

No. 19011/26/2006-MPR  
Government of India  
Ministry of Chemicals & Fertilizers  
Department of Fertilizers  
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Shastri Bhawan, New Delhi  
Dated the 5<sup>th</sup> September, 2013

**MEETING NOTICE**

Under NBS Scheme, the manufacturers of customized and mixture fertilizers have been allowed to source subsidized P&K fertilizers from the manufacturers/importers after their receipt in the District. Later on it has been clarified to all the State Governments that both P&K fertilizers and Urea can be sourced directly from manufacturers/importers by manufacturers of customized and mixture fertilizers. However, at present there are no regulations with regard to the quantum of subsidised P&K fertilizers and Urea to be provided to manufacturers of customized fertilizers and mixture fertilizers for manufacturing customized and mixture fertilizers for agricultural purpose. In order to consider these issues, a meeting under the chairmanship of Secretary (Fertilizer) was held on 3<sup>rd</sup> April 2012. It was inter alia decided to register all manufacturers of customised and mixture fertilizers in FMS besides formulating guidelines for ensuring quality and procedure for recovery of the benefit of subsidized inputs in case of failure of fertilizer samples. A copy of the minutes of the meeting is enclosed.

In order to have a follow up on the decisions taken in the meeting held on 3.4.2012 and to review the regulatory framework for usage of subsidized fertilizers by customised and mixture fertilizer manufacturers, a meeting under the Chairmanship of Secretary (Fertilizers) will be held on 23<sup>rd</sup> September 2013 at 3.00 P.M. in the Committee Room of Projects & Development India Ltd., PDIL Bhawan, A-14, Sector - 1, NOIDA, Gautam Buddh Nagar.

It is requested to make it convenient to attend the meeting.



(P.B. Sahu)

Under Secretary to the Government of India

Tel. No. 2338 7492

To

- i. Principal Secretaries/Commissioners/Directors (Agriculture) of all State Governments/UTs.
- ii. Joint Secretary (SLG)&ED (FICC)/JS(SG)/JS (SC), Dept. of Fertilizer
- iii. Joint Secretary (INM), Dept. of Agriculture and Cooperation, Krishi Bhawan.
- iv. Director (F)/Director (PSU)/DS (P&K)/Joint Director (Mov.)
- v. CMDs of PSUs and all manufacturers/importers of Urea and P&K fertilizers.
- vi. All major customised and mixture fertilizer manufacturers registered in FMS.
- vii. Director General, FAI, New Delhi.
- viii. President, Fertilizer Mixture Manufacturers Association of India, No.47/1, 6<sup>th</sup> Cross, Malleswaram, Bangalore - 560 003. (Email:fertimixindiacom@yahoo.co.in)
- ix. The AP State Granulated Fertilizer Mixtures Manufacturers Association, 8-3-988/34/7/2-A, SBH Colony, Hyderabad - 500073.

Copy to:

PPS to Secretary (F)

**Minute of the meeting held under the Chairmanship of  
Secretary (Fertilizers) on 3<sup>rd</sup> April 2012 at 2.30 P.M. held at  
Committee Room I, Krishi Bhawan to discuss issues related  
customized mixture fertilizers.**

The list of participants is annexed.

On the outset Secretary (F) welcomed the participants from the State Governments and the fertilizer industry and explained the purpose of the meeting. He mentioned that as per the present policy the customized/mixture fertilizer manufacturers are allowed to source subsidized P&K fertilizers and Urea from dealers after the same is received at the district level as per the distribution/ allocation plan of the State Government concerned. Since the subsidy is indirectly paid on mixture/customized fertilizers, he stated that there is a view that there should some kind of monitoring on use of subsidized fertilizers by mixture / customized fertilizers manufacturers. Accordingly, he sought views of the participants on following points:-

- i. Allowing the mixture / customized fertilizers to source the subsidized P&K fertilizers and Urea directly from the manufacturers/importers instead of from dealers/retailers, after they are received in the district.
- ii. Department of fertilizers will register all mixture / customized fertilizers manufacturers in FMS as it is done in the case of dealers.
- iii. Mixture / Customized fertilizers manufacturers will have to send the report of receipt of subsidized fertilizers through mFMS. After the receipt of information from mixture / customized fertilizers manufacturers, the balance payment of subsidy shall be released to the manufacturers of subsidized fertilizers by the DOF.

The representative of State Governments stressed the need of putting some kind of monitoring on mixture / customized fertilizers manufacturers and welcomed the suggestions put forth by Secretary (Fertilizers).

During discussion with representatives of State Governments, it came to the notice that there is a large number of mixture / customized fertilizers plants especially in southern states like Tamil Nadu, Karnataka, Andhra Pradesh, Maharashtra, Gujarat etc and also the number of grades of mixture / customized fertilizers is different to each state depending on crops specific to that state. It also came to the notice that in few cases the grades included in mixture fertilizers is same as grades under NBS scheme. There are also quality issues with respect mixture fertilizers. 90% of fertilizers samples failed are of mixture fertilizers. The state governments find it difficult to enforce/can do little in enforcing the FCO standards in case of mixture and customized fertilizers. JS(INM), DAC wanted to know how the subsidy already paid on subsidized fertilizers which have been used in manufacture of mixture/customized fertilizers can be recovered In case the samples of mixture/customized fertilizers fails.

Secretary (Fertilizers), while reacting to the above issues said that State Governments need to strengthen their monitoring and enforcing mechanism for ensuring the quality of fertilizers. He further said that guidelines need to be framed by DAC in consultation with DOF and State Governments for ensuring quality of mixture and customized fertilizers especially with respect to recovering the subsidy in case the sample of mixture / subsidized fertilizers fails.

A few representatives also submitted that these manufacturers source fertilizers in one district and sell them in another district. Due to non-regulation of mixture / customized fertilizers instances of pilferage of fertilizers sourced by mixture/customized fertilizers for industrial purpose and non-agriculture purpose cannot be ruled out.

Secretary (Fertilizers) also asked the representative of state Governments whether there is any instance of diversion of urea for use in non agricultural purposes. To this the state governments clarified that no such incidence has been reported in their respective state but the possibility cannot be ruled out. Secretary (Fertilizers) requested the State Governments representatives to be vigilant on this issue and ensure that Urea or any other subsidized fertilizers are sold only for agricultural purposes and in no case they should be allowed to be diverted for use in non agricultural purposes.

Based on the discussions and feedback from the representatives of State Governments and fertilizer industry it was agreed that:

- i. Mixture/Customized manufacturers shall be allowed to source the subsidized P&K fertilizers and Urea directly from the manufacturers/importers after it is received in the district. The present practice of sourcing subsidized fertilizers from dealers/retailers will be discontinued.
- ii. Department of fertilizers will register all mixture/customized fertilizers manufacturers in FMS as it is done in the case of dealers in a time bound manner.
- iii. Mixture / Customized fertilizers manufacturers will have to send the report of receipt of subsidized fertilizers through mFMS. After the receipt of information from mixture/customized fertilizers manufacturers, the balance payment of subsidy shall be released to the manufacturers of subsidized fertilizers by the DOF.
- iv. State Government shall send the details of all mixture / customized fertilizers plants in their respective state within 15 days as per the format circulated by DOF.
- v. Detailed guidelines need to be framed by DAC in consultation with DOF and State Governments for ensuring quality of mixture and customized fertilizers especially with respect to recovering the subsidy in case the sample of mixture / subsidized fertilizers fails.
- vi. State Governments to ensure that subsidized fertilizers are only used for agricultural purposes and in no case it should be allowed to be diverted for use in non agricultural purposes.

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