

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

UNSTARRED QUESTION NO:3639
ANSWERED ON:26.04.2012
SUBSIDY ON FERTILIZERS
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether the Government has envisaged the use of fertilizers by formulating different policies for various chemical fertilizers in the country;
- (b) if so, the facts in this regard and the details of different policies formulated for various chemicals fertilizers so far;
- (c) the reasons for formulating different policies;
- (d) whether the sale price of all the fertilizers in the country has increased during the last three years; and
- (e) if so, the details thereof?

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) & (b): There are two different policies for P&K fertilizers and for Urea. In case of P&K fertilizers, Nutrient Based Subsidy (NBS) Policy is being implemented w.e.f. 1.4.2010. Under the policy a fixed subsidy is announced on annual basis on different grades of subsidized fertilizers. Presently, 25 grades of P&K fertilizers are covered under this policy. The Maximum Retail Price (MRP) is fixed by the companies. So far as policy relating to urea is concerned, the Government has formulated the pricing policy (Stage-III) of new pricing scheme (NPS) for urea manufacturing units which is effective from 1.10.2006. This was formulated with the aim of maximizing urea production from the urea units including through conversion of non-gas based units to gas, incentivizing additional urea production and encourage investment in Joint Venture Projects abroad. The policy also aimed at establishing a more efficient urea distribution and movement system in order to ensure availability of urea in the remotest corners of the country. The Government had notified on 4th September, 2008, a new investment policy for urea sector and long term offtake of urea from Joint Venture abroad to attract investment in this sector. The New Investment Policy aims at revamp, expansion, revival of existing urea units and setting up of Greenfield/Brownfield projects.

(c) India is totally dependent on imports in Potash sector as there is known reserve of potash in the country. India has very little reserves of rock phosphate that too of very low quality. Overall P&K Sector is more or less totally dependent on imports in the form of finished fertilizers or its raw material. In case of Urea, the raw materials are available in the country. India meets approximately 75% of its requirement through indigenous production. Therefore, P&K fertilizers and Urea requires different treatment and hence there are different policies for these fertilizers.

(d) & (e): The MRP of different fertilizers for the last 3 years quarter-wise is placed at Annexure.

It is seen that MRP of P&K fertilizers has marginally increased in the year 2010-11 as compared to 2009-10. In the year 2011-12 in spite of increase in subsidy rates on P&K fertilizers their prices increased substantially due to increase international prices of P&K fertilizers and its raw materials and due to depreciation of Indian Rupee.