% farmers are using less amount of urea in cultivation.
- (4) Since there is need to continue subsidizing the urea for the farmers, the subsidy amount to the manufacturing/ importing companies should be given as per the current policy.
- (5) There is very little knowledge and understanding available with the farmers on the use of appropriate amount of urea in view of the soil conditions as well as the cropping patterns. Thus, awareness programmes may be conducted in the villages to aware the farmers about the soil testing and balanced use of urea.

Major Finding by third party on Nutrient Based Subsidy (NBS) scheme

1. The continuation of NBS scheme is necessary and the objective of 'availability at subsidized / reasonable price' has been met, though some constraints like decreasing subsidy on NBS products and keeping constant pricing of Urea results in overall decrease in the demand and consumption of NBS products.
2. It is strongly felt that the entire industry needs to be decontrolled as soon as possible so as to realize the full potential.
3. Special package needs to be provided to augment the manufacturing facilities so as to reduce the import dependency.
4. DoF should take measures to encourage and enhance investment in the fertilizer sector in close coordination with Ministry of Finance, even if a one-time special incentive package is to be designed for setting up of new manufacturing facilities
5. Leave open MRP to be fixed by fertilizer manufacturer/importer at a reasonable level and make availability of P&K fertilizers to farmers and at affordable prices.
6. More and easily accessible Soil testing facilities should be provided for periodic soil testing.
7. Transportation cost is very high to bring fertilizers from retailer/distributor to rural areas, something needs to be done.
8. Till the time the subsidy regime is done away with, DA&FW/DoF may establish a mechanism to ensure the requirement of fertilizers is assessed in advance based on month-wise and State-wise demand of fertilizers projected by DA&FW and Co-ordinate the arrangements for supplying the required quantities of fertilizers.

ANNEXURE – II

Year wise buyer count (All prouducts)					
S. No	State Nam	FY 2018-2019 Adhaar Buyer Count	FY 2019-2020 Adhaar Buyer Count	FY 2020-2021 Adhaar Buyer Count	FY 2021-2022 (Upto 31 st Jan. 2022)
1	Andaman and Nicobar Islands	7	0	3371	6385
2	Andhra Pradesh	1093405	1155618	1820887	2120071
3	Assam	0	0	9042	37198
4	Bihar	2603833	1660989	4421794	7843119
5	Chhattisgarh	967164	816639	951207	1445933
6	Dadra and Nagar Haveli	870	1286	1109	3023
7	Delhi	8626	10006	14600	15318
8	Goa	27172	14250	28142	33939
9	Gujarat	1651775	1975344	2949377	3117862
10	Haryana	719545	555500	1058873	1644000
11	Himachal Pradesh	160835	146577	161393	206890
12	Jammu and Kashmir	0	0	102013	143628
13	Jharkhand	373921	195661	595679	1019091
14	Karnataka	927417	693493	1371549	2351601
15	Kerala	304255	216493	281336	321086
16	Madhya Pradesh	1211608	1533582	3533096	5144032
17	Maharashtra	2645152	2542858	3034481	4699300
18	Manipur	852	624	2029	8550
19	Mizoram	284	1094	573	485
20	Nagaland	28	26	54	87
21	Odisha	1061391	746946	1070037	1973745
22	Puducherry	5984	6144	9864	12758
23	Punjab	689442	490269	819573	1226195
24	Rajasthan	1950955	2108538	2501902	3707558
25	Tamil Nadu	812728	822571	1538712	2195229
26	Telangana	962217	1290336	1852270	1885462
27	Tripura	885	1116	6771	21651
28	Uttarakhand	160175	147836	228679	276170
29	Uttar Pradesh	6400555	6263478	15415978	18605374
30	West Bengal	1189109	523348	1703494	2323325
	Grand Total	25930190	23920622	45487885	62389065

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