

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF FERTILIZERS

LOK SABHA

UNSTARRED QUESTION NO. 4743 TO BE ANSWERED ON: 28.03.2025

Reduced Budgetary Allocation

4743. DR. KALANIDHI VEERASWAMY:

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

- (a) the reasons behind the decrease in the budget allocation for the Chemicals & Fertilizers sector which is a crucial sector that impacts agriculture, industry and food security by 13.2% in the current financial year;
- (b) the manner in which the Government plan to ensure the continued availability and affordability of essential fertilizers for farmers, particularly given the critical role of fertilizers in ensuring food security;
- (c) the measures proposed to be taken up by the Government to prevent price increases or shortages in the fertilizer market due to this budgetary reduction along with the manner in which it will affect the Government's commitment to supporting farmers, particularly in rural areas; and
- (d) whether the Government is aware of the expected impact of this reduced allocation on the production and supply of chemicals and fertilizers, especially with regard to initiatives like the Nutrient Based Subsidy (NBS) and the Pradhan Mantri Krishi Sinchayee Yojana?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS

(SMT. ANUPRIYA PATEL)

(a) & (d): The Budget estimation of the Department of Fertilizers is made on the basis of likely consumption of fertilizers in the country, price of natural gas which is the major input cost in the fertilizer production and international prices of the finished fertilizer products may vary from one year to another. As against the Budget allocation of Rs. 1,68,130.81 crore in Budget Estimate (BE) 2024-25, the final allocation has increased to Rs. 1,91,836.29 crore through Supplementary Demands for Grants passed by the Parliament.

Similarly, in NBS scheme, against the Budget Allocation of Rs. 45,000 crores in BE (2024-25), the final allocation has increased to Rs. 54310 crores through Supplementary Demands for Grants passed by the Parliament. Therefore, there has been no reduction in funds for NBS.

In Pradhan Mantri Krishi Sinchayee Yojana, extended till 2025-26, the overall outlay of Rs. 93,068.56 crores have been approved by the Government for the period 2021-22 to 2025-26.

(b) & (c): To ensure timely and adequate supply of fertilizers in the country, before the commencement of each cropping season, Department of Agriculture and Farmers Welfare (DA&FW), in consultation with all the State Governments, assesses the state-wise & month-wise requirement of fertilizers. On the basis of requirement projected, Department of Fertilizers allocates sufficient/ adequate quantities of fertilizers to States by issuing monthly supply plan and continuously monitors the availability. The movement of all major subsidized fertilizers is monitored throughout the country by an on-line web based monitoring system called integrated Fertilizer Monitoring System (iFMS). Regular Weekly Video Conference is conducted jointly by DA&FW and D/o Fertilizers with State Agriculture Officials and corrective actions are taken to dispatch fertilizers as indicated by the State Governments. The gap between demand (requirement) and production of fertilizers is met through imports. The import for the season is also finalized well in advance to ensure timely availability.

Urea, is provided to the farmers at a statutorily notified Maximum Retail Price (MRP). The MRP of 45 kg bag of urea is Rs.242 per bag (exclusive of charges towards neem coating and taxes as applicable) and the MRP has remained unchanged since 01.03.2018 to till date. 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.

For Phosphatic & Potassic (P&K) fertilizers, Government has implemented Nutrient Based Subsidy (NBS) scheme w.e.f. 01.04.2010. Under NBS scheme, a fixed amount of subsidy, decided on annual/bi-annual basis, is provided on subsidized P&K fertilizers depending on their nutrient content including Di-Ammonium Phosphate (DAP). Under NBS scheme, The P&K sector is decontrolled, fertilizer companies are allowed to fix MRP at reasonable levels which is monitored by the Government.. The fertilizer companies manufacture/import fertilizers as per the market dynamics.

Further, in order to ensure smooth availability of DAP at affordable prices to farmers, Government has provided special packages on DAP over and above the NBS subsidy rates on need basis. Recently, in 2024-25, due to geo-political situation, adversely affecting the viability of procurement of DAP by the fertilizer companies, 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 which has now been extended till 31.03.2025 to ensure sustainable availability of DAP at affordable price to the farmers. Further, the guidelines on evaluation of reasonableness of MRPs fixed by the P&K Fertilizer companies also ensure availability of fertilizers at affordable prices to farmers across the country.

In addition, Department of Fertilizers consistently engages in discussions with resource rich countries for enhancing the supply of fertilizers/raw materials/intermediates from these countries to India at competitive price, to ensure their availability in the country at affordable prices. Additionally, Department of Fertilizers facilitates signing of Agreements or Memorandum of Understanding (MoU) between Indian fertilizer companies and resource rich foreign fertilizer companies for consistent and reliable supply of fertilizers/raw material/intermediates to India.