

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

UNSTARRED QUESTION NO:5538

ANSWERED ON:29.04.2010

INCREASE IN PRICES OF FERTILIZERS

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

(a) whether the prices of fertilizers are increasing exorbitantly in the country including Bihar;

(b) if so, the reasons therefor;

(c) whether the international prices of Potassium (K) and Phosphorous (P) fertilizers and feedstock/raw materials are highly volatile which might lead to more volatility and perhaps an increase in farm gate prices of these fertilizers;

(d) if so, whether the Government proposes to specify a price band for P and K fertilizers so that prices do not go beyond the reach of farmers; and

(e) if so, the details thereof ?

Answer

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

(a) to (e): The Government has introduced Nutrient Based Subsidy Policy in respect of Phosphatic & Potassic fertilizers with effect from 1.4.2010. As per this policy, the Government shall pay subsidy to the manufacturers/importers on DAP, MOP, NPK Complexes (12 grades), MAP, TSP, Ammonium Sulphate (AS) and SSP based on the nutrients contained therein. Though the MRP is being fixed by Companies, the Government has fixed the subsidy under Nutrient Based Subsidy Policy in such a manner that the MRP with effect from 1.4.2010 fixed by companies is near to the earlier level of MRP. A marginal increase of Rs. 30 per bag only has taken place. In case of MOP, no increase has taken place and in case of SSP there is reduction of Rs. 70 per bag. Though prices of fertilizers and fertilizers inputs are found to be volatile in the past, price of Potash for 2010-2011 is annually fixed and accordingly Nutrient Based Subsidy has been announced. After announcement of Nutrient Based Subsidy, price of DAP has not shown increase. In fact, it is either stable or showing declining trend in price. There may not be any apprehension regarding steep rise in farm gate prices during the year 2010-11 as the fertilizer companies have already contracted annual requirements of imports of finished goods/ raw materials at the current level of prices prevailing in the international market.