

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

UNSTARRED QUESTION NO:1001

ANSWERED ON:23.10.2008

TRANSPORTATION OF FERTILIZERS

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

- (a) the demand,consumption,production and supply of all varieties of fertilizers in the country during each of the last three years and the current year,States/UT-wise;
- (b) the reason for not adding the extra capacity in the fertilizer sector during the said period;
- (c) the quantity of fertilizers imported and foreign currency spent thereon;
- (d) whether the Government has ensured the supply of chemical fertilizers for rabi/kharif seasons during 2008;
- (e) if so,the quota of all fertilizers fixed and supplied to various States including Uttar Pradesh,Bihar,Punjab and Haryana;
- (f) the subsidy provided on these fertilizers to the said states and the form in which the payment is likely to be made;and
- (g) the steps taken to provide the fertilizers as per demands of the State Governments and to increase the subsidy on fertilizers ?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF MINES(SHRI B.K. HANDIQUE)

(a) The State-wise demand (Requirement),supply (Availability) and consumption (Sales) of major fertilizers namely Urea,DAP and MOP during the last three years 2005-06,2006-07,2007-08 and also during the Kharif 2008 of current year 2008-09 is at Annexure-A to D.State-wise production of Urea and DAP is at Annexure-E & F.

(b) The non-availability adequate quantity of natural gas; which is the critical feedstock for production of urea.

(c) The imports of Urea, DAP and MOP during last three years and current Kharif 2008 are as under:

(Quantity in LMT)

Year Urea DAP MOP

2005-06 20.57 24.36 45.75

2006-07 147.19 28.41 34.48

2007-08 69.28 29.78 44.31

2008-09(Kharif-2008) 24.29 34.33 21.78

(d) Yes, Sir. The availability of major fertilizers in the country during Kharif 2008 has been over and above the assessed requirement and Sales, as under:

(Qty. in LMT)
Fertilizer Requirement Availability Sales

DAP 42.75 53.19 52.85

MOP 17.19 22.79 21.55

UREA 137.11 134.66 127.92

About 10.4 LMT of Urea was available in the field godowns at the start of the Kharif 2008 season which has not been included. As such there is no scarcity of fertilizers.

(e) Urea is the only fertilizer which is under partial movement and distribution control of the Government. Union Government ensures availability of Urea at State level. State Governments are responsible for its distribution within the State. All other fertilizers viz., DAP, MOP, NPK and SSP etc. are de-controlled/de-canalized since 1992. The availability of these fertilizers is decided by the market forces of demand and supply. Department of Fertilizers monitors the availability of fertilizers namely Urea, DAP, MOP and NPK at district level. State-wise cumulative requirement, availability and sales of Urea, DAP, MOP and complex fertilizers during Kharif 2008 is at Annexure 'D1. For Rabi 2008-09, the Department of Fertilizers will facilitate supplies of fertilizers to various States as per the requirement.

(f) The fertilizers subsidy is transferred to the farmers in the form of subsidized Maximum Retail Price which are notified by the Government. The difference between the subsidized MRPs and the normative delivered cost of fertilizers is reimbursed to manufacturers/importers in the form of fertilizer subsidy. The subsidy is not reimbursed to State Governments. However, subsidy requirement for 2008-09 has been estimated as Rs. 1.19 lakh crores.

(g) The steps taken for smooth distribution of fertilizers are as under:

i) Under NPS III, the movement of Urea will be monitored throughout the country by an on-line web based monitoring system.

ii) The subsidy on urea will be paid only when urea reaches the district;

iii) Department of Fertilizers operates Buffer Stock of urea through State Institutional Agencies/fertilizer companies in major consuming states, up to a limit of 5% of the seasonal requirement;

iv) The gap between requirement and indigenous availability of Urea is met through imports;

v) In so far as decontrolled Phosphatic and Potassic fertilizers are concerned, subsidy is released on sale of fertilizers.