

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

UNSTARRED QUESTION NO:217  
ANSWERED ON:21.07.2015  
Production Cost of Fertilizers and Chemicals  
S.R. Shri Vijay Kumar

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

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

- (a) Whether the production cost of the chemicals and fertilizers in the country is higher than that of International level;
- (b) If so, the details thereof;
- (c) Whether the Government has made any effort to find out the production cost of chemicals and fertilizers in the developed countries;
- (d) If so, the details thereof; and
- (e) The steps proposed to be taken by the Government to reduce the production cost?

**Answer**

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

(a to e) : Madam, the Chemical Sector is delicensed and decontrolled. Department of Chemicals and Petrochemicals is not monitoring prices of Chemicals.

The Government is implementing Nutrient Based Subsidy(NBS) Scheme, under which a fixed amount of subsidy decided on annual basis is provided on each grade of subsidized Phospatic and Potassic (P&K) fertilizers based on their nutrient content. The fixed amount of subsidy is paid to all fertilizers companies registered under the scheme irrespective of the cost of production or cost of import. Hence, the Government does not take into account the cost of production of P&K fertilizers.

The details of cost of production of urea by domestic manufacturers is given in Annexure to this reply.

The weighted average price of urea imported through Sate Trading Enterprises (STEs) during the year 2014-15 is USD 303.94 per Metric Tonne (MT) CFR (cost and freight). The exchange rate is Rs. 61.14 per USD for the year 2014-15. Based on this, the weighted average price of imported urea through STEs works out to Rs. 18,582.89/- per MT CFR.

The Government has notified the New Urea Policy(NUP)-2015 for existing gas based urea manufacturing units on 25th May,2015 with the twin objectives of maximizing indigenous urea production and promoting energy efficiency in urea production while rationalization the subsidy burden on the Government.

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