

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

STARRED QUESTION NO:50
ANSWERED ON:24.11.2011
DEMAND AND SUPPLY OF FERTILIZERS
Manjhi Shri Hari;Shekhar Shri Neeraj

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

- (a) the demand and supply of various fertilizers in the country, State-wise and fertilizer-wise for the current year especially for the current rabi season;
- (b) whether the farmers are facing hardships in various States due to the shortage and delay in the supply of fertilizers particularly DAP and Urea in the current rabi season;
- (c) if so, the details thereof and the reasons therefor, State-wise;
- (d) the quantum of fertilizers likely to be made available both from domestic production as well as from imports to meet the demand; and
- (e) the steps being taken by the Government to ensure adequate availability of fertilizers in the country?

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(e): A statement is laid on the table of the House.

Statement referred to in reply to parts (a) to (e) of the Lok Sabha Starred Question No. 50 to be answered on 24.11.2011.

(a)to(c): Urea is the only fertilizer which is under partial movement and distribution control of the Government. All other fertilizers viz. DAP, MOP, SSP and NPK etc. are decontrolled/ de-controlled since 1992. The availability of decontrolled 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 its tie-up with the manufacturers & importers and further distribution within the State. The State-wise demand (Requirement) and supply (Availability) of major fertilizers namely Urea, MOP and Phosphatic fertilizers (DAP+NPK) during Kharif, 2011 (April 11 to September 11) are at Annexure-'A'. The requirement and availability of Urea, DAP, Complex and MOP fertilizers during October, 2011 and November, 2011 are at Annexure-'B' & 'C' respectively.

As can be seen from the Annexure-'A' the availability of Urea during Kharif, 2011 was comfortable. There were some instances of shortage of urea in Bihar, Uttar Pradesh etc. because of lower off-take in the beginning of the season due to less rainfall. However, the supplies of urea and other fertilizers were speeded up during the later months. The availability of Phosphatic fertilizers (DAP & NPK) together with pre-positioning stock was also adequate. 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 will be comfortable in Rabi 11-12.

Annexure-'B' indicates the availability of fertilizers during October 2011. As all the State Governments were asking for Phosphatic fertilizers (DAP & NPK) in the beginning of the crop season, the companies were asked to speed up evacuation of Phosphatic fertilizers on priority. As a result of this, though the sufficient stocks of MOP and Urea were lying at the ports, required quantities of these fertilizers could not be moved to States during October, 2011. Similarly, the supply plan for the month of November and availability of Urea, DAP, MOP and Complex fertilizer upto 22nd November, 2011 are at Annexure-'C'. The sufficient stocks of all types of fertilizers are available at ports and the same is being moved to various States. The regular weekly Video Conference are being conducted jointly by Department of Agriculture & Cooperation (DAC), Department of Fertilizers (DOF), Ministry of Railways and Department of Shipping with State Agriculture Officials and corrective action are taken to dispatch fertilizer as indicated by the State Government. Ministry of Railways is supplying about 62 railway rakes per day from plants/ports during the month of November, 2011 for evacuation of fertilizer compared to about 53 railway rakes per day during the same month last year.

(d): The details of quantum of fertilizer requirement, estimated indigenous production and estimated import of Urea, DAP, MOP & Complex fertilizers during the year 2011-12 are as under:

(Figures in lakh metric tonnes)

FG Requirement Estimated Indigenous Production Estimated imports

UREA 305.15 220.78 89.82

DAP 126.15 40.58 78.33

MOP 48.26 32.00

COMPLEX 107.36 88.12 38.67

(e): 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;

(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; and

(ix) All possible steps are taken by the Department of Fertilisers to match the availability of fertilizers with the assessed requirement