

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

STARRED QUESTION NO:276  
ANSWERED ON:30.08.2012  
INCREASE IN PRICES OF UREA  
Reddy Shri Modugula Venugopala

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

- (a) the prices of urea in the international market during each of the last three years and the current year;
- (b) whether the Government proposes to increase the retail prices of urea and other fertilizers in order to reduce the subsidy burden in the current fiscal;
- (c) if so, the details thereof and the reasons therefor along with the likely maximum retail price at which urea is to be made available to the farmers;
- (d) whether the Government has recently withdrawn the freight subsidy on fertilizers; and
- (e) if so, the details thereof and the steps being taken by the Government to check the increase in prices of fertilizers?

**Answer**

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

(a) to (e): A statement is laid on the Table of the House.

Statement referred to in reply to Lok Sabha Starred Question No. 276 to be answered on 30.08.2012 regarding "Increase in Prices of Urea".

(a) : Import of urea in the country is restricted and permitted through State Trading Enterprises (STEs) i.e. MMTC Limited (MMTC), State Trading Corporation Limited (STC) and Indian Potash Limited (IPL) to bridge the gap between assessed demand and indigenous production. Urea imports for direct application as fertilizer is made on Government account through these STEs. Government is also importing approximately 2 million MT urea from Oman India Fertiliser Company (OMIFCO) under Long Term Urea Off Take Agreement (JOTA) between GOI & OMIFCO. The weighted average price of urea imported through STEs and from OMIFCO during the last three years and current year (up to July 2012) are as under:-

Year	Weighted Average C & F Price (US\$ per MT)	
From Oman Through STEs		
2009-10	164.99	277.14
2010-11	166.78	327.38
2011-12	215.19	481.74
2012-13#	321.92	534.37

# up to July 2012

During the current year, the last contracts are finalised at a price of US\$406 to US\$410 per MT C&F for urea arrivals in August & September 2012.

(b) & (c): UREA

Urea is the only fertilizer under statutory price control and its Maximum Retail Price (MRP) is fixed by the Government. So far as proposal to increase the retail prices of urea is concerned, formulation of policy for existing urea units beyond Stage-III of New Pricing Scheme (NPS) is under consideration of the Government of India. MRP of urea since 2003 was Rs. 4830/- per MT and Rs. 5310/- per MT w.e.f.1st April, 2010. The MRP fixed is exclusive of CST, Sales Tax and Central Excise Duty. The MRP in Gujarat and Uttar Pradesh is slightly higher because of Additional Cost due to Non-recognised Input Taxation (ACTN).

PHOSPHATIC & POTASSIC (P&K) FERTILIZERS:

Department of fertilizers is implementing Nutrient Based Subsidy (NBS) Policy for the P&K fertilizers under which a fixed amount of subsidy, decided on annual basis, is provided to P&K fertilizers covered under the scheme depending upon its nutrient content. Under the NBS policy, MRP of P&K fertilizers has been left open and manufacturers and importers of P&K fertilizers fix the MRP of P&K fertilizers at reasonable level. Government does not fix the MRPs of P&K Fertilizers.

(d) & (e) : The freight subsidy at present on urea is being paid as per the provisions of Uniform Freight Subsidy (UFS) policy. Similarly, the freight for movement of P&K fertilizers is made as per the provisions of Nutrient Based Subsidy (NBS) policy.

The MRP of P&K fertilizers depend upon various factors which include fluctuation of prices in the international market, fluctuation of Rupee/Dollar exchange rate, other elements of cost etc.