

GOVERNMENT OF INDIA  
MINISTRY OF CHEMICALS AND FERTILIZERS  
LOK SABHA

UNSTARRED QUESTION NO: 538

ANSWERED ON: 24.02.2011

IMPORT OF FOREIGN RAW MATERIALS

ANANT KUMAR HEGDE

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

- (a) whether the production of chemical fertilizers is dependent on import of foreign raw materials;
- (b) if not, the facts thereof indicating the percentage of the requirements of the fertilizer industry fulfilled separately from domestic sources and imports;
- (c) whether it is a fact that the prices of raw materials have increased in the international market during 2010-11 as compared to 2009-10; and
- (d) if so, the average rate of price rise and its impact on fertilizer industry?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a) & (b) Yes, Madam. About 90% of phosphatic fertilizers produced in the country are dependent on import of foreign raw material and entire requirement of Potash is imported. Only a small quantity of rock phosphate (from Rajasthan and Madhya Pradesh Mines) and sulphur (from oil refineries) is available from domestic sources. However, the same are also priced at international price parity.

(c) & (d) Yes Madam. As per the data available in the Department with respect to import of fertilizer raw materials such as Ammonia, Sulphur, Phosphoric Acid, Rock Phosphate, Muriate of Potash (MOP) by manufactures of DAP and complex fertilizers for the period April 2009 - March 2010 (2009-10) and April 2010 - December 2010 (2010-11), it is indicated that prices of all raw materials, except MOP have increased. The details are as follows:

	Average Import Price in US\$ per MT 2009-10	2010-11	% Increase
MOP	470.05	363.29	- 22.71%
Phosphoric Acid	563.23	761.11	35.13%
Ammonia	284.19	361.59	27.24%
Rock	116.60	135.06	15.83%
Sulphur	83.73	164.58	96.56%

Due to increase in prices of the fertilizer raw materials in the international market, cost of indigenous production increases. There is no substantial impact of rise in the prices on the domestic fertilizer industry, except temporary requirement of higher working capital, as any increase in the cost of production of fertilizers is absorbed in the form of subsidy or marginal increase in the Maximum Retail Prices (MRPs), if any.