GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:5805
ANSWERED ON:08.09.2011
PRODUCTION COST OF FERTILIZERS
Siddeswara Shri Gowdar Mallikarjunappa

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

(a) whether the production cost of chemical fertilizers in the country is higher than that at the international level;

(b) if so, the facts and the reasons therefor;

(c) whether the Government has made efforts to find out the production cost of chemical fertilizers in America, Canada, Australia and other countries; and

(d) if so, the details and the extent thereof?

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) & (b): The Fertilizers Association of India has intimated that the cost of chemical fertilizers depends largely on cost of raw materials. Production of nitrogenous fertilizers is energy intensive. In fact energy is the raw material. Therefore, cost of energy (natural gas, naphtha, fuel oil, coal) determines the cost of production of urea and other nitrogen containing fertilizers. Indian fertilizer plants are one of the most efficient in the world. To the extent, cost of natural gas is higher in India than any other country, cost of production will be higher. However, it may be noted that cost of production of gas based urea plants in India has been much lower than cost of imported urea for several years in spite of Indian plants paying higher gas price than those in urea exporting countries. The average cost of production for gas based urea plants is about US$ 220 per MT. Compared to this, the average purchase cost of urea is much higher which may be around US$ 475 per MT. Country is largely dependent on import of raw materials for production of P&K containing fertilizers. Therefore, costs of imported raw materials determines the cost of production.

(c): No, Madam

(d): In view of (c) above, question does not arise.