

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

UNSTARRED QUESTION NO:3631

ANSWERED ON:26.04.2012

PRODUCTION IN FERTILIZER UNITS

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

- (a) whether the Government is aware that it is difficult to control the prices of fertilizers due to excess imports;
- (b) if so, the facts thereof;
- (c) whether the farmers have to buy fertilizers at higher rates due to excessive import;
- (d) if so, the details thereof; and
- (e) the steps being taken by the Government to reduce the import of fertilizers and achieve self sufficiency in the production of fertilizers in the country?

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) to (d): There is no known reserve of Potash in the country and accordingly, India imports 100% of its potash requirement either in the form of finished fertilizers or raw materials. The country has very little reserve of Phosphate and that too is of low quality, which is suitable for production of only Single Super Phosphate (SSP). In other words, India is almost fully dependent on imports for finished P&K fertilizers and its raw materials, if SSP is not taken into consideration.

Nutrient Based Subsidy (NBS) Policy is being implemented for P&K Fertilizers w.e.f. 1.4.2010. Under this policy, a fixed subsidy is provided on subsidised P&K Fertilizers, which is decided on annual basis. The Maximum Retail Price (MRP) is fixed by the fertilizer companies. Since P&K fertilizers are majorly imported, the international prices of these fertilizers and its raw materials affect the price of fertilizers in the country. The Government has no control over international prices of fertilizers and its raw materials. However, while fixing the subsidy rates for the year, the Government takes into account overall situation including the prevailing international prices, exchange rate variation, inventory levels and prevailing prices of fertilizers in the country.

In case of Urea there is no impact of imports on its prices in the country.

(e) In order to reduce the import of fertilizers and achieve self sufficiency in the production of fertilizers in the country, the Department is encouraging Indian public sector as well as the private sector fertilizer companies and mining companies to explore possibility of entering into long term joint venture cooperation in fertilizer resource rich countries for acquiring fertilizers and fertilizer inputs. In Urea sector the Government had notified a Investment Policy in the year 2008 to encourage increase in indigenous production. The Government has also decided to revive eight closed fertilizer units of Fertilizer Corporation of India Ltd. and Hindustan Fertilizer Corporation Ltd. with capacity to produce Urea @1.15 million tonnes per annum by each plant.