

**Low production of Chemicals and Pesticides**

2071. SHRI RAJKUMAR DHOOT: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that the production of alkali, inorganic, organic chemicals, pesticides, dyes and dyestuffs has been below the installed capacity;

(b) if so, the reasons therefor; and

(c) the steps being taken to make optimum use of the installed capacity?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) to (c) The Chemical Industry has been considerably de-regulated. There is no control on the production, distribution and pricing of chemicals. A large number of organic/inorganic chemicals, dyes and pesticides are being manufactured in large, medium scale and the small-scale sector. This Department does not monitor the production data of these chemicals. However, as per data available, the production of major chemicals has increased to 7374963 MT in the year 2004-05, from 5963434MT in the Year 2001-02.

**Subsidy on fertilizers**

2072. DR. GYAN PRAKASH PILANIA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the total subsidy on fertilizers during 2003-04, 2004-05 and 2005-06, category wise (urea, DAP, super phosphate, etc.);

(b) the mechanism through which this subsidy is distributed, and whether this benefits the producer or the consumer farmer;

(c) what percentage of subsidy on a bag of fertilizer (category-wise) goes to the poor farmer; and

(d) whether Government have any scheme to improve the existing fertilizer subsidy policy and if so, the details thereof?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) The details of subsidy paid on fertilizers during 2003-04 and 2004-05 are given in the Table below:

		Rs. in crore	
Sl. No.	Name of the fertilizer	Amount of subsidy paid in 2003-04 2004-05	
1.	Indigenous urea	8521.00	10243.15
2.	Imported urea	0.00	493.91
3.	Indigenous Di-ammonium phosphate (DAP)	1216.84	2131.41
4.	Imported DAP	176.99	178.65
5.	Complex fertilizers	1194.14	1678.24
6.	Single Super Phosphate (SSP)	192.44	158.89
7.	Muriate of Potash (MOP)	543.01	986.53
8.	Freight subsidy for hilly areas in respect of decontrolled phosphatic and potassic (P&K) fertilizers	2.58	8.46

A budgetary provision of Rs.10110.37 crore for indigenous urea, Rs.943.53 crore for imported urea, Rs.4000 crore for indigenous P&K fertilizers and Rs.1200 crore for imported P&K fertilizers has been made during the financial year 2005-06.

(b) The subsidy/concession on urea and decontrolled P&K fertilizers is disbursed as the difference between the normatively assessed cost of production of fertilizers and their statutorily notified maximum retail price (MRP)\*or indicative MRP to the manufacturers/importers of fertilizers. As the cost of production of fertilizers is generally more than the MRP/indicative MRP, the benefit of subsidy/concession on fertilizers is passed on the farmers in the form of making fertilizers available to them at subsidized selling prices.

(c) With the objective of making available fertilizers at affordable rates to all farmers including poor farmers, urea, being the only controlled fertilizer, is sold at statutorily notified MRP, and the decontrolled P&K fertilizers, such as DAP, MOP and NPK complexes are sold at indicative MRPs. MRP of single super phosphate is indicated by the respective State Governments. As the MRP/indicative MRPs are uniform for all farmers including poor farmers, the benefit of subsidized fertilizers is passed on to poor farmers also.

[12 August, 2005]

RAJYA SABHA

(d) A Working Group has been constituted under the chairmanship of Dr. Y.K. Alagh to review the effectiveness of Stage-I and II of New Pricing Scheme for urea units and to formulate a policy for urea units for Stage-III commencing from 1.4.2006. Government has also constituted an Expert Group under the chairmanship of Dr. Abhijit Sen, member, Planning Commission, to examine the pricing 'of phosphatic fertilizers and related issues.

### **Reducing drug prices**

2073. SHRIMATI JAYA BACHCHAN: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Government are considering a proposal to reduce prices of life saving drugs and pain killers; and

(b) if so, the details thereof?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) and (b) The Drugs (Prices Control) Order, 1995 (DPCO, 95) does not make any distinction between Life Saving drugs and other drugs. There is no specific norms or guidelines to determine as to which drugs can be classified as life saving drugs. Every drug, in general, is considered useful in saving and prolonging of life.

Presently 74 bulk drugs specified in the First Schedule of the Drugs (Price Control) Order, 1995 (DPCO, 95) and the formulations based thereon are under price control and their prices and fixed/revised by the National Pharmaceutical Pricing authority (NPPA) in accordance with the provisions of the DPCO, 95. These drugs have been identified for inclusion under price control in the DPCO, 95 on the basis of criteria mentioned in the 'Modifications in Drug Policy, 1986', announced in September, 1994. These criteria take into account the extent of usage and the market competition in various drugs.

Prices of non-Scheduled formulations are fixed by the manufacturers themselves keeping in view the various factors like cost of production, marketing/selling expenses, R&D expenses, trade commission, market competition, product innovation, product quality etc. Due to these factors there is a wide variation between the production cost and selling price of these medicines. The Government takes corrective measures where the public interest is found to be adversely affected.