



An overview of Governments Policy Initiatives of Agricultural Inputs Relating to Seeds and Fertilizers.

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Agriculture in India shifted its scope and focuses more on towards commercialization and export-orientation. Creation of employment opportunities and achieving food security are among the top priorities in the policies related to agriculture. Thus agriculture has been a prominent sector accounting for 14.2 per cent of Gross Domestic Product (GDP) in 2011 agriculture and agro-industries are considered to be highly important for the country's economic development. Although the service and industrial sectors showed higher rates of growth and have been contributing higher percentages to Gross National Product (GNP), Worldwide, expansion in agricultural commodities and food products has been accompanied by significant increase in usage of agricultural inputs such as fertilizers, pesticides, farm machinery and improved seed material

Seeds

Seed is the basic and most critical input for sustainable agriculture. The response of all other inputs depends on quality of seeds to a large extent. It is estimated that the direct contribution of quality seed alone to the total production is about 15 – 20% depending upon the crop and it can be further raised up to 45% with efficient management of other inputs.

Fertilizers

Just like humans and animals, plants need adequate water, sufficient food, and protection from diseases and pests to be healthy. Commercially produced fertilizers give growing plants the nutrients they crave in the form they can most readily absorb and use: nitrogen (N), available phosphate (P) and soluble potash (K). Elements needed in smaller amounts, or micronutrients, include iron (Fe), zinc (Zn), copper (Cu) and

boron(B).Fertilizer is generally defined as "any material, organic or inorganic, natural or synthetic, which supplies one or more of the chemical elements required for the plant growth"

Policy Initiatives in Seed Sector: The following policy initiatives have been taken by the Government of India in seed sector:-

Enactment	of	the	Seeds	Act,	1966
Seed	Review	Team-SRT			(1968)
National Commission on Agriculture's Seed Group (1972)	Launching of the World Bank aided National Seeds Programme (1975-85) in three phase leading to the creation of State Seeds Corporations, State Seed Certification Agencies, State Seed Testing Laboratories, Breeder Seed Programmes etc seed Control Order (1983)				
Creation of the Technology Mission on Oilseeds & Pulses (TMOP) in 1986 now called The Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM).	Production and Distribution Subsidy Distribution of Seed Mini-kits Seed Transport Subsidy Scheme (1987) New Policy on Seed Development (1988) Seed Bank Scheme (2000) National Seeds Policy (2002) The Seeds Bill (2004) Formulation of National Seed Plan (2005)				

Policy about Seed Certification The origin of the concept of seed certification dates back to the earlier part of the twentieth century. The seed certification concept grew out of the increased concern for the rapid loss of identity of varieties during production cycles. For this, credit should go to the Swedish workers who are the first to initiate the process of field evaluation of the seed crops. It began with the visits of agronomists and plant breeders to the fields of progressive farmers who took the seeds of new varieties from the. This was primarily to educate them on seed production. This initiated the process of field inspection and later on found to be very helpful in keeping varieties pure in the production chain, but other problems appeared. In India the field evaluation of the seed crop and its certification started with the establishment of National Seeds Corporation in 1963. A legal status was given to seed certification with the enactment of first Indian Seed Act in the year 1966 and formulation of Seed Rules in 1968. The Seed Act of 1966 provided the required impetus for the establishment of official Seed Certification Agencies by the States. Maharashtra was the first State to establish an official Seed Certifications Agency during 1970 as a part of the Department of Agriculture, whereas Karnataka was the first State to establish the Seed Certification Agency as an autonomous body during 1974. At present 22 States in the country have their own Seed Certification Agencies established under the Seed Act, 1966. In great majority of the countries in the World, including India, seed certification is voluntary and labelling is compulsory. The main objective of the Seed Certification is to ensure the acceptable standards of seed viability, vigour, purity and seed health

The Indian Seed Improvement Programme is backed up by a strong crop improvement programme in both the public and private sectors. At the moment, the industry is highly vibrant and energetic and is well recognized in the international seed arena. Several developing and neighbouring countries have benefited from quality seed imports from India. India's Seed Programme has a strong seed production base in terms of diverse and ideal agro-climates spread throughout the country for producing high quality seeds of several tropical, temperate and sub-tropical plant varieties in enough quantities at competitive prices. Over the years, several seed crop zones have evolved with extreme levels of specialization.

Thus, the Indian Seed Programme is now occupying a pivotal place in Indian agriculture and is well poised for continued growth in the years to come. National Seeds Corporation, which is the largest single seed organization in the country with such a wide product range, pioneered the growth and development of a sound industry in India.

New Urea Policy (Applicable for 25 gas based urea units)

The New Urea Policy-2015 (NUP-2015) has been notified by Department of Fertilizers on 25th May, 2015, effective from 1st June, 2015 up to 31st March, 2019, with the objective of maximizing indigenous urea production, promoting energy efficiency in urea production and rationalizing subsidy burden on the government. As per NUP – 2015, the preset energy norms for the 25 gas based urea units fixed during earlier policies have been mopped up and they are eligible to get the concession rate on the basis of revised energy norms fixed for each group from 1st June, 2015 to 31st March, 2018 which would be the simple average of pre-set energy norms of NPS-III and average actual energy consumption achieved during the years 2011-12, 2012-13 and 2013-14 or the pre-set set energy norms of NPS-III, whichever is lower.

For Naphtha based urea unit

The three Naphtha based urea units viz., Madras Fertilizers Limited- Manali (CPSU), Southern Petrochemicals Industries Corporation (SPIC) - Tuticorin and Mangalore Chemicals & Fertilizers Limited (MCFL) are governed by Policy Notification dated 17th June, 2015, which allows these units to operate urea production using Naphtha as feedstock till gas availability and connectivity to these three units either by gas pipeline or by any other means. The concession rate for these plants will be determined notionally on the basis of weighted average of the delivered cost of RLNG to recently converted plants after deducting state taxes (VAT, Entry tax) on RLNG or the cost of production of urea from Naphtha/FO after deducting state taxes levied on Naphtha/FO consumed for urea production (VAT, Entry tax) on Naphtha/FO, whichever is lower.

Fertilizer Subsidy Policy for Phosphatic & Potassic (P&K) Fertilizers:

Since independence, Government of India has been regulating sale, price and quality of fertilizers. For this purpose, Government of India has passed Fertilizer Control Order (FCO) under Essential commodity Act (EC Act) in the year 1957. In order to regulate the distribution of fertilizer, Movement Control Order was passed in 1973. No subsidy was paid on Fertilizers till 1977 except Potash for which subsidy was paid only for a year in 1977. In December 1991, Government set up a Joint Parliamentary Committee

(JPC) on Fertilizer Pricing to review the existing methods of computation of retention prices for different manufactures of fertilizers and to suggest measures for reducing fertilizers prices without straining the exchequer. JPC submitted its report on 20th August 1992. The main conclusions and recommendations of the Committee were that the rise in subsidy was mainly due to increase in the cost of imported fertilizers, de-valuation of rupee in July 1991 and the stagnant farm gate prices from 1980 to 1991. The Committee did not favour total decontrolled of fertilizers but recommended decontrol of import based phosphatic and Potassic fertilizers along with a marginal 10% reduction in the consumer price of Urea.

Concession Scheme for P&K Fertilizers:

Based on the recommendations of Joint Parliamentary Committee, Government of India decontrolled all Phosphatic and Potassic (P&K) fertilizers namely DAP, MOP, NPK complex fertilizers and SSP with effect from 25th August 1992 which were under Retention Price Scheme (RPS) since 1977 except Urea which continued to remain under RPS. Since subsidy was retained on the Nitrogenous fertilizers (Urea) while phosphatic fertilizers were decontrolled, the prices of phosphatic fertilizers in the market became comparatively high. As a result, production and consumption of nitrogenous fertilizers increased and consumption of P&K fertilizers decreased. This led to severe imbalance in consumption of nitrogenous, phosphatic and Potassic fertilizers. Fearing imbalance fertilization of the soil, unaffordability by farmers due to increase in phosphatic and potassic fertilizer prices, Government of India announced ad hoc Concession Scheme for phosphatic and potassic fertilizers from Rabi 1992 to cushion the impact of price hike with a view to encourage balanced fertilizer consumption.

Nutrient Based Subsidy (NBS) Policy

The Department is implementing NBS Policy for P&K fertilizers w.e.f. 1.4.2010. Under the NBS Policy, a fixed rate of subsidy (in Rs. per Kg basis) is announced on nutrients namely Nitrogen (N), Phosphate (P), Potash (K) and Sulphur (S) by the Government on annual basis. In addition to NBS, freight for the movement and distribution of the decontrolled fertilizers by rail and road is being provided to enable wider availability of fertilizers even in the remotest places in the country.

In order to monitor the prices of P&K fertilizers fixed by fertilizer companies, they have been asked to submit cost data of the P&K fertilizers under NBS scheme from 2012-13 onwards on six monthly basis. In order to collect actual farm gate prices of P&K fertilizers, the Department is evolving a mechanism in consultation with Department of Consumer Affairs and other concerned Organizations.

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