

Phasing out of subsidies

347. SHRI K. RAMA MOHANA RAO: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that Government are proposing long-term pricing norms for urea units and phasing out subsidies;

(b) if so, the details thereof; and

(c) the details of fertilizer subsidy that has been given to the fertilizer units during the last five years?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI CHHATTRA PAL SINGH): (a) and (b) A new pricing policy for urea units has been formulated keeping in view the recommendations of Expenditure Reforms Commission for replacing the existing Retention Price Scheme (RPS). The new scheme will aim at greater transparency, uniformity and efficiency in subsidy disbursements to urea units and will induce urea manufacturing units to take cost reduction measures and be competitive. The new scheme will be implemented in stages. Stage-I would be of one year duration, from 1.4.2003 to 31.3.2004. Stage-II would be of two years duration from, 1.4.2004 to 31.3.2006. The modalities of the subsequent stages would be decided after review of the implementation of the Scheme during the Stage-I and Stage-II.

In Stage-I, i.e. from 1.4.2003 to 31.3.2004, the allocation of urea under the Essential Commodities Act 1955 (ECA) will be restricted up to 75% and 50% of installed capacity (as reassessed) of each unit in Kharif 2003 and Rabi 2003-04, respectively. The supply of urea to the farmers will be at Maximum Retail Price (MRP) anywhere in the country both in the case of urea under ECA allocation and decontrolled urea. During Stage-II, urea distribution will be totally decontrolled after having evaluated the Stage-I.

(c) The details of subsidy expenditure on urea and concession expenditure on decontrolled phosphatic and potassic fertilizers for the last five years are given in the table below:

Period	(Rs. in crore)	
	Amount of concession disbursed on decontrolled fertilizers	Amount of subsidy disbursed on urea
1998-1999	3789.94	7597.22
1999-2000	4500.00	8744.07
2000-2001	4319.00	9481.00
2001-2002	4504.00	8304.44
2002-2003 (BE)	4224.00	7004.00

Fertilizer subsidy

348. SHRIMATI S.G. INDIRA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) what is the total amount of fertilizer subsidy for the last three years, State-wise; and

(b) the percentage of fertilizer subsidy to the total subsidy on all other counts?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI CHHATTRA PAL SINGH): (a) Subsidy on urea and concession on sale of decontrolled phosphatic and potassic fertilizers is given to the manufacturers/importers of the fertilizers and not State-wise. The details of subsidy expenditure on urea and concession expenditure on decontrolled phosphatic and potassic fertilizers for the last three years are given in the table below:

Period	(Rs. in crore)	
	Amount of concession disbursed on decontrolled fertilizers	Amount of subsidy disbursed on urea
2000-2001	4319.00	9481.00
2001-2002	4504.00	8304.44
2002-2003 (BE)	4224.00	7004.00