

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

UNSTARRED QUESTION NO:2047

ANSWERED ON:11.08.2011

DECONTROLLING OF UREA

Saroj Smt. Sushila; Satpathy Shri Tathagata; Upadhyay Seema

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

- (a) whether the Government has decided to decontrol the fertilizers including urea;
- (b) if so, the details thereof alongwith the reasons therefor;
- (c) the time frame by which the new regime would come into effect;
- (d) whether the new decision would adversely affect the retail price of the said fertilizers;
- (e) if so, the details thereof; and
- (f) the steps taken to address the concerns of the farming community in this regard?

Answer

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

(a) & (f) A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (f) OF THE LOK SABHA UNSTARRED QUESTION No. 2047 TO BE ANSWERED ON 11-08-2011 REGARDING DECONTROLLING OF UREA TABLED BY SHRIMATI SEEMA UPADHYAY, SHRI TATHAGATA SATPATHY AND SHRIMATI SUSHILA SAROJ.

A proposal for Nutrient Based Subsidy for urea sector is under consideration of the Government. The Group of Ministers (GoM) constituted to review the fertilizer policy, has considered the recommendations made in the report, prepared by the Committee of Secretaries set up under the Chairmanship of Dr. Saumitra Chaudhary, Member Planning Commission. Presently, NBS scheme has not been implemented on Urea and it continue to be governed by New Pricing Scheme-III(NPS-III) which has been extended provisionally until further orders.

2. So far as decontrol of Phosphatic & Potassic (P&K) fertilizers is concerned, fertilizers like DAP, MOP and NPKS complex fertilizers, SSP etc are decontrolled. However, movement of 20% of quantity of P&K fertilizers is controlled by the Government.

3. Nutrient Based Subsidy (NBS) policy for decontrolled Phosphatic & Potassic (P&K) fertilizers has been implemented w.e.f. 1.4.2010.

4. The NBS is applicable for 22 grades of P&K fertilizers which include Di-Ammonium Phosphate (DAP, 18-46-0), Di-Ammonium Phosphate Lite (DAP, 16-44-0), Muriate of Potash(MOP), Mono Ammonium Phosphate (MAP, 11-52-0), Triple Super Phosphate (TSP, 0-46-0), Single Super Phosphate(SSP), 15 grades of complex fertilizers and Ammonium Sulphate (AS - (Caprolactum grade by GSFC and FACT). Primary nutrients, namely Nitrogen(N), Phosphorous (P) & Potash(K) and secondary nutrient Sulphur (S) contained in the fertilizers mentioned above are eligible for NBS.

5. Under NBS, the subsidy on decontrolled P&K fertilizers is determined for each nutrient on per kg basis and fixed by the Government on annual basis. NBS is fixed taking into the consideration of affordability of the farmer and prevalent price level of fertilizers and fertilizer inputs in the international market at that time. Since the subsidy for each grade of fertilizers is fixed for a year, the Maximum Retail Price (MRP) of fertilizers at farm gate level has been opened. Accordingly, the MRP of P&K fertilizers is decided and fixed by the fertilizer producing companies or the importers. However, they are required to print MRP along with applicable amount of subsidy on each fertilizer bag clearly. Any sale above the printed MRP is punishable under the Essential Commodity Act.

6. Since under NBS, subsidy is fixed for a year, the increase or decrease in prices of fertilizers and its raw materials will have an impact on the MRP of these fertilizers which is fixed by the companies. The international prices of fertilizers and its raw materials in the year 2011 have increased substantially as compared to the prices in the year 2010. This increase in international prices of fertilizers and its raw materials have been taken into account while fixing the subsidy rate under NBS Scheme for the year 2011-12. However, any further increase or decrease in international prices of fertilizers and its raw material is expected to have some effect in

the MRP of these fertilizers, which is fixed by the companies.