

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF FERTILIZERS

RAJYA SABHA

UNSTARRED QUESTION NO. 983 TO BE ANSWERED ON: 07.12.2021

INCREASE IN PRICE OF CHEMICAL FERTILIZERS

983. SHRI DIGVIJAYA SINGH:

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

- (a) the chemical fertilizers for which prices have been increased by the Central Government during the years 2020-21 and 2021-22, the reasons responsible for increasing the price of chemical fertilizers;
- (b) the quantity of Di-Ammonium Phosphate(DAP) produced in the country and imported during the years 2020-21 and 2021-22 respectively;
- (c) the reasons responsible for reducing the bag size of 50 k.g. chemical fertilizer to 45 kg; and
- (d) whether the price of the bag has been proportionally reduced in this regard?

ANSWER

MINISTER OF CHEMICALS & FERTILIZERS AND HEALTH & FAMILY WELFARE
(SHRI MANSUKH MANDAVIYA)

(a) : Sir, Government of India has implemented Nutrient Based Subsidy (NBS) Scheme w.e.f. 1.4.2010 for Phosphatic and Potassic (P&K) fertilizers. Under the present NBS Scheme, a fixed amount of subsidy, decided on annual basis, is provided on subsidized P&K fertilizers depending on their nutrient content with an objective to make available these fertilizers to farmers at a reduced price. As the P&K are fertilizers decontrolled and under Open General License (OGL) under the NBS Scheme, MRP is fixed by fertilizer companies as per market dynamics at reasonable level. Government of India examines the reasonableness of MRP fixed by the companies and the profit earned over and above 12% treated as unreasonable and such unreasonable profit is recovered from the companies.

There has been a continuous increasing trend in the international prices of raw material of P&K Fertilizers i.e. Ammonia, Phosphoric Acid, Sulphuric Acid and the finished products i.e. DAP, MOP and Sulphur (**Annexure-I**). This can be seen in the table **annexed**. Accordingly, a special onetime package for additional subsidy have been provided on 13.10.2021 (effective from 1.10.2021 upto 31.3.2022) for DAP and 3 most consumed NPK fertilizers (10:26:26, 20:20:0:13 and 12:32:16) as the rollover of NBS rates during Rabi season may not be able to fully support the farmers justifiably in view of the extra ordinary price hike of these fertilizers.

(b) : The quantity of Di-Ammonium Phosphate(DAP) produced in the country for year 2020-21 and 2021-22 (upto Oct.) is 37.74 LMT and 20.68 LMT respectively. The quantity of Di-Ammonium Phosphate(DAP) imported in the country for year 2020-21 and 2021-22(upto Nov)is 48.82 LMT and 36.46 LMT respectively.

(c) : Since farmers mostly assess the requirement of urea in terms of bags for agriculture purpose, it was felt that if the urea is made available in 45 Kg bags instead of 50 kg, the consumption of urea may further come down by 10%. Therefore, in order to further leverage on the benefits of NCU and for promotion of balanced use of fertilisation, a CCEA Note was moved for the approval of CCEA to replace the 50 kg bag of urea by a 45 kg bag which apart from reducing the consumption of urea, was also expected to lead to monetary savings of farmers on account of less usage of urea. Accordingly, with the approval of CCEA, vide notification dated 4th September, 2017, Government of India had decided to introduce 45 kg bag of urea in place of existing 50 kg bag. However, MRP of such bag was to be notified by Department of Agriculture & Farmers Welfare(DA&FW).

(d) : The MRP of 45 Kg bag of urea has been fixed keeping in view the proportionate decrease in MRP of 45 Kg bag along-with the increase in bag cost due to increase in number of bags.

Annexure-I

\$ per MT

Month	DAP	MOP	Phosphoric Acid	Rock Phosphate	Ammoni a	Sulphur	Urea
May 21	565	280	998	123	543	216	372
Sep. 21	730	280	1160	144	625	234	513
