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Title: Need to review the decision to decontrol the price of urea.

SHRI ANTO ANTONY (PATHANAMATHITTA): Mr. Deputy-Speaker, Sir, I take this opportunity to request the Government to kindly revoke its move to deregulate the price of urea. Deregulation allows fertilizer manufacturers to fix the price of urea. It will conduce to hike of urea price, different prices for urea produced by different manufacturers, unhealthy competition among various fertilizer manufacturers, and closing down of public sector fertilizer manufacturers using Naphtha, which is a less cost-effective feedstock. But more alarming consequence of price deregulation would be on farming community and food security.

Hiking prices of fertilizers have been the major concern of the farmers since April 2010, with the deregulation of the prices of non-urea fertilizers. The prices of non-urea fertilizers have risen by 25 per cent to 30 per cent after the deregulation.

As per prediction, urea price deregulation may result in a 15 per cent hike in its price. Since urea consists of 60 per cent of India's total fertilizer consumption, its price deregulation will adversely affect the farmers, who are the most vulnerable community in the country. About 60 per cent of farmers in the country are subsistence farmers and they cannot afford the price hike in urea. As a result, the quantity of agricultural produces in the country may drop into a dangerous level and it will have an adverse impact on food security.

It is proved that hiking prices of agricultural produces play a major role in the inflation we face today. Deregulation of urea price will further engulf the situation.

After the price deregulation, urea made of Naphtha and urea made of gas will come out with different prices into the market. Since the cost of production in the Naphtha based units are higher than its gas based counterpart, the price of urea produced by the former will be costly than the latter.

It is also proved that urea price regulation will adversely affect our public sector fertilizer manufacturers that use Naphtha as a feedstock. Most of the urea production units in South India, including the Fertilizers and Chemicals Tranvancore Limited (FACT) in Kerala are based on Naphtha.

MR. DEPUTY-SPEAKER: Please conclude.

SHRI ANTO ANTONY : I am concluding, Sir.

The Government demands all Naphtha based urea units to switch over to gas in a period of three years. But there is no scheme to ensure adequate supply of gas and infrastructural facilities as well as investment requirements to these units within the stipulated period.

Therefore, after three years, naphtha-based urea manufacturers will not be able to compete with its gas-run counterparts and will have to eventually shut down. Now, about 70 per cent of the domestic urea production is based on gas and the rest on naphtha and furnace oil. This means, India is going to face the shortage of urea and in this way you are allowing foreign manufacturers to conquer Indian fertilizer market.

Having set forth these grave impacts, I humbly request the Government to not to deregulate the price of urea.

MR. DEPUTY-SPEAKER: S hri Shivkumar Udasi, Shri Devji M. Patel, Shri A.T. Nana Patil, Shri C.R. Patil and Shrimati Jyoti Dhurve are allowed to associate with the issue raised by Shri Anto Antony.