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HOUSE PANEL TELLS GOVT. TO ENSURE FERTILIZER AVAILABILITY, INCREASE LOCAL PRODUCTION

SOURCE: [TH]

WHY IN NEWS?

The Standing Committee of Parliament on Chemicals and Fertilizers, headed by senior Congress leader Shashi Tharoor, tabled two reports. It has posed questions on the availability of fertilizers and a subsidy policy

FINDINGS OF THE REPORT:

• The reports have also called for **ending the import dependence on fertilizers such as; - urea, diammonium phosphate (DAP), muriate of potash (MOP), and nitrogen, phosphorus, and potassium (NPK).**

• The production of these fertilizers up to November 2022 was 281.83 lakh tonnes but the consumption was 401.46 lt.

• It asked the Department of Fertilizers to ascertain the reasons for a shortage of fertilizers being reported in some of the States.

• And asked to **ensure availability of fertilizers in every State by taking corrective steps.**

A BRIEF INTRODUCTION:

- There exist three fundamental types of fertilisers, namely urea, Diammonium Phosphate (DAP), and Muriate of Potash (MOP).
- Urea holds the highest production share at 86 percent, followed by its significant consumption at 74 percent and substantial importation at 52 percent.
- Urea is subjected to stringent physical regulations and obtains the most substantial subsidies, accounting for approximately 70 percent of the total fertiliser subsidies.
- Manufacturers and importers of DAP and MOP are entitled to receive a Nutrient Based Subsidy (NBS), which is calculated based on a formula centered on the N, P, and K nutrient ratios in a 4:2:1 proportion.
- India ranks as the world's second-largest consumer of fertilisers, trailing only China in terms of consumption volume.

NUTRIENT BASED SUBSIDY (NBS) POLICY, 2010:

- **Policy Description:**
  - Under the Nutrient Based Subsidy (NBS) Policy introduced in 2010, the government determines the annual subsidy based on the weight of various macro/micronutrients (N, P, K, S, etc.) present in fertilisers.

- Manufacturers and marketers have the flexibility to set reasonable Maximum Retail Prices (MRPs) for fertilisers.

- **Objective:** The primary objectives of the NBS Policy are to ensure balanced fertiliser usage, enhance agricultural productivity, foster the growth of domestic fertiliser production, and reduce the subsidy burden.

- **Limitations:**
  - Urea is excluded from the scope of this policy.
  - Delays in subsidy payments within the NBS framework often lead fertilizer companies to prioritize Urea production over other types of fertilisers.
  - An upward trend in the prices of Phosphoric and Potassic fertilisers has been observed.
  - Farmers tend to overuse Urea due to its distinct subsidy treatment, disrupting the ideal NPK nutrient ratio in fertiliser application.
- **Access to More Information:** To delve deeper into the Nutrient Based Subsidy Fertilizer Policy, interested individuals can explore further details via the provided link.
- **Review on nutrient based subsidy:**
  - The **panel sought the review of a nutrient-based subsidy (NBS)** that covers fertilizers such as P&K fertilizers.
  - Urea is left out of the scheme and hence it remains under price control whereas technically there is no price control in other fertilisers.
  - The **committee noted that GST for fertilizers is at 5% and GST on raw materials such as sulphuric acid and ammonia are at 18%.**

CHALLENGES IN THE SECTOR:

- **Government Subsidies Impact:**
  - Substantial government subsidies are allocated, especially for Urea and DAP.
  - These subsidies account for around 5 percent of GDP, amounting to approximately 0.73 lakh crore, which is the second highest after food subsidies.
- **Price Regulation and Subsidy Reimbursement:** Companies are mandated to sell fertilisers at the Maximum Retail Price (MRP), with the government compensating them for the higher production or import costs through subsidies.
- **Limitations in Small Farmer Benefits:** Despite the significant subsidies, only 35 percent (17,500 crores) of total fertiliser subsidies effectively reach small-scale farmers.
- **Reliance on Imports:**
  - A considerable dependency on imports exists: Nearly 90 percent of the potash requirement, About 90 percent of the phosphatic requirement, Approximately 20 percent of the urea requirement.
- **Unfavourable Nutrient Usage Patterns**: Over time, the utilization ratios of nitrogen (N), phosphorous (P), and potassium (K) have significantly deviated from the recommended 4:2:1 NPK ratio, affecting soil quality.
- **Imbalance in Application:** High costs of Muriate of Potash (MOP), containing 60 percent K, discourage its application by farmers due to its elevated MRP.
- **Environmental Concerns:** The disproportionate use of certain fertilisers, like Urea, DAP, and others, raises environmental worries and poses a threat to soil health and crop yields.
- **Fragmented Market Structure:** The India Fertilizers Market is marked by fragmentation, with the top five companies controlling a total market share of 28.93 percent.
- **Black Market and Corruption:**

- Due to stringent regulations and selective subsidies, a black market for Urea has emerged.
- This illicit market disproportionately affects small farmers and contributes to production inefficiency, excessive usage, and harm to both soil quality and human health.

ONE NATION ONE FERTILIZER (ONOF) PROGRAM:

Recent Action:

- The Ministry of Chemicals and Fertilizers at the Union level has introduced a new initiative known as the "One Nation One Fertilizer" scheme.
- This initiative mandates the utilization of a unified brand and logo for fertilizers by all manufacturers participating in the government's fertilizer subsidy program.
- The fertilizer subsidy scheme has also undergone a name change, now being referred to as the "Pradhanmantri Bhartiya Janurvarak Pariyojna" (PMBJP), emphasizing its connection to the Prime Minister.

Unified Brand and Logo:

- The scheme requires the adoption of a common brand name for various types of fertilizers, such as UREA, DAP, MOP, and NPK.
- The chosen brand names are BHARAT UREA, BHARAT DAP, BHARAT MOP, and BHARAT NPK, respectively, and must be employed by all entities involved in fertiliser production, distribution, and marketing.

Visual Representation:

- Alongside the unified brand names, a logo symbolizing the Fertilizer subsidy scheme, specifically the Pradhanmantri Bhartiya Janurvarak Pariyojna, will be featured on the packaging of the fertilizers.

Bag Design Guidelines:

- Companies are permitted to allocate only one-third of the bag space for displaying their name, brand, logo, and other pertinent product details.
- The remaining two-thirds of the bag must showcase the "Bharat" brand and the logo of the Pradhanmantri Bharatiya Jan Urvarak Pariyojana.

This initiative represents an effort towards standardization in the fertilizer sector, aiming to create a consistent visual identity for fertilizers distributed under the government's subsidy scheme.

WAY FORWARD:

1. **Optimal Fertilizer Use:**
   a. Facilitating the effective utilization of fertilizers based on the condition and fertility of the soil is crucial.
   b. Connecting soil health cards to provide soil profiles and fertilizer recommendations, even if not subsidized, can significantly enhance crop productivity.
2. **Micronutrients and Organic Fertilizers:**
   a. Indian soils commonly lack essential micronutrients (e.g., boron, zinc, copper, iron), which hampers crop output.
   b. Fertilizers enriched with micronutrients can yield an extra 0.3 to 0.6 tonne per hectare in cereals.
   c. Addressing this deficiency can be accomplished through increased usage of organic fertilizers.

   d. Organic composting and manure, being cost-effective, can both enhance and sustain soil fertility.

3. **Effective Nutrient Management:**
   a. Ensuring soil vitality and productivity requires prudent application of chemical fertilizers, bio-fertilizers, and locally available organic manures.
   b. This practice should be based on soil testing.
   c. Delivering soil-testing services to the extensive 12 crore farm holdings in India is a significant challenge.
   d. Utilizing technology and distributing soil fertility maps to farmers can aid in optimizing nutrient usage.
4. **Regional Disparities in Fertilizer Consumption:**
   a. Fertilizer consumption fluctuates significantly across different regions of India.
   b. Disparities often arise due to varying availability of irrigation facilities, necessary for effective fertilizer absorption.
   c. Addressing these imbalances necessitates the establishment of appropriate soil-testing facilities and implementation of relevant policy measures.

J&K CONSTITUTION LIMITED EXECUTIVE POWERS OF UNION OF INDIA, SAYS SC

SOURCE: TH, HINDUSTAN TIMES

WHY IN NEWS?

The Supreme Court asked why the Union of India is reluctant to include Constitution of J&K within the fold of the Constitution of India.

BACKGROUND:

• The Jammu and Kashmir Constitution had over the years, limited the executive powers of the Union of India and restricted the legislative reach of Parliament.

• Post 1957, neither the government nor Legislative Assembly of J&K thought of amending to bring it expressly within the fold of the Indian Constitution.

• The Bench is still hearing a series of petitions challenging the dilution of Article 370.

• Presidential orders in 2019, had rendered infructuous the J&K Constitution and Article 35A, which was introduced into the Indian Constitution - through the Constitution (Application to Jammu and Kashmir) Order, 1954.

ABOUT J&K's CONSTITUTION:

- Jammu and Kashmir (J&K) held a distinctive status as the sole State possessing an independent Constitution.
- The Indian Constitution witnessed the inclusion of Article 35A in 1954 through the Constitution Order, which vested the Jammu and Kashmir State Legislature with the authority to define 'permanent residents' and grant them specialized privileges encompassing employment, property ownership, and educational benefits.
- The constitution unique to J&K was formulated by its own Constituent Assembly and was officially adopted on the 17th of November, 1957. It came into effect on the 26th of January, 1957.
- However, this special status was revoked by the President on the 5th of August, 2019.

REMOVAL OF SPECIAL STATUS OF J&K:

- Article 370(3) allows for the removal of the special status of Jammu and Kashmir through a Presidential Order.
- For such an order to be enacted, the agreement of J&K's Constituent Assembly is required.
- Some believe that since the State's Constituent Assembly ceased to exist on January 26, 1957, the special status cannot be revoked.
- However, an alternate perspective suggests that it can be accomplished only with the consent of the State Assembly.
- In 2019, the President issued the Constitution (Application to Jammu and Kashmir) Order 2019, eliminating J&K's special status and extending all Indian Constitution provisions to the region.
- Through the J&K (Reorganization) Act 2019, Jammu and Kashmir was divided into two Union Territories: Jammu and Kashmir with a Legislative Assembly, and Ladakh without one.
- The Supreme Court of India has recently commenced hearing petitions contesting the 2019 removal of Article 370.

HOW HAS THE J&K CONSTITUTION CONSTRAINED THE UNION OF INDIA'S ADMINISTRATIVE AUTHORITY OVER THE YEARS?

- **Special Autonomy via Article 370:** Jammu and Kashmir was granted special autonomy under Article 370 of the Indian Constitution, leading to the exclusion of many Indian Constitution provisions in the state.
- **Autonomy over Internal Affairs:** The J&K Constitution bestowed significant authority on the state government to manage internal affairs, including matters related to policing, public order, and local issues. This limited the Union government's ability to intervene directly without state government approval.
- **Property Ownership Restrictions**: Article 35A, introduced in 1954 through a Presidential Order, empowered the J&K State Legislature to define 'permanent residents' and provide them exclusive rights to own property and access government employment.
- **Separate Flag and Constitution:** Alongside the national flag of India, Jammu and Kashmir had its own flag, and its unique Constitution coexisted with the Indian Constitution. This reinforced the distinct identity and autonomy of the state.

WAY FORWARD:

- **Establish Political Stability:** Initiate stability by conducting elections and reinstating Jammu and Kashmir Assembly. Provides local representation and restores normalcy.
- **Drive Economic Growth:** Foster economic progress by investing in infrastructure, job creation, and business attraction. Enhance living standards, reduce deprivation, and alienation.
- **Encourage Sectarian Unity:** Promote harmony by addressing root causes of sectarian tensions like poverty. Facilitate interfaith dialogue for a more peaceful society.
- **Ensure Human Rights:** Safeguard rights by preventing arbitrary arrests, torture, and extrajudicial actions. Uphold rule of law and provide access to justice.
- **Protect the Environment:** Address deforestation, water, and air pollution for environmental preservation. Promote sustainable development, responsible resource use, and job creation.
- **Comprehensive Strategy:** Prioritize security, human rights, economic growth, and local connection. Effective governance and meaningful dialogues are essential for lasting solutions. Uphold values of "Insaniyat, Jamhuriyat & Kashmiriyat."

In summary, adopting a comprehensive approach encompassing stability, development, unity, rights, and environmental care, along with inclusive governance and meaningful dialogue, is crucial for lasting solutions in the region.

RESTRICTIONS ON LAPTOP, PC & TABLET IMPORTS & ITS IMPLICATIONS

SOURCE: TH, MINT

BACKGROUND:

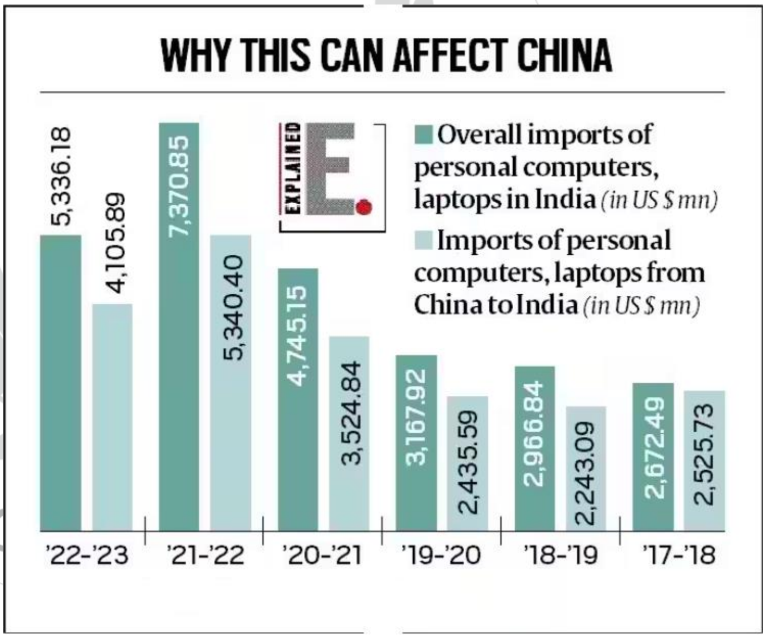
- The **Commerce and Industry Ministry** notified **restrictions on imports of laptops, personal computers (PCs), tablets and servers**, making it **compulsory for importers to secure a licence** causing a sudden and sharp shift in India's foreign trade policy.
- The curbs were with immediate effect, rattling the entire supply chain (including shipments in transit).
- It has ignited fears of shortages and price surges, especially ahead of the festive season.

REASONS FOR THIS DRIVE:

- The government suggest this was primarily driven by **security concerns** as imported devices could be used for **surveillance.**
- It was also **hard for IT hardware producers** to set up manufacturing bases in India by tapping a production-linked incentive scheme.
- Sensing a backlash, the government went into damage control, deferring the curbs till November 1 and promised expeditious approval licences.

IMPLICATIONS OF THE DRIVE:

- While Ministers asserted this was not a return to the "**Licence Raj**" era, the licences issued in minutes suggest the **old era policy**.
- Concerns also flared up about how this **may hit India's software and IT-enabled services export prowess**.
- If PC and tablet imports, which fell almost 28% in 2022-23 to $5.3 billion, are causing security fears because many come from China, the government can mandate testing norms to verify shipments.



- **Stock Surge for Local Electronics Manufacturers:** Following the announcement, shares of domestic electronics contract producers have risen.
- **Impact on Major Corporations like Apple**: Significant companies such as Apple will face a choice—initiate local laptop manufacturing in India or halt imports. The same condition applies to other PC makers like Lenovo, HP, Asus, Acer, and Samsung.
- **Probable Price Hike for Electronics**: An outcome could be an increased pricing for prevailing laptops, computers, MacBooks, and Mac Minis within the Indian market.
- **Incentive Shift for Retailers**: A rise in demand might lead to reduced incentives for retailers to offer laptop discounts.

MEASURES TO BE TAKEN;

- **Make the scheme more accessible to small and medium-sized businesses:** The government could do this by lowering the minimum investment requirements for the scheme. The government could also provide financial assistance to small and medium-sized businesses to help them meet the investment requirements.
- **Coordinate the scheme with other government policies:** The government could do this by creating a single window for businesses to access information about all the government policies that are relevant to them.
- **Improve the monitoring of the scheme:** The government could do this by collecting more data on the scheme. The government could also create a system for tracking the progress of the scheme and identifying any problems that may be arising.
- **Increased Investment:** There is a need to improve investment in the field of Innovation, Research and Skilling for better results.
- **Technological Competence:** Incentives should be provided to industries so that they can enhance their technological competence of private players for transitioning into Global players.