

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

UNSTARRED QUESTION NO:840
ANSWERED ON:04.08.2011
PRODUCTION COST OF FERTILIZERS
Pathak Shri Harin

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

- (a) whether the production cost varies substantially among industrial units producing chemical fertilizers in the country;
- (b) if so, the highest and the lowest production cost of each chemical fertilizer being produced in the country during the current year, unit-wise;
- (c) the reasons for such wide variance in the cost of production of fertilizers; and
- (d) the steps taken/proposed to be taken by the Government to rationalize the cost of production of these fertilizers?

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) Yes, Madam.

(b) to (d) :
(A) Urea

(i) The highest and the lowest cost of production of urea is as under:-

Name of the Unit	Vintage/ Feedstock	Concession Rates (Rs./MT of urea)	Remarks
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SPIC-Tuticorin	Pre-92 Naphtha	36450	HIGHEST
Kribhco-Hazira	Pre-92 Gas	8212	LOWEST

(ii) The reasons for variations are feedstock/fuel used, vintage technology, energy consumption, input costs, gas transportation rates, verifying fixed cost etc.

(iii) The policy for Nutrient Based Subsidy in urea is under consideration of a Group of Ministers (GoM) constituted to review the fertilizer policy.

(B) De-controlled P&K fertilizers.

Nutrient Based Subsidy (NBS) policy for decontrolled Phosphatic & Potassic (P&K) fertilizers has been implemented w.e.f. 1.4.2010. Under NBS policy, the subsidy on decontrolled P&K fertilizers is determined for each nutrient on per Kg basis and is fixed by the Government on annual basis taking into consideration the affordability of the farmer and prevalent price level of fertilizers and fertilizer inputs in the international market. Since the subsidy is not dependent on production cost of fertilizers the same is not monitored in case of P&K fertilizers. Fertilizers producing companies always try to minimize the production cost in order to maximize their profits as subsidy is fixed.