

**GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF FERTILIZERS**

LOK SABHA

UNSTARRED QUESTION NO. 4660 TO BE ANSWERED ON 20.03.2026

Allocation of Fertilizer Subsidy

4660: Shri Kali Charan Singh:

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

- (a) the impact of Neem Coated Urea policy on diversion;
- (b) whether POS-based sales monitoring has reduced leakages, if so the details thereof and the action taken against erring dealers;
- (c) the total fertiliser subsidy allocated, released and utilised during the last three years and the current year, year-wise;
- (d) whether any subsidy dues are pending to fertiliser companies, and if so, the details thereof;
- (e) whether delays in subsidy payments have affected production/supply; and
- (f) if so, the details thereof along with the corrective measures taken to ensure timely settlement of claims?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS

(SMT. ANUPRIYA PATEL)

(a) and (b): The primary purpose of neem coated urea is to enhance the efficiency of nitrogen utilization in agriculture. By coating urea with neem oil, which contains natural nitrification inhibitors, the release of nitrogen is slowed down, making it available to plants over a longer period. This slow-release feature helps to reduce nitrogen leaching into the soil, which can lead to water and soil contamination. The use of neem coated urea has been beneficial in improving soil health, reducing pest and disease attacks, and increasing nitrogen use efficiency. In 2017, Department of Agriculture, & Farmers Welfare (DA&FW) conducted a study to determine the impact of Neem Coated Urea through Agricultural Development and Rural Transformation Centre (ADRTC), Bengaluru which inter-alia found that diversion of highly subsidized urea towards non-agricultural purposes negligible among farmers after the introduction of the mandatory policy of production and distribution of only Neem Coated Urea. Further, in order to address the issues such as diversion, hoarding and black-marketing, fertilizers are

declared as an essential commodity under the Essential Commodities Act, 1955 and notified under Fertilizer Control Order, 1985. State Governments are empowered to take action against persons involved in said malpractices, as per provisions of EC Act. Any complaints received at Department of Fertilizers level regarding these malpractices is also sent to concerned State Government to take appropriate action under Essential Commodities Act, 1955 and Fertilizer Control Order, 1985. However, Department of Agriculture and Farmers Welfare (DA&FW) in consultation with the State Governments is regularly monitoring the enforcement action taken by State Governments against the cases of Black marketing, Hoarding, Sub-standard and Diversion on weekly basis.

There is a ceiling of 50 bags per buyer per month on PoS based sale of subsidized fertilizers and any suspicious sale through PoS machine, beyond official hours is also being monitored by the respective State Government officials. Furthermore, at the time of biometric authentication, the season wise, month wise purchase made by the Farmer is reflected on the PoS screen for awareness of the Farmer and the retailer. Under FCO, 1985, the State Government is empowered to take necessary action against erring dealers to prevent leakages.

(c): The details of the total amount of fertilizer subsidy allocated and disbursed by the Government during the last three years 2022-23 to 2024-25 and the current financial year (as on 17.03.2026) are as follows:

Financial Year	Component	(Rs. In Crores)	
		Allocation	Expenditure
2022-23	Phosphatic & Potassic (P&K)	86,122.00	86,122.00
	Urea	1,68,677.00	1,68,677.00
	Promotion of Organic Fertilizers (MDA)	--	--
	Total	2,54,799.00	2,54,799.00
2023-24	Phosphatic & Potassic (P&K)	65,200.00	65,200.00
	Urea	1,30,221.00	1,30,221.00
	Promotion of Organic Fertilizers (MDA)	5.00	
	Total	1,95,426.00	1,95,421.00
2024-25	Phosphatic & Potassic (P&K)	52,810.00	52,810.00
	Urea	1,24,319.50	1,24,319.50
	Promotion of Organic Fertilizers (MDA)	28.00	28.00
	Total	1,77,157.50	1,77,157.50

2025-26 (source: PAO)	Phosphatic & Potassic (P&K)	60,000 (RE)	59,967.98 (as on 17.03.2026)
	Urea	1,41,961.50 (RE)	1,32,889.78 (as on 17.03.2026)
	Promotion of Organic Fertilizers (MDA)	100 (RE)	88.30 (as on 17.03.2026)
	Total	2,02,061.50	1,92,946.06 (as on 17.03.2026)

(d) to (f): The subsidy payable to individual fertilizer companies under the various subsidy schemes of Department of Fertilizers is disbursed through an online system. All the Fertilizer sale transactions are captured online in the Integrated Fertilizer Management System (iFMS) system on real time basis. The claims are processed on a weekly basis and the amount of subsidy is remitted to the company's bank account through electronic mode based on the actual sales made through PoS machines. The payment of bills is processed on "First in First out (FIFO)" principle in the sequence of the receipt of same based on duly completed bills received in the Department. It is a dynamic process. Further, claims raised by the companies are also sent back for corrections and modifications following laid down provisions resulting in accumulation of pending claims. The Department is responsible for payment of bills only when bills, duly completed in all respects, are generated by the Fertilizer companies. Incomplete claims are not accepted. Whenever any shortage of funds is noticed, the Department immediately makes all the possible efforts to get additional funds under supplementary grants or revised estimates as per procedure.

Further, the availability of fertilizers viz. Urea, DAP, MOP and NPK has remained adequate in the country during the last three FYs i.e. 2022-23, 2023-24 and 2024-25 and current year (2025-26). The information regarding requirement, availability and sales of these fertilizers during the said period is placed at **Annexure**.

Annexure

ANNEXURE referred to in reply to the part (d) to (f) of Lok Sabha Unstarred Question No. 4660 for answering on 20.03.2026.

ALL INDIA

REQUIREMENT, AVAILABILITY & SALES OF FERTILIZERS DURING 2022-23 to 2025-26 (Till 16.03.26)

Fig. in LMT

S.No	State	UREA			DAP			MOP			NPKS		
		Requirement	Availability	DBT Sales	Requirement	Availability	DBT Sales	Requirement	Availability	DBT Sales	Requirement	Availability	DBT Sales
1	2025-26 (Till 16.03.26)	374.22	438.22	386.09	109.23	120.15	98.20	25.95	29.61	21.69	155.08	193.99	146.66
2	2024-25	364.01	443.83	387.92	111.92	105.14	96.29	22.21	30.85	22.02	151.29	183.98	149.72
3	2023-24	356.08	437.47	357.81	110.18	127.42	109.73	27.62	22.74	16.45	126.31	156.51	116.80
4	2022-23	359.19	415.82	357.26	114.20	130.93	105.31	34.17	19.55	16.32	120.69	138.15	107.31

1. Primary Indicator of comfortable availability: Availability > Requirement

2. Secondary Indicator of comfortable availability: Availability > Sales
