

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

UNSTARRED QUESTION NO:4541
ANSWERED ON:21.04.2015
UNIFORMITY IN PRICES OF FERTILIZERS
Singh Shri Ganesh

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

- (a) whether it is a fact that different prices for the same fertilizer products are charged by different companies in different States;
- (b) if so, the details thereof and the reasons therefor, State/UT-wise: and
- (c) the remedial measures taken/proposed to be taken by the Government to ensure uniformity in prices of fertilizers, State/UT-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI HANSRAJ GANGARAM AHIR)

(a) to (c): The Department of Fertilizers has been implementing Nutrient Based Subsidy (NBS) Policy for Phosphatic 8 Potassic (P&K) fertilizers w.e.f. 1.4.2010. Under the NBS Policy, a fixed amount of subsidy decided on annual basis is provided on each grade of the subsidized P&K fertilizers depending upon its nutrient content. The Maximum Retail Prices of P&K fertilizers are fixed by the fertilizer companies.

At present, freight for primary movement (from factory/port to nearest rake point in District) of P&K fertilizers subject to a maximum distance of 1400 KM is reimbursed to P&K fertilizer companies. Subsidy on account of direct road movement of P&K fertilizers from factory/port to blocks/district headquarters is paid as per the actual claim subject to the equivalent rail freight upto a maximum of 500 Kms as per rates fixed by Govt from time to time on the recommendations of the Inter Ministerial Committee With effect from 1 4.2012, the secondary.

freight for movement of P&K fertilizers from nearest rake point to blocks/district headquarters has been abolished and it has been left to the P&K fertilizer companies to load the cost incurred on secondary freight into the MRP of these fertilizers. However, for movement of P&K fertilizers in difficult areas having difficult terrain and high transportation cost such as in the States of Himachal Pradesh, Uttarakhand, J&K and 7 North Eastern States, special compensation on account of extra cost involved in secondary movement of these fertilizers (except SSP) has been announced for each state.

In view of varied cost of secondary freight for different companies moving fertilizers to different parts of the country and also due to different rates of taxes levied by different states, the fertilizer companies fix the MRP of the same P&K fertilizer at different MRP in different states. Under the present dispensation the MRP of the P&K fertilizers will continue to vary from State to State.

In case of Urea MRP is statutory fixed by the Government of India and at present it is Rs. 5360/- per MT 9 exclusive of the central excise duty for domestically produced urea and countervailing duty for imported urea (which is 1% at present) and state VAT which differs from state to state).

Further, the Government of Uttar Pradesh and Gujarat have levied additional VAT on natural gas used by urea plants situated in these states. Impact of this additional VAT is calculated per MT of urea on the quantity of urea sold in these states, separately for each state and is recovered from the farmers of these respective states by charging Rs. 940/- per MT and Rs. 300/- per MT.