

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

UNSTARRED QUESTION NO:1190

ANSWERED ON:13.08.2013

FERTILIZERS AT FIXED PRICES

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

- (a) whether it is true that farmers of the country are not getting fertilizers at a fixed price as decided by the government;
- (b) if so, the details thereof and the steps taken by the Government in this regard;
- (c) whether farmers in the country are unable to secure fertilizers on account of prohibitive cost which results in low agricultural yield;
- (d) if so, the reaction of the Government thereto; and
- (e) the steps taken by the Government in the regard?

Answer

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

(a) & (b): Urea is being provided to farmers at a statutory price of Rs.5360 per tonne fixed by Government. This is exclusive of CST, sales tax and Central Excise Duty.

In respect of subsidized Phosphatic and Potassic (P&K) fertilizers, such as DAP, MOP, Complex fertilizers, SSP etc., Government is implementing Nutrient Based Subsidy (NBS) Policy w.e.f. 01.04.2010, under which a fixed amount of subsidy, decided on annual basis, is provided on each grade of subsidised P&K fertilizer depending upon their nutrient content. Under the Policy the Fertilizer companies have been allowed to fix maximum Retail Price of P&K fertilizers reasonably.

The country is fully dependent on imports in Potassic sector and to the extent of 90% in Phosphatic sector in the form of either finished products or its raw material. Subsidy being fixed, any fluctuation in international prices has effect on the production cost and consequently the domestic prices of P&K fertilizers. During the last three years the MRPs of these fertilizers have increased mainly due to increase in international prices of fertilizers, over which the Government has no control and also on account of depreciation of Indian rupee vis a vis USD.

(c) & (d): There has been decline in the production and consumption of P&K fertilizers in the country during 2012-13 as compared to previous years. This may be due to combination of various factors including drought in some parts of the country and substantial price difference between Urea and different grades of P&K fertilizers.

(e): The rates of subsidy for P&K fertilizers for the year 2013-14 have been fixed taking into account the need to reduce the MRP by the fertilizer companies. Further, the companies have to fix the MRPs at reasonable level. A mechanism to ensure reasonableness of MRP fixed by the companies has also been put in place under which it is mandatory for the fertilizer companies to furnish cost data along with their claim of subsidy.