

PRESS RELEASE

Text of the D.O. letter dated 26.6.2012 addressed by Selvi J Jayalithaa, Hon'ble Chief Minister of Tamil Nadu to Dr.Manmohan Singh, Hon'ble Prime Minister of India is reproduced below: -

"It is with a sense of deep pain and anguish that I write this letter to you to protect the interests of the farmers of Tamil Nadu. The introduction of the Nutrient Based Subsidy Scheme (NBS) by the Government of India from 1st April, 2010, coupled with an unreliable supply of fertilizers to the State is indeed threatening to deprive our farmers of their basic means of sustenance and livelihood.

The annual consumption of Chemical Fertilizers in Tamil Nadu is about 28 Lakh Metric Tonnes (MT). With the introduction of the NBS policy, liberty has been given to the Manufacturers/Importers of Chemical Fertilizers to fix the MRP based on their cost of production/import. Since then, these fertilizer companies have been hiking the retail price of fertilizers at will, causing extreme hardship to farmers.

Consequently, the prices of various fertilizers have gone up two to three times after the introduction of the NBS policy. The increase has been particularly steep since April, 2012. To cite a few examples, between 17th April, 2012, and 18th June, 2012, the MRP of a 50 kg bag of DAP and MOP marketed by Indian Potash Limited has increased from Rs.910/- to Rs.1200/-, and Rs.680/- to Rs.840/- respectively. The rate of a 50 kg bag of DAP (IPL) has gone up to Rs.1200/- from Rs.486.20 (an increase of 247%), a 50 kg bag of MOP (IPL) now costs Rs.840/- as against Rs.231.66 (an increase of 363%), the rate of a 50 kg bag of Complex 10:26:26 (IFFCO) has increased to Rs.1110/- from Rs.374.24 (an increase of 297%) and the rate of a 50 kg bag of Complex 20:20:0:13 (Greenstar) has increased to Rs.858.76 from Rs.327.40 (an increase of 262%) since 2010. To add insult to injury, despite such a phenomenal increase in Fertilizer prices in the current year, the Department of Fertilizers, GOI, has reduced the subsidy for 2012-2013 for DAP to Rs.14,350/- per MT from Rs.19,763/- per MT fixed last year, and for MOP to Rs.14,400/- per MT as against Rs.16,054/- per MT fixed last year. I understand that the Department of Fertilizer has also proposed a hike of another 10 per cent in Urea prices and has also planned to cut subsidies further on the pretext of subsidizing bio-fertilizers. Faced with a steep price rise and having to digest a sharp reduction in subsidy, our farmers have been hit hard in terms of economic returns from farming. I have tried to mitigate the blow delivered by the Central Government

and protect our farmers' interests by waiving the levy of 4% VAT on the sale of fertilizers. This waiver of 4% VAT on Chemical Fertilizers, Bio-fertilizers, Pesticides etc., from 12th July, 2011, onwards, has afforded some relief to our farmers.

However, since the pricing of fertilizers is governed by various policies of the Central Government, I strongly urge you to immediately withdraw the NBS policy and reintroduce the fixed MRP policy for all fertilizers. Otherwise a situation will emerge wherein farming will become absolutely unremunerative, resulting in large tracts of land being left uncultivated.

The timely supply of fertilizers in adequate quantity is another area to which I would like to draw your urgent attention. Fertilizer is the most critical input in farming. But there was a shortfall of 1.1 Lakh MT of MOP for the Kharif Season in 2011. Further, the State also faced short supply of DAP and Urea during August-November 2011 (Samba Season) to an extent of 33,967 MT and 1.37 Lakh MT respectively. Despite all these constraints, due to effective measures and timely steps taken by my Government, Tamil Nadu has performed well and is expected to record an all time high level of food-grains production of 103.85 lakh MT during 2011-2012. But the supply of fertilizers continues to be dismal in the current financial year also. While the DAP requirement for April to May 2012 was 48,000 MT, the fertilizer firms supplied only 20,603 MT, resulting in a shortfall of 27,397 MT. In the month of June 2012, the allocation of DAP is only 23,000 MT against the estimated requirement of 30,000 MT. I strongly urge you to immediately allocate the estimated full requirement of DAP to the State to meet the demand for the Kuruvai cultivation, which is already underway.

I wish to conclude by reiterating the points made earlier that the Nutrient Based Subsidy policy should be immediately withdrawn and that the previous system of fixed MRP of Fertilizers should be restored to protect the farming community and to ensure food security for the Nation. I also request you to issue immediate directions to the Department of Fertilizers to allocate the full requirement of fertilizers for Tamil Nadu so that our farmers are not faced with fertilizer shortages. I shall be thankful for your personal intervention in the matter."
