

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF FERTILIZERS

LOK SABHA

UNSTARRED QUESTION NO. 853 TO BE ANSWERED ON : 29.11.2024

Measure For Stabilizing Fertilizer Prices

853. SHRI E T MOHAMMED BASHEER:

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

- (a) the measures taken/proposed to be taken to stabilize fertilizer prices to prevent them from affecting the income of farmers;
- (b) whether there is any revisions planned for the subsidy schemes on fertilizers, especially for small and marginal farmers; and
- (c) whether the Government is considering any plan to ensure that subsidies are efficiently reaching the intended beneficiaries and if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS
(SMT. ANUPRIYA PATEL)

(a): Urea is provided to the farmers at a statutorily notified Maximum Retail Price (MRP) irrespective of the cost of production. The subsidized MRP of 45 kg bag of urea is Rs.242 per bag (exclusive of charges towards neem coating and taxes applicable). The difference between the delivered cost of urea at farm gate and net market realization by the urea units is given as subsidy to the urea manufacturer/importer by the Government of India. Accordingly, all farmers are being supplied urea at the subsidized rates.

In case of Phosphatic and Potassic (P&K) fertilizers, Government has implemented Nutrient Based Subsidy (NBS) Policy w.e.f. 1.4.2010. Under the policy, a fixed amount of subsidy, decided on annual/bi-annual basis, is provided to manufacturer / importer on subsidized P&K fertilizers depending on their nutrient content i.e. Nitrogen (N), Phosphorus (P), Potassium (K) and Sulphur (S) to improve availability of fertilizers to farmers. The Government monitors international prices of key fertilizers and raw materials and fluctuations, if any, are subsumed while fixing NBS rates for P&K fertilizers annually / bi-annually. In addition, in order to ensure smooth availability of fertilizers at affordable prices to farmers, Government has provided special packages on DAP over and above the NBS subsidy rates on need basis so that Maximum Retail Price (MRP) of the fertilizers remains stable and market

volatility are subsumed. In 2024-25, the Government has approved one-time special package on DAP beyond the NBS rates on actual PoS (Point of Sale) sale of DAP for the period from 01.04.2024 till 31.12.2024 @ ₹ 3500 per MT to the P&K fertilizer companies with approximate financial implication of ₹2625 crores to ensure sustainable availability of DAP at affordable prices to the farmers and support the agriculture sector and related activities and strengthen food security scenario in the country. Thus, the entire subsidy scheme is focused towards timely availability of fertilizers at affordable prices to farmers.

(b): No.

(c): Under the fertilizer Direct Benefit Transfer (DBT) system, 100% subsidy is released to the fertilizers companies on the basis of actual sales made by the retailers to the beneficiaries. To ensure that the subsidy reaches the intended beneficiary, under DBT, sale of all subsidized fertilizers to farmers/ buyers is made through Point of Sale (PoS) devices installed at each retailer shop and the beneficiaries are identified through Aadhaar Card, KCC, Voter Identity Card etc.
