

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

UNSTARRED QUESTION NO:3465
ANSWERED ON:15.12.2011
PRICES OF FERTILIZERS
Badal Harsimrat Kaur

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

- (a) whether the unprecedented rise in the costs of DAP, Potash and Urea have further added to the unviability of farm sector in the country making costs of agriculture inputs extremely high;
- (b) if so, the details thereof;
- (c) whether the Government proposes to roll back the prices of DAP, Potash and Urea by restoring subsidies;
- (d) if so, the details thereof;
- (e) whether the Government has received any demand from the farmers organizations to roll back the prices of DAP/Potash etc; and
- (f) if so, the details thereof alongwith the action taken thereon?

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 (f): Department of Fertilizers has introduced Nutrient Based Subsidy (NBS) Policy with effect from 1.4.2010 replacing the erstwhile concession scheme, for decontrolled Phosphatic & Potassic (P&K) fertilizers. Under the erstwhile concession scheme, the Maximum Retail Prices (MRPs) of P&K fertilizers were fixed by the Government below the actual cost of the fertilizers. Accordingly, the difference between the actual cost and the MRPs of P&K fertilizers was reimbursed by the Government to the manufacturers/importers in the form of concession. Resultantly, any increase in the cost of fertilizers in the international market was borne by the Government. As per the NBS policy, the MRPs of P&K fertilizers has been left open to be fixed by the manufacturers/importers and the amount of subsidy is fixed by the Government for each nutrient i.e. Nitrogen 'N', Phosphate 'P', Potash 'K' & Sulphur 'S' on per kg basis on annual basis. Accordingly, any increase/decrease in the prices of P&K fertilizers and its raw materials in the international market and rise/fall of the value of dollar, has a direct bearing on the MRPs of P&K fertilizers as 90% of the requirement of the phosphatic and 100% that of potassic fertilizers of the Country is met through imports. At present, NBS scheme is applicable on 25 grades of P&K fertilizers. A statement showing the MRP of P&K fertilizers is annexed at Annex-I. The amount of subsidy being released by Department of Fertilizers on each grade of fertilizers is at Annex-II. Even after the introduction of NBS, the farmer has to pay about 50% of the actual cost of the fertilizers. The urea is under the statutory price control of Government of India. The MRP of urea is fixed by the Government of India and it is Rs. 5310 per MT w.e.f. 1.4.2010.

Due to increase in prices of P&K fertilizers, the input cost in agriculture may increase but the same is accounted for while fixing the Minimum Support Price (MSP) of agricultural produce.

Representations have been received in respect of rise in the MRPs of P&K fertilizers in the market. Department of Fertilizers has also received a copy of the resolution passed in the Punjab Vidhan Sabha dated 8.10.2011 for rolling back the price rise of fertilizers. NBS policy for P&K fertilizers is still in operation. Withdrawal of this policy is not under consideration in the Government.