

**Administration of fertilizer subsidy**

2832. SHRI AAYANUR MANJUNATHA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether Government is satisfied with the extant arrangements for administration of fertilizer subsidy;
- (b) if not, the reasons therefor;
- (c) whether the Twelfth Finance Commission had recommended developing of an alternative instrument for release of fertilizer subsidy;
- (d) if so, the details thereof;
- (e) whether the recommendations of the Finance Commission has been accepted by the Government; and
- (f) if so, the steps taken by the Government to implement the same?

THE MINISTER OF STATE OF THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): (a) Yes, Sir.

(b) Does not arise.

(c) and (d) The Twelfth Finance Commission has in para 3.17 of its report observed that "There is a clear need to develop an alternative instrument so that the volume of subsidy is small and its benefits are targeted better. The present mechanism needs to be phased out as soon as possible." Twelfth Finance Commission has, however, not given any specific recommendations regarding fertilizer subsidy.

(e) and (f) In view of (c) and (d) above, the question does not arise.

**Direct cash transfer to farmers for fertilizer procurements**

2833. SHRI NARESH AGRAWAL: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether Government has any plans to introduce direct cash transfer to farmers for procurement of fertilizers;
- (b) if so, the details thereof;

- (c) whether Government has set up any panel to study the impact of such a step;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

THE MINISTER OF STATE OF THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): (a) and (b) Yes, Sir. The Department of Fertilizers with the technical support of National Informatics Centre (NIC) is following the phased approach for direct transfer of subsidies for fertilizers in the following manner:

- I. Phase I: Information visibility till the retailer's level where part subsidy is disbursed to the manufacturers on the basis of the information of retail acknowledgements reported in mFMS.
- II. Phase II: Part subsidy payment to the manufacturers on the basis of the information of retailer sales of fertilizers captured in mFMS.
- III. Phase III: Subsidy payment to the farmer on the basis of fertilizer sales made to him/her.
- IV. Phase IV: Subsidy payment to the farmer as per his entitlement on the basis of details of sales made to him/her

Phase I has been made operational from November 2012.

It has been decided to conduct a Pilot of Phase II (To capture the retailer sales of fertilizers to farmers) before its implementation across the country. 12 Districts across 11 States have been selected for the Phase II pilot based on Aadhaar penetration, fertilizer consumption, geographical variance, dealer network etc. The pilot is to be launched by April, 2013.

In the subsequent phases of the project, the mechanism to transfer subsidy directly to the intended beneficiaries (Farmer) will be formulated and implemented once the implementation of Phase I & II are stabilized.

(c) and (d) A Task Force under the Chairmanship of Shri Nandan Nilekani, Chairman, UIDAI, was set up by the Government to suggest an implementable solution for the transfer of direct subsidy in fertilizers, LPG and kerosene to the farmer. The mandate of the Task Force was to recommend and implement a

mechanism for transfer of direct subsidy including, *inter-alia*, to identify and suggest the required changes in the existing systems, processes and procedures, IT frameworks and supply chain management. The Task Force is also to oversee and evaluate the implementation of the solutions proposed on pilot based through the concerned implementing Ministries.

- (e) Does not arise in view of reply to item (c) and (d)

**Proposal to reduce subsidy on fertilizers**

†2834. SHRIMATI MAYA SINGH: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that there is a proposal in the budget to reduce the subsidy being given on fertilizers;

(b) if so, how much subsidy will be given to farmers after the reduction;

(c) whether it is also a fact that farmers have reduced the use of Potash fertilizers due to their higher cost; and

(d) the types of fertilizers being produced at present and steps being taken by Government to enhance their production in the country?

THE MINISTER OF STATE OF THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): (a) and (b) The subsidy rates of Phosphatic and Potassic (P&K) fertilizers under Nutrient Based Subsidy Policy being implemented *w.e.f.* 1.4.2010, are fixed on annual basis taking into consideration all factors including international and domestic prices of these fertilizers, inventory level and exchange rate. Since the present international prices of P&K fertilizers are comparatively less as compared to those in last year, the subsidy rates for the year 2013-14 will be fixed accordingly.

(c) The consumption of Potash has nearly been the same in the years 2009-10 and 2010-11. However, the consumption went down due to non-availability of Potash during Kharif Season of 2011-12 as Potash could not be imported because of high international prices.

(d) A list of chemical fertilizers mainly produced in the country is given in Statement (*See below*).

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†Original notice of the question was received in Hindi.