

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

UNSTARRED QUESTION NO:1894
ANSWERED ON:23.08.2012
VARIATION IN PRODUCTION COST OF UNITS
Badal Harsimrat Kaur

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

- (a) whether there is a variation in the production cost of units producing chemical fertilizers in the country;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the steps taken/proposed to be taken by the Government in this regard?

Answer

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

(a) & (b): Production cost of urea of different urea manufacturing units vary widely depending upon the feedstock/fuel used viz. natural gas, naphtha, FO/LSHS and vintage of the plants. Details of cost of urea of different manufacturing units are given in Annexure attached. Nutrient Based Subsidy (NBS) is being implemented for Phosphatic & Potassic (P&K) fertilizers under which a fixed subsidy decided on annual basis is provided on all subsidized P&K fertilizers based on its nutrients content. As such the Department of Fertilizers is not looking at the production cost of P&K fertilizers. However, the production cost of P&K fertilizers will vary depending upon its feedstock and cost of raw materials.

(c): The Government has notified a policy for Stage-III of New Pricing Scheme on 8th March 2007 to promote usage of most efficient and comparatively cheaper feed stock natural gas/LNG for production of urea in the country. The policy lays down a definite plan for conversion of all non-gas based urea units to gas so that their feedstock is replaced by Gas.