

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

UNSTARRED QUESTION NO:629

ANSWERED ON:24.11.2011

SHORTAGE OF FERTILIZERS

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

- (a) whether the Government has assessed the demand of chemical fertilizers in the country for the current year;
- (b) if so, the details thereof;
- (c) whether the Government has taken note of the shortage of chemical fertilizers in the country; and
- (d) the steps taken by the Government to address the issue?

Answer

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

(a) to (c): Zonal Conferences each for Kharif and Rabi season are held every year, wherein the requirement of fertilizers is assessed for all the States /UTs jointly by the State Governments, Department of Agriculture & Cooperation and Department of Fertilizers. The assessed demand of fertilizers namely Urea, DAP, MOP & Complex fertilizers during the year 2011-12 is as under:

(Figures in lakh metric tonnes)

Product	Quantity
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UREA	304.96
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DAP	126.17
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MOP	48.12
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COMPLEX	107.15
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Urea is the only fertilizer under partial movement, distribution and statutory price control and it is imported for direct agriculture use on Government account to bridge the gap between assessed demand and indigenous production. All other fertilizers viz. DAP, MOP, SSP and NPK etc. are decontrolled/ de-canalized since 1992 and are imported under Open General Licence (OGL). The availability of these P&K fertilizers is decided by the market forces of demand and supply. Union Government monitors availability of fertilizers at State level and state Governments are responsible for further distribution within the State. The availability of urea, phosphatic fertilizers (DAP/NPK) and MOP in the country during current year 2011-12 (April'11 to October'11) are as under:

(Figures in Lakh MT)

2011-12 (April'11 to October'11)

Fertilizer Grade	Requirement	Stock	pre-positioned	Supplies	Availability
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Urea	167.89	â€”	â€”	164.58	
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Phosphate (DAP+NPK)	154.34	17.54	130.23	#147.77	
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MOP	28.01	-	â€”	10.01	
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including stock pre-positioned.

As can be seen, the availability of urea is adequate. Similarly, the availability of phosphatic fertilisers i.e. DAP/NPK during the year 2011-12 (April'11 to October'11) has been adequate throughout the country. There is tightness in availability of MOP during current year. There is no viable source of Potash in the country as such the entire demand of MOP is met through imports. During the current year upto the month of July, contracting for import of MOP could not be materialized due to substantial increase of prices and cartelization by MOP producers in the International market. The contracting of MOP took place only in the month of August. As a result, MOP availability for direct application as well, as for indigenous production of NPK fertilizers is comfortable in Rabi'11-12.

(d): Further, the following steps are being taken to make adequate availability of fertilizers in the country:

i) The movement of all major subsidized fertilizers is being monitored throughout the country by an on-line web based monitoring system (www.urvarak.co.in) also called as Fertiliser Monitoring System (FMS);

ii) The gap between requirement and indigenous availability of Urea is met through imports;

iii) The state governments have been advised to instruct the State Institutional agencies to coordinate with manufacturers and importers of fertilizers for streamlining the supplies;

iv) The Government has introduced Nutrient Based Subsidy (NBS) Policy in respect of Phosphatic & Potassic fertilizers w.e.f. 1.4.2010. Under the NBS, State Governments have to play more proactive role to co-ordinate with the manufacturers /importers to tie up supplies of fertilizers as per the requirement of states;

v) Department of Fertilizers and Department of Agriculture & Cooperation are jointly reviewing fertilizer availability with State Agriculture department through Video Conferences every week. The corrective actions, if required, are taken immediately to avoid any hardships to farmers;

vi) Under NBS, Fertilizer companies are required to print Maximum Retail Price (MRP) along with applicable subsidy on the fertilizer bags clearly. Any sale above the printed net retail price will be punishable under the EC Act.;

vii) Department of Fertilisers is having constant interaction with Ministry of Petroleum & Natural Gas, GAIL and other prospective suppliers of NG/LNG so that gas requirement of the fertilizers industry is met; and

viii) Government is always encouraging production of urea in the country to achieve self-sufficiency. The Government has announced a new policy on 4th September, 2008 to attract new investments. The policy is based on import Parity Price (IPP) benchmark with suitable floor & ceiling prices aiming to revamp, expansion, revival of existing urea units and setting up of Greenfield projects. The country is almost fully dependent on imports to meet the requirements of phosphatic and potassic fertilizers. Government has taken initiatives to encourage indigenous production in P&K sector by allowing import parity price to the indigenous manufacturers of DAP. Government has also reduced the custom duty on phosphoric acid from 5% to 2% to enable indigenous manufacturers of P&K fertilizers to acquire this important input at reasonable price. Government is also encouraging private sector and public sector companies to explore the possibilities for joint ventures abroad to ensure uninterrupted supply of fertilizers inputs to P & K sector.