

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

STARRED QUESTION NO:116
ANSWERED ON:13.08.2013
INCREASE IN PRICES OF FERTILIZERS
Ajay Kumar SHRI ;Panda Shri Prabodh

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

- (a) whether the decision of the Government to raise the prices of natural gas will in turn increase the cost of production of the fertilizers;
- (b) if so, the extent to which the production cost is likely to be increased;
- (c) whether the increase in the unit price of the fertilizers will be passed on to the consumers or it will be borne by the Government by increasing the subsidy to the fertilizer companies and if so, the details thereof;
- (d) whether the Government has finalized any policy, roadmap and timeline to completely decontrol the fertilizer sector; and
- (e) if so, the details thereof?

Answer

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

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

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (e) OF STARRED QUESTION NO.116 TO BE ANSWERED ON 13TH AUGUST, 2013 REGARDING INCREASE IN PRICES OF FERTILIZERS.

(a) & (b): Yes, Madam. With the price of gas increasing by Rs.1.00/MMBTU, the additional cost of production of urea will increase by about Rs.24.893/ MT. So, the additional liability of subsidy on the Government account towards domestic urea would be Rs.24.893/MT approx.

(c): So long as the MRP of urea is not increased by the Government, there will be no impact on the farmers. Presently, Government is providing subsidy on Urea and 22 grades of Phosphatic and Potassic (P&K) fertilizer. Urea is sold to the farmers at the Maximum Retail Price (MRP) of Rs.5360/- PMT fixed by the Government. As regard P&K Fertilizers, the Government is implementing Nutrient Based Subsidy (NBS) Policy w.e.f. 01.04.2010. Under this policy, a fixed amount of subsidy, decided on annual basis, is provided to subsidized P&K fertilizers depending on its nutrient content. Under this policy, MRP is fixed by fertilizer companies.

(d) & (e): At present, there is no proposal to decontrol urea.