

File No. 23011/1/2010-MPR
Government of India
Ministry of Chemicals & Fertilizers
Department of Fertilizers

Shastri Bhawan, New Delhi
The 4th March 2010

To

- 1. The Chief Secretaries/ All Agriculture Production Commissioners/ Secretaries (Agriculture)**
- 2. The Directors, Directorate of Agriculture of the State Governments/ UTs.**

Subject: Implementation of the Nutrient Based Subsidy (NBS) policy for Phosphatic and Potassic (P&K) Fertilizers w.e.f. 1.4.2010.

Madam/Sir,

I am directed to say that the Government has introduced the first phase of the Nutrient Based Subsidy (NBS) Policy w.e.f. 1.4.2010 as under:

- (i) The NBS will be applicable for Di Ammonium Phosphate (DAP, 18-46-0), Muriate of Potash (MOP), Mono Ammonium Phosphate (MAP, 11-52-0), Triple Super Phosphate (TSP, 0-46-0), 12 grades of complex fertilizers and Ammonium Sulphate (AS - (Caprolactum grade by GSFC and FACT), which are already covered under the outgoing Concession Scheme for Phosphatic and Potassic (P&K) fertilizers and Single Super Phosphate (SSP). Primary nutrients, namely Nitrogen 'N', Phosphate 'P' and Potash 'K' and nutrient Sulphur 'S' contained in the fertilizers mentioned above will be eligible for NBS.
- (ii) Any variant of the fertilizers mentioned above with secondary and micronutrients (except Sulphur 'S'), as provided for under FCO, will also be eligible for subsidy. The secondary and micro-nutrients (except 'S') in such fertilizers will attract a separate per tonne subsidy to encourage their application along with primary nutrients.



- (iii) The NBS to be paid on each nutrient namely, 'N', 'P', 'K' and 'S' will be decided annually by the Government. The nutrient based subsidy, so decided by the Government, will be converted into subsidy per tonne for each subsidized fertilizer
- (iv) An Inter-Ministerial Committee (IMC) will be constituted with Secretary (Fertilizers) as Chairperson and Joint Secretary level representatives of Department of Agriculture & Cooperation (DAC), Department of Expenditure (DOE), Planning Commission and Department of Agricultural Research and Education (DARE). This Committee will recommend per nutrient subsidy for 'N', 'P', 'K' and 'S' before the start of the financial year for decision by the Government (Department of Fertilizers). The IMC will recommend a per tonne additional subsidy on fortified subsidized fertilizers carrying secondary (other than 'S') and micro- nutrients. The Committee will also recommend inclusion of new fertilizers under the subsidy regime based on application of manufacturers/ importers and its need appraisal by the Indian Council for Agricultural Research (ICAR), for decision by the Government.
- (v) The distribution and movement of fertilizers along with import of finished fertilizers, fertilizer inputs and production by indigenous units will continue to be monitored through the online web based "Fertilizer Monitoring System (FMS)" as being done under the outgoing Concession Scheme for P&K fertilizers.
- (vi) 20% of the price decontrolled fertilizers produced/imported in India will now be in the movement control under the Essential Commodities Act 1955 (ECA). Department of Fertilizers will regulate the movement of these fertilizers to bridge the supplies in underserved areas.
- (vii) Freight subsidy on the decontrolled fertilizers will be restricted to the rail freight.
- (viii) The import of all the subsidized fertilizers, as at paragraph 1 (i) above, including 12 grades of complex fertilizers is placed under Open General License (OGL). However, subsidy will not be applicable on imported Ammonium Sulphate (AS) during the first phase. Import of Urea will remain canalized during the first phase.
- (ix) Though the market price of subsidized fertilizers, except Urea, will be determined based on demand-supply balance, the

Huba

fertilizer companies will be required to print Retail Price (RP) along with applicable subsidy on the fertilizer bags clearly. Any sale above the printed net RP will be punishable under the EC Act.

- (x) Manufacturers of customized fertilizers and mixture fertilizers will be eligible to source subsidized fertilizers from the manufacturers/ importers after their receipt in the districts as inputs for manufacturing customized fertilizers and mixture fertilizers for agricultural purpose. There would be no separate subsidy on sale of customized fertilizers and mixture fertilizers.
- (xi) A separate additional subsidy will be provided to the indigenous manufacturers producing complex fertilizers using Naphtha based captive Ammonia to compensate for the higher cost of production of 'N'. However, this will be for a maximum period of two years during which the units will have to convert to gas or use imported Ammonia. The quantum of additional subsidy will be finalized by Department of Fertilizers in consultation with DOE, based on study and recommendations by the Tariff Commission.
- (xii) The NBS would be released through the industry during the first phase. The payment of NBS to the manufacturers/importers of DAP/MOP/Complex Fertilizers/ MAP/TSP and AS shall be released as per the procedure followed vide notification No. 19011/59/2003-MPR (Pt.) dated 12.3.2009 of the Department. Payment of NBS to the manufacturers/marketers of SSP shall be released as per the procedure mentioned in notification No. 22011/4/2007-MPR dated 13.8.2009 of the Department.

2. This issues with the concurrence of the Internal Finance Division of Department of Fertilizers dated 3 March 2010.



(H. Abbas)

Deputy Secretary to the Government of India

Tel: 2338 3814

Copy to:

1. Secretary (Agriculture), Department of Agriculture & Cooperation, Krishi Bhawan, New Delhi.
2. Secretary (Expenditure), Department of Expenditure, North Block, New Delhi.

3. Joint Secretary (INM), Department of Agriculture & Cooperation, Krishi Bhawan, New Delhi.
4. Joint Secretary (PF-II), Department of Expenditure, North Block, New Delhi.
5. Director (Cabinet), Cabinet Secretariat, Rashtrapati Bhawan, New Delhi
6. Executive Director, FICC, Department of Fertilizers, New Delhi
7. Director of Accounts, Department of Fertilizers, Udyog Bhawan, New Delhi
8. Director (Finance), Department of Fertilizers, New Delhi
9. Director General, FAI, New Delhi
10. All the manufacturers & importers of P&K Fertilizers
11. All SSP manufacturers

Copy also to:

PS to Minister (C&F)/PS to MOS(C&F)/Sr. PPS to Secretary (Fertilizers)/ AS & FA/ JS(P&P)/ JS(F&P)/ JS(A&M)/ Economic Advisor/ Controller of Accounts/ P&AO/ US(Concession Wing)/ Sr. AD (Accounts) FA Wing/ AD (OL for translation in Hindi)/ Guard File/ Technical Director, NIC for uploading the same on the Department's website.

Copy also to: Shri Sanjay Mitra, Joint Secretary, Prime Minister's Office, South Block, New Delhi.



(H. Abbas)

Deputy Secretary to the Government of India