

Standing Committee Report Summary

Production, Demand and Availability of Fertilizers and its Distribution

- The Standing Committee on Chemicals and Fertilizers (Chairperson: Gopinath P. Munde) submitted its 28th report on Production, Demand and Availability of Fertilizers and its Distribution. The report was tabled in Parliament on August 28, 2012.
- The Committee makes recommendations regarding ways of attracting investment in the sector. It suggests ways of increasing fertilizer production and highlights the role of the Department of Fertilizers (DoF) and state governments in increasing demand and availability of fertilizers.
- The Committee recommends that the new Investment Policy, under consideration of the DoF, be finalised immediately. This Policy will help facilitate new investments in the urea sector, curb the industry's reliance on imported fertilizers, and encourage indigenous production.
- The Committee suggested that the DoF fix the price of natural gas at reasonable rates to ensure cheap production of fertilizers. This will help attract investments to the sector. The government should consult major fertilizer industries while framing policies and also encourage Public-Private Partnerships to establish new fertilizer units.
- The Committee suggests that the government encourage Joint Venture initiatives with other countries. Through such initiatives, Indian companies establish Joint Venture production facilities with countries that are rich in raw materials.
- To prevent unfair pricing at the international level, the DoF should negotiate with countries to set reasonable rates of raw materials for fertilizers in the international market.
- The Committee recommends that the DoF revive fertilizer units and remove barriers to the availability of natural gas in order to facilitate production of fertilizers. The government should also provide managerial and technical support, and adequate infrastructure to these units.
- The Committee noted that paucity of raw material is a major constraint in achieving self-sufficiency of fertilizer production in the country. It recommends the government ensure timely procurement of raw materials and intermediates.
- In April 2010, the government introduced the first phase of Nutrient Based Subsidy (NBS) policy for decontrolled phosphatic and potassic fertilizers. The NBS helps balance the use of fertilizers and boosts their indigenous production. The Committee recommends that the DoF closely monitor the implementation of the policy and enable the direct disbursement of subsidy to farmers.
- The government should take adequate steps to raise the zone-wise production of bio-fertilizers and educate farmers about its eco-friendly and cost-effective benefits. The DoF should collaborate with the Ministry of Agriculture to provide incentives to producers of bio-fertilizers.
- The Committee recommends that the DoF coordinate with the agriculture departments of state governments, particularly those of the north-eastern states, to ensure timely availability of fertilizers to farmers. Moreover, the DoF should create direct communication links between the farmers and DoF to accurately assess their demand for fertilizers.
- More fertilizer testing laboratories should be set up in the country to ensure quality control of fertilizers, particularly in states which use large quantities of fertilizers. State governments should provide the necessary financial and technical assistance.
- The DoF should take adequate and stringent steps to curb black marketing and hoarding. Fertilizer companies should deter such practices by cancelling dealerships of individuals involved in these practices.
- The central government should devise a mechanism for equitable distribution of fertilizers to all parts of the country.

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