

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

UNSTARRED QUESTION NO:2343  
ANSWERED ON:11.03.2010  
DIFFERENCE IN PRICES OF UREA AND DAP  
Chauhan Shri Sanjay Singh

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

- (a) whether the production and consumption of urea and DAP in the country have been estimated;
- (b) if so, the difference in the prices of Urea and DAP during each of the last three years and the current year;
- (c) whether there has been shortfall in the production of fertilizers during the last year;
- (d) if so, the reasons therefore ; and
- (e) the steps being taken by the Government in this regard?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI SRIKANT KUMAR JENA)

- (a) The details of production and consumption of Urea and DAP in the country for the year 2007-08 and 2008-09 are given below-;

(Lakh MT)

Product

Production Consumption

Year

2007-08 2008-09 2007-08 2008-09

Urea 198.58 199.22 261.67 266.47

DAP 42.11 29.93 75.55 99.04

- (b) The weighted average C&F price of imported Urea and DAP in US\$ per MT during 2007-08 to 2009-10 (upto Feb. 2010) are given below:

(lakh MT)

Year weighted average C&F price of imported urea in US\$ per MT      weighted average C&F price of imported DAP in US\$ per MT

From Oman Through STE

2007-08	180.10	344.00	489.15
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2008-09	232.79	528.03	1091.87
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2009-10	166.56	276.96	365.90
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The MRP of DAP has been Rs. 9350/ MT and that of Urea Rs.4830/ MT since 2002. This price is upto 31.3.2010. The MRP of urea has been revised to Rs. 5310/ MT w.e.f. 1.4.2010.

(c) to (e) The production of fertilizers during 2008-09 was 108.70 Lakh MT of Nitrogen & 34.65 lakh MT of Phosphate as against the target of 118.98 lakh Mt of Nitrogen & 44.34 lakh MT of Phosphate respectively. The production of both nitrogen & phosphatic fertilizers during 2008-09 was less than target mainly due to constraints in supply of natural gas, unscheduled shutdowns and shortage of imported phosphoric acid and ammonia.

Government has been encouraging production of urea in the country to achieve self-sufficiency. The Government has announced a new policy on 4th September 2008 to attract new investments. The policy is based on Import Parity Price (IPP) benchmark with suitable floor & ceiling prices aiming to revamp, expansion and revival of existing urea units and setting up of Greenfield projects. The policy aims to substantially bridge the gap between consumption and domestic production of urea in next five years subject to adequate availability of gas at reasonable prices. Government has taken initiatives to encourage indigenous production in P&K sector by allowing import parity price to the indigenous manufacturers of DAP. Government has also reduced the custom duty on phosphoric acid from 5% to 2% to enable indigenous manufacturers of P&K fertilizers to procure this important input at reasonable price. Government is also encouraging private sector and public sector companies to explore possibilities for joint ventures abroad to ensure uninterrupted supply of fertilizer inputs to P&K sector.