

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

UNSTARRED QUESTION NO:2241

ANSWERED ON:06.12.2012

PRICES OF RAW MATERIALS

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

- (a) the details of the feedstock and intermediates required for producing various fertilizers imported from outside during each of the last three years i.e. from 2008-09 to 2011-12;
- (b) whether the prices of these raw material of fertilizers have gone many times more in the international market;
- (c) if so, whether the rise in the prices of these intermediates caused vertical rise in the prices of essential fertilizers in the country impacting the Indian agriculture; and
- (d) if so, comparative details of such price rise during the last year and this year; and
- (e) the measures taken by the Government to face this situation?

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): The details of the feedstock and intermediates imported by India during 2008-09 to 2011-12 for producing various fertilizers are given in the table below:

Year	Feedstock (MMSCMD)	Intermediate (Million tonnes)	Ammonia (as P2O5) (Million tonnes)	Phosphoric Acid (Million tonnes)	Rock Phosphate (Million tonnes)	Sulphur (Million tonnes)
2008-09	7.00-8.00	1.471	1.582	5.261	1.445	
2009-10	7.12	1.916	2.721	5.327	1.294	
2010-11	8.00	1.735	2.140	6.387	1.808	
2011-12	8.26	1.726	1.906	6.37	1.242	

MMSCMD – Million cubic meters per day.

(b): The international prices of raw materials of fertilizers are highly volatile and have increased in the recent years. The international prices of various raw materials from April 2010 to October 2012 are placed at Annexure-I.

(c) to (e): The Government is implementing Nutrient Based Subsidy (NBS) Policy on Phosphatic & Potassic (P&K) fertilizers w.e.f. 1.4.2010 under which a fixed amount of subsidy decided on annual basis is provided on all subsidized P&K fertilizers depending upon its nutrient content. The Maximum Retail Prices (MRP) is fixed by fertilizer companies.

The country is import dependent for P&K fertilizers both for finished fertilizers as well as their raw materials. Since the subsidy is fixed, changes in the international prices of P&K fertilizers have an impact on the MRP of fertilizers.

The NBS rates are decided by the Government after taking into consideration all relevant factors including international prices of P&K fertilizers and its raw materials, inventory level of P&K fertilizers & prevailing prices of fertilizers in the country and the prevailing exchange rate. In spite of increase in the rates of subsidy in the year 2011-12, the prices of fertilizers increased due to increase in international prices of fertilizers and its raw materials. While fixing the subsidy rates for the year 2012-13 the international prices had softened and, therefore, the subsidy rates were also adjusted accordingly. The recent increase in the domestic prices of fertilizers is mainly due to depreciation of Indian Rupee.

Thus, it is seen that the price of P&K fertilizers have increased during the last two years due to fluctuation in the international prices of P&K fertilizers, which is not under the control of the Government and on account of depreciation of India Rupee.

The MRPs of fertilizers during 2011-12 and the current year are given in the Annexure-II.