

A N N E X U R E - I

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Note from the Ministry of Food and Agriculture (Department of Agriculture) giving in detail how the price of fertilisers that were distributed to the cultivators was worked out.

The Ministry of Food and Agriculture is running a State Trading Scheme on "no profit no loss basis" for the purchase and distribution of chemical fertilisers with a view to popularising their use and making them available to the cultivators at reasonable rates in the interest of maximising agricultural production. The requirements of State Governments as well as other interests for fertilisers are first collected and the excess demand over availability from estimated production in the country, is calculated. The procurement of the deficit is arranged through the Ministry of Works, Housing and Supply on global basis. The Fertilisers from all sources are pooled together and sold at a uniform rate throughout the country. Of the chemical fertilisers handled by the pool, Sulphate of Ammonia is the only one produced in the country so far and is very popular with and largely used by the cultivators. The method of fixing pool price for Sulphate of Ammonia and other fertilisers is the same.

2. The main items which are taken into account while fixing the uniform price are as follows:-

- (i) The purchase costs of the material from various sources, (internal as well as external)
- (ii) Handling charges at the ports.
- (iii) Departmental charges levied by the purchasing organisations.
- (iv) Indirect charges incurred by the Ministry (Namely interest on capital and salary of staff employed at the centre and the ports for running the fertiliser pool).
- (v) Internal transport charges based on average freight paid during the previous years from the sources of supply to various centres.
- (vi) In addition to the above usual items a further ad hoc provision was made in 1957-58 to cover an unusual expenditure necessitated by the closure of the Suez Canal, such as demurrage, diversion, shortage, storage, rebagging etc. charges.