

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

UNSTARRED QUESTION NO. 645+ TO BE ANSWERED ON: 04.02.2022

Tax on Chemical Fertilizers

**+645. SHRI OMPRAKASH BHUPALSINH alias
PAWAN RAJENIMBALKAR:**

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

- (a) the details of chemical fertilizers imported by the Government in the year 2020-21;
- (b) whether the import tax on chemical fertilizers has been increased by the Government and if so, the details thereof;
- (c) whether the rates of fertilizers have increased owing to this and if so, the details thereof;
- (d) if not, the reasons for the increase in the rates of fertilizers; and
- (e) the further steps taken by the Government to control the prices of fertilizers?

ANSWER

MINISTER OF HEALTH & FAMILY WELFARE AND CHEMICALS & FERTILIZERS

(DR. MANSUKH MANDAVIYA)

(a): Import of urea for direct agriculture use is made on Government account through State Trading Enterprises (STEs) under the Foreign Trade Policy of the Government. During the year 2020-21, 98.28 LMT of urea has been imported on Government account.

Further, all P&K fertilizers are covered under Open General License (OGL) under the Nutrient Based Subsidy (NBS) Scheme. They are imported by the companies on commercially viable terms. Quantity of DAP, MOP and NPK fertilizers imported in the country during 2020-21 is given in the table below:

Import of fertilizers (DAP, MOP and NPK) during 2020-21			
			Qty in LMT
Year	DAP	MOP	NPK
As reported by the companies			
2020-21	48.82	42.27	13.90

(b): No.

(c): No.

(d) to (e): The MRP of Urea is statutorily notified by the Government which is Rs. 242 per bag (exclusive of charges towards neem coating and taxes as applicable) with effect from 1st March, 2018.

Since then there has been no increase in the MRP of Urea.

There has been an increasing price trend of the raw materials and finished P&K fertilizers in the international market.

However, in the wake of the volatility in prices in the international markets, GoI has analyzed the situation and the prices under NBS subsidy for 2021-22 were notified 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:

From 01.04.2021 to 19.05.2021

S. No.	Nutrients	NBS (Rs. Per Kg of Nutrient)
1.	N	18.789
2.	P	14.888
3.	K	10.116
4.	S	2.374

From 20.05.2021 to 30.09.2021

S. No.	Nutrients	NBS (Rs. Per Kg of Nutrient)
1.	N	18.789
2.	P	45.323
3.	K	10.116
4.	S	2.374

From 01.10.2021 to 31.03.2021

S. No.	Nutrients	NBS (Rs. Per Kg of Nutrient)
1.	N	18.789
2.	P	45.323
3.	K	10.116
4.	S	2.374

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

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 helped in making P&K fertilizers available at affordable prices to farming community.

The latest notified subsidy rates under NBS scheme is placed at **Annexure 'A'**.

To ensure that the P&K fertilizers are made available at reasonable price to farmers, GoI has also issued reasonableness guidelines to check the reasonableness of MRP of P&K fertilizers. A copy is placed at **Annexure 'B'**.

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No. 23011/1/2021-P&K
Government of India
Department of Fertilizers

Shastri Bhawan, New Delhi.
Dated 13th October, 2021.

OFFICE MEMORANDUM

Subject: Nutrient Based Subsidy (NBS) rates for Phosphatic and Potassic (P&K) fertilizers, onetime special package for DAP and 3 most consumed NPK grades for Rabi 2021-22 (from 1st October, 2021 upto 31st March, 2022) and inclusion of Potash Derived from Molasses (PDM) (0:0:14.5:0) under NBS Scheme.

The undersigned is directed to refer to OM of even no. dated 20.5.2021 on the subject mentioned above and to convey that per Kg subsidy on nutrients, namely Nitrogen (N), Phosphate (P), Potash (K) and Sulphur (S) contained in P&K fertilizers covered under the NBS Policy for the year 2021-22, applicable w.e.f. 01.10.2021 to 31.03.2022, shall be as under:

S. No	Nutrients	NBS (Rs. Per Kg of Nutrient)
1	N	18.789
2	P	45.323
3	K	10.116
4	S	2.374

2. It is also to state that Potash Derived from Molasses (PDM) (0:0:14.5:0) has been included under the NBS Scheme, as 25th grade of P&K Fertilizers.
3. Product-wise subsidy on various grades of P&K fertilizers covered under FCO and NBS Scheme for 2021-22, applicable from 01.10.2021 to 31.03.2022, shall be as under:-

S. No.	Name of Fertilizers	NBS Rates (in Rs./ MT)
1	DAP 18-46-0-0	24231
2	MOP 0-0-60-0	6070
3	SSP 0-16-0-11	7513
4	NPS 20-20-0-13	13131
5	NPK 10-26-26-0	16293
6	NP 20-20-0-0	12822
7	NPK 15-15-15	11134
8	NP 24-24-0-0	15387
9	AS 20.5-0-0-23	4398
10	NP 28-28-0-0	17951
11	NPK 17-17-17	12619
12	NPK 19-19-19	14103
13	NPK 16-16-16-0	11876
14	NPS 16-20-0-13	12379
15	NPK 14-35-14	19910
16	NPS 24:24-0-8*	15387

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17	MAP 11-52-0-0	25635
18	TSP 0-46-0-0	20849
19	NPK 12-32-16	18377
20	NPK 14-28-14	16737
21	NPKS 15-15-15-09	11348
22	NP 14-28-0-0	15321
23	NPK 8-21-21	13145
24	NPK 9-24-24	14996
25	PDM (0:0:14.5:0)	1467

* Subsidy on Sulphur not included

4. Any variant of the subsidized P&K fertilizers covered under NBS Scheme and are fortified/ coated with Boron and Zinc, as provided for under FCO, will continue to be eligible for subsidy. Such fortified/ coated grades of fertilizers will attract an additional per MT subsidy to encourage their application along with primary nutrients as per the rates mentioned below:

S.No	Nutrients for fortification	Additional subsidy for fortified/ coated fertilizers over and above the rates indicated in para 3 above (Rs/MT)
1	Boron (B)	300
2	Zinc (Zn)	500

5. Special onetime package with an additional subsidy for the following P&K fertilizers, applicable from 01.10.2021 to 31.03.2022, shall be as under:

S. No.	Name of Fertilizers	Additional Subsidy over and above the rates indicated in para 3 above (in Rs/ MT)
1	DAP 18-46-0-0	8769
2	NPS 20-20-0-13	2000
3	NPK 10-26-26-0	2000
4	NPK 12-32-16	2000

6. In order to examine the reasonableness of MRPs of P&K fertilizers, the fertilizer companies will continue to submit the certified cost data as per the extant guidelines of reasonableness of MRP of P&K fertilizers. The fertilizer companies will also report MRP of P&K fertilizers regularly to DOF. The profit earned above the reasonable profit will be treated as unreasonable and will be recovered from the subsidy bills of such companies.

7. The P&K fertilizer companies will ensure that the MRP of various grades of P&K fertilizers be maintained in accordance with the subsidy rates as notified and sell through their retailers accordingly.

8. The fertilizer companies are required to print Maximum Retail Price (MRP) along with applicable subsidy on the fertilizer bags clearly. Any sale above the printed MRP will be punishable under the EC Act.
9. The distribution and movement of fertilizers along with import of finished fertilizers, fertilizer inputs and production by indigenous units will continue to be monitored through the online web based "Integrated Fertilizer Monitoring System (iFMS)".
10. Manufacturers/Marketers/Importers of P&K fertilizers, including manufacturers of SSP, are required to ensure that fertilizers are transported up to the retail point on Freight on Road (F.O.R.) delivery basis.
11. There would be no separate subsidy on sale of customized fertilizers and mixture fertilizers.
12. The payment of subsidy to the manufacturers/importers of P&K fertilizers shall be released as per the procedure and terms and conditions mentioned in the Department Notification No. D(FA)/ CCEA/2011 dated 25.10.2012 and D(FA)/2016/DBT dated 17.03.2017, as amended from time to time.
13. This issues with the approval of the Competent Authority.
14. Hindi version will follow.

Sd/-
(Dr. Tina Soni)
Director
Tel: 23386398

To,

1. Secretary (Agriculture), DA&FW, Krishi Bhawan, New Delhi.
2. Secretary (Expenditure), Department of Expenditure, North Block, New Delhi.
3. Secretary (NITI Aayog), Yojana Bhawan, New Delhi.
4. Joint Secretary, Prime Minister's Office, South Block, New Delhi.
5. Joint Secretary (Cabinet), Cabinet Secretariat, Rashtrapati Bhawan, New Delhi.
6. Joint Secretary (INM), DA&FW, Krishi Bhawan, New Delhi.
7. Joint Secretary (PF-II), Department of Expenditure, North Block, New Delhi.
8. Joint Secretary (NA), Department of Fertilizers, New Delhi.
9. Joint Secretary (AS), Department of Fertilizers, New Delhi.
10. Executive Director, FICC, Department of Fertilizers, New Delhi.
11. Chief Controller of Accounts, Department of Fertilizers, New Delhi.
12. Director (P&K), Department of Fertilizers, New Delhi.
13. Director (Finance)/Director (Budget), Department of Fertilizers, New Delhi.
14. DS, PMO, South Block, New Delhi
15. Jt. Director (Movement), Department of Fertilizers, New Delhi.
16. Director (Fertilizer Subsidy), Department of Fertilizers, New Delhi.

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17. DDG, NIC, Department of Fertilizers– To upload on website and other digital platforms
18. Director General, FAI, New Delhi.
19. All Urea Manufacturers and P&K Fertilizer Manufacturers & importers.

Copy to:

1. Chief Secretaries of the State Governments/ UTs.
2. Commissioners/Directors, Commissionerate/Directorate of Agriculture of the State Governments/ Uts.

Copy also to:

1. PS to Hon'ble Minister (C&F)
2. PS to Hon'ble MOS (C&F)
3. PS to Secretary (Fertilizers)
4. AD (OL), Hindi Cell, Department of Fertilizers – For translation in Hindi
5. SO(IT), Department of Fertilizers- For uploading the same on the Department's website.
6. Guard File

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Annexure-B

No. 23011/1/2018-MPR
Government of India
Ministry of Chemical & Fertilizers
Department of Fertilizers

Shastri Bhawan, New Delhi
Dated : 15th November, 2019

OFFICE MEMORANDUM

Sub: Implementation of the Nutrient Based Subsidy (NBS) policy for Phosphatic and Potassic (P&K) Fertilizers.

In continuation of this Division's OM No. 23011/5/2013-MRP dated 03.05.2019 on the subject mentioned, the undersigned is directed to issue the detailed guidelines for evaluation of reasonableness of MRP's of P&K fertilizers under the NBS Scheme to be effective from 01.04.2012 as below:

- i. The present format of data collection will continue to be used for collection of cost data from the P&K Companies.
- ii. The online module for online submission of cost data by the companies will be developed by NIC at the earliest.
- iii. After implementation of the online module of data submission, the Companies will be required to submit the final audited cost data once in a year for the previous financial year by August of every year.
- iv. In case of non-submission of cost data by the companies within the stipulated time, the further subsidy payment of the company will be stopped till the time the company furnishes the requisite cost data to the Department of Fertilizers.
- v. The Department of Fertilizer will complete the process of examination of reasonableness for the previous financial year by October of every year. In case of late submission of the cost data, DoF will complete the reasonable exercise within two months of the submission of the cost data by the company.
- vi. The profits earned above 12% will be treated as 'unreasonable profit'.
- vii. No deduction of Taxes/Dividends paid by the companies will be granted while computing the reasonable profit.
- viii. The unreasonable amount of profit i.e. profit over and above reasonable profit will be recovered from the defaulting companies.

- ix. If a company is habitual defaulter of fixing unreasonable MRPs, matter will be placed before IMC to consider taking action against the company which may include levy of penal interest on the recovery, removable of any grade/grades of fertilizers of that company or removal of the fertilizer company itself from the NBS scheme.
- x. If profit margin of a company for a product is found unreasonable, company will be provided an opportunity to represent/furnish inputs prior to adjustments from the subsidy payments. In doing so, any onetime factor will also be appropriately considered. In such cases company will be issued notice to represent/furnish comments within 14 days. FICC will be asked to examine the comments received from the company within 15 days and thereafter final decision to be taken by DoF within 30 days of receipt of company's response. If the company doesn't reply within 14 days, it will be presumed that company has nothing to represent and accordingly, the amount over and above the reasonable profit will be recovered.
- xi. Profit margin will be evaluated for each product/company wise instead of unit wise subject to the condition that the company maintains same MRP for a particular product irrespective of the unit in which it is manufactured. However, reasonableness evaluation of indigenous and imported products will be done separately.
- xii. Formula for calculating the reasonableness of MRP will be as below:-

If Net MRP + Subsidy \leq 1.12 Cost of sales, profit margin is reasonable.*

*If NetMRP + Subsidy $>$ 1.12*Cost of sales, profit margin is unreasonable.*

Here, Net MRP = MRP-Discount-Dealer's Margin and

- 2. This issues with the approval of Competent Authority.

Sd/-

(Geeta Mishra)

Under Secretary to the Govt. of India

Tel : 23386151

To,

Director (CE), FICC,
R.K Puram, New Delhi.

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