

block demonstrations has also been started to cover 1000 units of 1000 hectares each of five pulses crops in 16 pulse growing States of the country.

(c) The area coverage under foodgrains during kharif 2009-10 is estimated at 69.33 million hectares which is 2.10 million hectares lower than the area coverage of 71.43 million hectares during kharif 2008-09.

Subsidy and cost of fertilizers

*158. SHRI VIJAY JAWAHARLAL DARDA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that with the progressive steep increase in fertilizer subsidy presently touching the figure of Rupees one lakh crores, the price component has eaten up to 94 per cent and that a mere 6 per cent increase is spent towards higher consumption in agricultural operations;

(b) if so, why our cost of fertilizer production is increasing alarmingly; and

(c) how this escalation compares with production of fertilizers in countries like China?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): (a) to (c) Out of three main nutrients namely, Nitrogen, Phosphate and Potash (N, P & K) required for various crops, indigenous raw materials are partly available mainly for nitrogenous fertilizers. In the case of Phosphate, indigenous rock phosphate supplies meet only 5-10% of the total requirement of P2O5. Accordingly, the paucity of domestic raw material has always been a constraint in the attainment of self-sufficiency in the phosphatic fertilizers in the country. Further, in the absence of commercially exploitable Potash sources in the country, the entire demand of Potassic fertilizers for direct application as well as for production of complex fertilizers is met through imports. The cost of the fertilizers/intermediates/raw materials in the international market, the maximum retail price of the fertilizers and the quantum of requirement of fertilizers in the country have a direct bearing on the amount of subsidy bill as the difference between the normative cost of the fertilizers and MRP thereof is reimbursed by the Government to the manufacturers/importers in the form of subsidy. The MRP of the fertilizer was constant in the country from 2002. In the meantime, the MRP of NPK complex fertilizers was also reduced w.e.f. 18.6.2008. The international

prices of fertilizers rose by more than 200% during April 2007 to August 2008 leading to escalation in the cost of the fertilizers. Resultantly, the Government of India had to pay higher amount of subsidy during 2008-09. Accordingly, Government of India released Rs. 99,494.71 crore of subsidy during 2008-09, which was Rs. 43,319.16 crore during 2007-08. As per a study made finalizing the Nutrient Based Subsidy Policy w.e.f. 1.4.2010 for decontrolled P & K fertilizers, it was estimated that the subsidy outgo of the Government has increased by 530% during 2004-09 with about 94% of the increase due to increase in international prices of fertilizers and fertilizer inputs and only 6% attributable to increase in consumption. Details of the price trend of the finished fertilize/intermediates/ raw materials from 2006-07 onwards are given in Statement-I (*See below*). Details of the subsidy released from 2001-02 to 2010-11 (Budget Estimate) is given in Statement-II (*See below*). As regard the escalation of costs compared to production of fertilizers in China, it is to be stated that China has an indigenous wide base of raw materials for fertilizers as compared to that in India.

Statement-I

*Table: Price Trend in International market Fertilizer
Market Bulletin (FMB)*

Month US\$	DAP C&FUS	MOP FOB	Urea FOB	Phosacid India C&F	Ammonia C&F	Sulphur C&F	Rock C&F	Sulphuric acid C&F Brazil
1	2	3	4	5	6	7	8	9
2006-07	342.14	171.29	270.29	461.25	304.29	76.37	79.14	NA
2007-08								
Apr-07	505.50	175.00	317.13	566.25	351.88	112.88	79.50	73.00
May-07	507.90	185.00	313.50	566.25	317.00	137.80	111.10	74.00
Jun-07	514.88	185.00	311.25	566.25	305.63	152.50	121.50	76.00
Jul-07	528.63	200.00	290.88	566.25	302.13	178.50	121.50	88.00
Aug-07	514.20	209.50	276.60	566.25	272.30	220.60	121.50	95.00
Sep-07	534.62	236.25	311.50	566.25	263.13	236.75	121.50	100.00
Oct-07	564.12	247.50	331.25	566.25	266.75	245.50	121.50	100.00

1	2	3	4	5	6	7	8	9
Nov-07	639.70	255.00	360.00	566.25	287.70	324.60	121.50	159.00
Dec-07	703.66	310.83	405.00	566.25	338.00	415.00	245.00	200.00
Jan-08	802.10	328.00	401.50	566.25	389.30	561.80	245.00	209.00
Feb-08	922.50	393.13	383.75	566.25	484.75	613.75	245.00	215.00
Mar-08	1153.00	434.37	392.00	566.25-1985	528.00	688.00	245.00	215.00
Avg 07-08	658.00	263.00	341.00	566.25	342.00	324.00	158.00	134.00
2008-09								
April-08	1319.62	515.00	452.50	1985.00	529.00	697.00	425.00	215.00
May-08	1331.87	666.87	628.75	1985.00	533.37	744.25	433.75	235.00
Jun-08	1286.75	700.00	677.50	1985.00	489.75	831.25	460.00	295.00
Jul-08	1291.90	725.00	783.00	2200-2310	571.10	846.00	384.00	360.00
Aug-08	1268.88	857.50	815.00	2200-2310	720.38	768.75	362.50	360.00
Sep-08	1162.75	933.75	777.13	2200-2310	834.25	566.25	347.50	360.00
Oct-08	985.10	945.50	436.60	1920.00	675.50	202.50	347.50	300.00
Nov-08	654.00	917.50	254.38	1700-1920	289.50	64.63	352.50	210.00
Dec-08	441.00	917.50	246.38	1200-1920	181.25	58.50	352.50	120.00
Jan-09	372.88	917.50	268.38	760-1200	168.00	57.25	301.00	50.00
Feb-09	405.25	917.50	302.13	760.00	195.50	53.50	NM	50.00
Mar-09	414.00	767.50	305.63	650-760	261.00	57.00	NM	0.00-50.00
Avg 08-09	911.17	824.44	495.62	650-2810	454.05	421.24	376.63	232.27
2009-10								
Apr-09	374.00	766.43	278.00	630.00	295.50	64.00	133.50*	10.00-50.00

1	2	3	4	5	6	7	8	9
May-09	347.33	717.50	264.63	630.00	292.25	61.75	154.38*	10.00
Jun-09	332.63	705.63	260.88	490-630	250.88	61.50	183.75**	8.13
Jul-09	347.90	594.00	266.10	490-508	227.30	57.00	182.50**	5.00
Aug-09	368.25	480.00	272.25	501-506	244.25	57.00	182.50** ***-2-5	
Sep-09	370.88	480.00	257.88	508-530	280.25	65.00	139.38** **-2-5	
Oct-09	351.70	471.50	261.50	525-532.50	313.10	65.40	141.00** ***-2-5	
Nov-09	347.75	451.25	270.00	525-532.50	335.88	71.63	136.88**	12.50
Dec-09	407.50	415.00	288.13	525-532.50	330.75	88.38	112**	20.00
Jan-10	499.13	381.25	306.88	610-627.50	327.88	139.50	142.50	35.38
Feb-10	556.25	360.00	310.00	627.5-690	354.13	199.00	142.50	70-90
Mar-10	546.00	353.75	307.50	690-775	385.38	208.50	142.50	70-95
Avg 09-10	404.26	514.69	278.64	490-775	303.13	94.89	149.45	-2-95
Apr-10	536.60	347.50	285.00	775.00	398.80	192.10	145.80	145.00
May-10	528.00	338.75	256.25	775.00	365.63	159.88	159.00	145.00
Jun-10	510.13	330.00	239.00	775.00	349.13	116.00	159.00	132.38
Jul-10	508.60	330.00	261.90	780.00	336.10	93.40	160.40	94.50
Aug-10	547.38	330.00	285.00	780.00	346.38	141.13	162.50	94.50
Sep-10	581.90	336.00	316.50	780.00	375.30	177.30	162.50	121.88
Oct-10	617.38	343.75	361.25	780.00	411.88	186.88	162.50	134.38

NM No Market

MP Multiple Prices *** (-) 2 to (+) 5

*Rock of low grade, 65-66% BPL ** Rock 70-%-72% BPL

Statement-II

Details of expenditure on subsidy/ concession during the year 2001-02 to Budget Estimates 2010-11

(Rs. in Crores)

Period	Amount of Concession disbursed on Decontrolled Fertilizers (Indigeneous + Imported)			Amount of subsidy disbursed on urea			Total for all fertilizers
	Indigenous P&K	Imported P&K	Total	Indigenous Urea	Imported Urea	Total	
2001-02	3759.52	744.00	4503.52	8044.00	147.50	8191.50	12695.02
2002-03	2487.94	736.58	3224.52	7790.00	1.16	7791.16	11015.68
2003-04	2606.00	720.00	3326.00	8521.00	0.82	8521.82	11847.82
2004-05	3977.00	1165.18	5142.18	10243.15	742.37	10985.52	16127.70
2005-06	4499.20	2096.99	6596.19	10652.57	2140.88	12793.45	19389.64
2006-07	6648.17	3649.95	10298.12	12650.37	5071.06	17721.43	28019.55
2007-08	10333.80	6600.00	16933.80	16450.37	9934.99	26385.36	43319.16
2008-09	32957.10	32597.69	65554.79	20968.74	12971.18	33939.92	99494.71
2009-10	16000.00	23452.06	39452.06	17580.25	6999.98	24580.23	64032.29
Budget Estimates	13000.00	15500.00	28500.00	15980.73	8360.00	24340.73	52840.73