

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

UNSTARRED QUESTION NO:644

ANSWERED ON:15.03.2012

INCREASE IN PRICES OF FERTILIZERS

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

- (a) the details of consumer sales prices of each fertilizer in the country during each of the last three years and the current year;
- (b) whether the farmers are facing hardships on account of increase in the prices of various fertilizers including phosphatic, potash and urea in the country during the last one year, despite continuous rise in the subsidy provided to fertilizer manufacturing companies;
- (c) if so, the details thereof alongwith the reasons therefor; and
- (d) the steps being taken by the Government to check rise in the prices of fertilizers?

Answer

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

- (a) The details of Maximum Retail Price (MRP) of fertilizers during the last three years and the current year are annexed.
- (b) and (c): Government has implemented Nutrient Based Subsidy (NBS) Policy for P&K fertilizers w.e.f. 1.4.2010. Under the NBS policy, a fixed subsidy on decontrolled P&K fertilizers is announced annually for each nutrient namely nitrogen (N), phosphorus (P), potash (K) and sulphur (S) on per kg basis, which is converted into subsidy per tonne depending upon the nutrient content in each grade of the fertilizers. The MRP (Maximum Retail Price) of P&K fertilizers is open and is allowed to be fixed by manufactures/importers at reasonable level, based on demand-supply dynamics. Due to complete dependence on imports for Potassic Fertilizers and dependence to the extent of 90% in Phosphatic fertilizers, any rise/fall in the international prices of these fertilizers and their raw materials has direct bearing on the domestic retail prices. The prices of these fertilizers have registered a sharp increase in the international market and resultantly, fertilizer companies also increased their MRP in order to realize the increased cost of inputs. The depreciation of Indian Rupee against US\$ in the year 2011-12 has further added to this increase. Still, the farmers are paying only around 50% of the delivered cost of the P&K fertilizers and the rest of the cost is being borne by the Government of India in the form of subsidy. Further, Urea is made available to the farmers at fixed MRP of Rs. 5310 per Metric Tonne, which is much below its actual cost.
- (d): The Government has taken following steps to check the rise in the prices of fertilizers:
 - (i) The Nutrient Based Subsidy for the year 2011-12 has been increased as compared to that of the year 2010-11 keeping in view the international price trends of DAP, Urea, MOP and Sulphur.
 - (ii) The Government also provides freight subsidy on fertilizers covered under the subsidy scheme.
 - (iii) The Government announced 5% countervailing duty on all imported goods which was rolled back to 1% in case of fertilizers to reduce its impact on prices of fertilizers in the country.
 - (iv) As per the NBS scheme, the market price of subsidized P&K fertilizers are open and fertilizer companies are allowed to fix MRPs at reasonable level. The fertilizer companies are regularly reporting the MRPs of fertilizers fixed by them through web based "Fertilizer Monitoring System".