

Policy norms for urea manufacturing plants

1290. SHRI PREM CHAND GUPTA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that Urea manufacturing plants would have to adhere to stiffer energy consumption norms for availing concessions under the policy proposed by the Policy Reforms Commission for phasing out subsidy; and

(b) if so, what would be the impact of this new policy on the farmers?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SATYA BRATA MOOKHERJEE): (a) and (b) Expenditure Reforms Commission (ERC), headed by Shri K.P. Geethakrishnan, in its report entitled "Rationalising Fertilizers Subsidies" has recommended dismantling of the existing Retention Price-cum-Subsidy Scheme and in its place introduction of a Concession Scheme in a phased manner in four phases. ERC has recommended uniform rates of concession for each category of urea units after dividing them into five groups based on feedstock used and the vintage of plants in respect of gas based urea units. The Commission envisages that in the Phase-I maximum retail price arrangement will be continued. The concessions available to each group of units have been so calibrated as to enable the units to sell at the stipulated maximum retail price in the Phase-I of the proposed scheme. In the subsequent phases, declining rate of concessions has been built on possible energy savings as envisaged in the report, keeping the interest of the farmers in mind. The report recognises the need to have a gradual and phased out transition which is structured to move from the unit-wise Retention Price-cum-Subsidy Scheme through essentially a group based system where the economic viability of all existing plants is preserved to ensure a desired level of self-sufficiency in indigenous urea production, however, with reduced support from the Government.

The Report of the ERC is under examination by the Department of Fertilizers and inter-ministerial consultation will be held soon to finalise the views of the Government on the recommendation of the ERC.

However, the issues pertaining to reassessment of capacities of urea manufacturing units, also referred to in the ERC Report, have been referred to a Committee headed by Dr. Y.K. Alagh for suitable advice and recommendation.