

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:2955
ANSWERED ON:20.03.2008
IMPORT OF UREA
Khairi Shri Chandrakant Bhaurao

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) The quantity of urea imported and the amount spent and the name of the countries from which the urea has been imported during each of the last three years and the current year;
- (b) whether the cost of urea imports during the said period is much higher than the cost of urea indigenously produced ;
- (c) if so, the details thereof and the reasons therefor; and
- (d) the steps taken by the Government to ensure adequate availability of urea in the country at cheaper price rather than importing it?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS(SHRI B. K. HANDIQUÉ)

(a) Imports of urea during the last three years & current year have been from Bahrain, Bangladesh, CIS countries, Indonesia, Iran, Libya, Qatar, Romania, Saudi Arabia, United Arab Emirates, China, Egypt and Malaysia. Besides these countries Government is also importing urea from Oman since 2005-06 under the long term Urea Off Take Agreement (UOTA). The year wise details of urea imports & the gross expenditure incurred are as under: -

Year	Urea imports on Government account (in lakh MT)			Gross expenditure on urea imports (Rs/ crore)
	From Oman	From other source	Total	
2004-05	0.00	6.41	6.41	742.64
2005-06	13.25	7.31	20.56	2164.63
2006-07	18.37	28.82	47.19	5071.06
2007-08	18.92	50.57	69.49	9935.09 #

(b) & (c) The weighted average price of urea imports from Oman & from other sources visa-vis weighted average concession rate for indigenous urea during the last three years & current year are as under; -

Year	(Rupees per MT)			Wt.Average concession rate for indigenous urea
	Wt.Average C&F price for urea imports from Oman	Wt. Average C&F price for urea imports from other sources		
2004-05	10688	9488		
2005-06	6872	11446	10159	
2006-07	7632	11260	10675	
2007-08	7249	13850	11645	

Estimated provisional
Provisional w.e.f.01.10.2006

The concession rates of indigenous urea varies depending the type of feedstock used the companies. The production of urea through gas is the cheapest while the production of urea by using naphtha as feedstock is the costliest. The price of imported urea fluctuates in the international market based on the demand and supply.

(d) There has been no investment in urea sector for the last 10 years. The major reason is lesser availability of natural gas for production of urea. Keeping in view the projected improvement in availability of gas from 2009 onwards, the Department is in the process of finalizing a new policy for investment in urea sector based on international benchmark in order to promote investment in urea sector and consequently to increase the indigenous production. Besides, Government is also committed to the revival of the closed fertilizer units.