

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

UNSTARRED QUESTION NO:3736

ANSWERED ON:25.08.2011

PRICES OF FERILIZERS

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

- (a) whether the Government proposes to increase the prices of fertilizers:
- (b) if so, the details thereof:
- (c) whether the Government proposes to increase the subsidy on fertilizers as well;
- (d) if so, the details thereof;
- (e) the justification for providing the subsidy by increasing the prices of fertilizers;
- (f) the subsidy provided by the Government on fertilizers during each of the last three years and the current years;
- (g) whether the production of fertilizers have not increased even after spending the huge amount of funds for providing the subsidy on fertilizers; and
- (h) if so, the reaction of the Government thereto?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS(SHRI SRIKANT KUMAR JENA)

(a) to (e) : Government of India is implementing New Pricing Scheme-III for Urea and Nutrient Based Subsidy (NBS) Policy for 22 grades of decontrolled Phosphatic & Potassic (P&K) fertilizers namely DAP, MAP, TSP, DAP Lite, MOP, SSP, Ammonium Sulphate (caprolactum grade produced by FACT and GSFC) and 15 grades of complex fertilizers to make fertilizers available to the farmers at affordable prices. Urea is provided to farmers at subsidized Maximum Retail Price of Rs. 5310/- Per MT whereas Maximum Retail Price (MRP) of P&K fertilizers has been left open and manufacturers/marketers are allowed to fix the MRP at reasonable level. Under the NBS scheme, subsidy on P&K fertilizers is fixed annually on the basis of its nutrients content (i.e. Nitrogen, Phosphate, Potash and Sulphur). NBS is fixed taking into consideration the affordability of the farmers and prices of fertilizers in the international market.

(f): The subsidy provided by the Government on fertilizers during the last three years and the current years is as under:

Fig. in Rs. crore

Periods/fertilizers	P&K fertilizers	Urea	Total for all fertilizers
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2008-09	65554.79	33939.92	99494.71
2009-10	39452.06	24580.23	64032.29
2010-11	41500.00	24336.68	65836.68
2011-12 (B.E.)	29706.87	23883.00	53589.87

(g) & (h): Production of fertilizers during the last three years is as under:

Fig. in Lakh Metric Tonne

Year/Fertilizers	2008-09	2009-10	2010-11
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Urea	199.22	211.12	218.80
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DAP 29.93 42.46 35.37
Complex Fertilizers 68.48 80.39 87.27
SSP 25.34 30.93 37.07

The production of P&K fertilizers is dependent on availability of Rock Phosphate (RP) and Potash. India is totally import dependent in case of Potash as there is no known reserve of Potash in the Country. There is very less reserve of RP in the country and that too of not good quality which can be utilized only for production of SSP. The quantity of RP available in India is not even sufficient to meet the demand of SSP industries. Therefore, due to unavailability of indigenous raw materials for P&K fertilizers, the production of these fertilizers is increasing only marginally. The subsidy on Urea has increased due to increase in the cost of inputs (fuel & feed stock) used for production. Except for some revamp project no new capacity addition in the form of Greenfield, Brownfield and Expansion Project has taken place resulting in no substantial increase in production of Urea.