

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO: 1727

ANSWERED ON: 07.03.2013

POLICIES FOR DIFFERENT FERTILIZERS

ARJUN ROY

ANANT KUMAR HEGDE

Will the Minister of

be pleased to state:-

CHEMICALS AND FERTILIZERS

- (a) whether the Government has formulated separate policies for different fertilizers in regard to the chemical fertilizers being used in the country;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the benefit and loss that accrued to the fertilizer industry, the Government and the users as a result of the separate policies adopted in this regard?

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a)&(b) Yes, Madam. The subsidy policies for Urea and Phosphatic and Potassic (P&K) fertilizers are different as raw materials for production of Urea are available within the country, whereas the country is virtually fully dependent on imports for raw materials of P&K fertilizers.

The subsidy on Urea is provided under New Pricing Scheme stage III for existing Urea units, under which subsidy is the difference of normative production cost and the Maximum Retail Price (MRP) fixed by the Government.

Subsidy in respect of P&K fertilizers is paid under Nutrient Based Subsidy (NBS) Policy, under which a fixed subsidy decided on annual basis is provided on subsidized P&K fertilizers depending upon its nutrient content. The MRP is fixed by the fertilizer companies.

(c) Due to separate policies, Urea, which is mostly produced indigenously, is currently sold at Rs 5360 PMT, which is much less than its delivered cost. In case of P&K fertilizers, which are dependent on imports either in the form of finished fertilizers or its raw materials, a fixed amount of subsidy is paid by the Government and the MRP is allowed to be fixed by the fertilizers companies as per the market conditions.

