

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

UNSTARRED QUESTION NO:76
ANSWERED ON:08.07.2014
PRODUCTION COST OF FERTILIZERS
Sampath Shri Anirudhan

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

- (a) whether the Government has conducted any study to find out ways and means to reduce the production cost of fertilizers;
- (b) if so, the details thereof; and
- (c) the steps being taken by the Government to reduce the prices of fertilizers?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI NIHAL CHAND)

(a): No, Madam.

(b): Does not arise.

(c): The urea is sold at a maximum Retail Price (MRP) statutorily fixed by the Government. At present, it is Rs.5360 per MT (plus sales tax and other local taxes wherever levied) w.e.f. 01st November, 2012.

As regard Phosphatic & Potassic (P&K) fertilizers, the Government is implementing Nutrient Based Subsidy (NBS) Policy w.e.f. 01st April, 2010. Under the NBS Policy, a fixed amount of subsidy, decided on annual basis, is provided on each grade of subsidized P&K fertilizers depending upon its nutrient (N, P, K & S) content. The prices of P&K fertilizers are fixed by the fertilizer companies at reasonable level. The NBS rates for the particular financial year are decided by the Government after taking into account all relevant factors such the prices of finished fertilizers and its raw materials in the international prices, inventory stock, domestic prices of fertilizers, prevailing exchange rate etc.

Our country is import dependent to the extent of 100% in Potassic Sector and 90% in phosphatic sector in the form of either finished fertilizers or intermediates. Any increase in prices of fertilizers and its raw materials/intermediates in the international market and fluctuation in exchange rate will have a direct bearing on the prices of P&K fertilizers in the country.

With the easing of international prices of P&K fertilizers and its raw materials/intermediates, the prices of P&K fertilizers have come down after 2012-13.