

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

UNSTARRED QUESTION NO:4675
ANSWERED ON:12.08.2014
UNIFORMITY IN PRICES OF FERTILIZERS
Raghavan Shri M. K.

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

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

Answer

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

(a) to (c): At present, Urea is provided to the farmers at the statutory price at Maximum Retail Price (MRP) of Rs 5360 per MT excluding the Central Excise Duty of 1% for the domestically produced urea and 1% Counter Vailing Duty (CVD) on the imported Urea and local taxes (VAT etc.) levied by various State Government. As the local taxes levied by State Governments are different in each State, the prices of urea sold to farmers in each State are slightly different.

As regards Phosphatic & Potassic (P&K) fertilizers, Government is implementing Nutrient Based Subsidy (NBS) Policy w.e.f. 1.4.2010, under which a fixed amount of subsidy, decided on annual basis, is paid on each grade of subsidized P&K fertilizers depending upon their nutrient content. The prices of subsidized P&K fertilizers are left open to be fixed by fertilizer companies at reasonable level based on market dynamics.

As P&K fertilizers sold in the country are both indigenously produced and imported and there is wide variation in the production process, feedstock used etc. in the production of indigenous fertilizers, the delivered cost and MRP of the same fertilizer for each company differs from one company to another. Similarly, the prices differ from company to company based on the quantities produced, efficiency, marketing strategy, brand name, etc. The difference in the prices of P&K fertilizers is also due to different rates of local taxes levied by each State.