

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF FERTILIZERS

RAJYA SABHA

STARRED QUESTION NO. 146* TO BE ANSWERED ON: 14.03.2023

Measures to contain the price hike of fertilizers

146* SMT. JEBI MATHER HISHAM:

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

- (a) the circumstances under which the prices of fertilisers has been skyrocketed;
- (b) whether Government has taken any effective measures to contain this exorbitant price hike; and
- (c) the measures taken to ensure that the farmers will get a fair price for their agricultural produce, proportionate to the input cost incurred for fertilisers, pesticides etc.?

ANSWER

MINISTER OF CHEMICALS & FERTILIZERS AND HEALTH & FAMILY WELFARE

(DR. MANSUKH MANDAVIYA)

(a) to (c): A statement is laid on the table of the House.

STATEMENT REFERRED TO RAJYA SABHA STARRED QUESTION NO. 146 FOR 14.03.2023 REGARDING “MEASURES TO CONTAIN THE PRICE HIKE OF FERTILIZERS” TABLED BY SMT. JEBI MATHER HISHAM

(a) : Sir, the international prices of finished fertilizers as well as its intermediates/raw materials have increased considerably in last 2-3 years due to various circumstances like Covid pandemic and its after effects which has disrupted the supply-chain of fertilizers. Further, the Russia-Ukraine war has also contributed to increase in the prices of fertilizers in the international market.

(b) : Yes Sir, in view of the increased international prices of finished fertilizers as well as its raw materials, Government of India under its Nutrient Based Subsidy (NBS) scheme has increased the subsidy for P&K fertilizers considerably over these years to absorb the pressure falling on farmers. The per kg subsidy rates for nutrients viz. N, P, K and S under NBS scheme is as under:

S. No.	Nutrients	NBS (Rs. Per Kg of Nutrient) (from 01.04.2021 to 19.05.2021)	NBS (Rs. Per Kg of Nutrient) (from 20.05.2021 to 31.03.2022) **	NBS (Rs. Per Kg of Nutrient) (from 01.04.2022 to 30.09.2022)	NBS (Rs. Per Kg of Nutrient) (from 01.10.2022 to 31.3.2023)
1.	N	18.789	18.789	91.96	98.02
2.	P	14.888	45.323	72.74	66.93
3.	K	10.116	10.116	25.31	23.65
4.	S	2.374	2.374	6.94	6.12

** A special one-time package with additional subsidy has been provided (effective from 01.10.2021 to 31.3.2022) for DAP at Rs.8769/MT and 3 most consumed NPK fertilizers (10:26:26, 20:20:0:13 and 12:32:16) at Rs. 2000/MT for each grade in order to make P&K fertilizers available at affordable prices to the farmers.

NOTE: An Additional Cost on production/ imports of DAP from 25.10.2021 to 31.3.2022 within a ceiling of Rs. 8000 at no profit/ no loss was also provided so that DAP (most consumed Phosphatic fertilizers by farmers) may be made available at affordable rates to farmers.

The maximum retail price of DAP has stayed at Rs. 1200/- per bag upto Kharif 2022 and thereafter at Rs. 1350/- per bag till date. The maximum retail price of major grades of NPK fertilizers (12:32:16, 10:26:26 and 20:20:0:13) have stayed at Rs. 1470/- per bag and hence farmers have not at all been impacted by rising prices of fertilizers.

2. In addition, Urea is provided to the farmers at a statutorily notified Maximum Retails Price (MRP). The MRP of 45 kg bag of urea is Rs.242 per bag (exclusive of charges towards neem coating and taxes as applicable). The difference between the delivered cost of urea at farm gate and net market realization by the urea units is given as subsidy to the urea manufacturer/importer by the Government of India. Accordingly, all farmers are supplied urea at the mentioned subsidized rate irrespective of increase in the prices of finished fertilizers as well as its raw materials in International market.

3. Government bore the major portion of increase in international prices of fertilizers to keep the price stable and affordable to the farmers as may be seen from the rising actual expenditure on P&K fertilizers and urea during 2019-20 to 2022-23 upto (08.03.2023) as under:

Rs. In crores

FY	P&K Fertilizers	Urea
2019-20 (AE)	26335.00	57099.00
2020-21(AE)	37303.73	93857.03
2021-22 (AE)	52726.26	104870.12
2022-23 (AE)	78611.53	165810.12

4. Besides the Government also has taken measures to ensure availability of Urea and P&K fertilizers. The requirement and availability during 2021-22 and 2022-23 (till 09.03.2023) may be seen from the table as under:

	2021-22		2022-23	
	Requirement	Availability	Requirement	Availability
Urea	356.53	389.68	349.07	396.12
P&K	283.74	263.28	261.19	276.94

Therefore, Government has ensured sufficient availability of fertilizers at affordable prices to farmers.

(c): The Commission for Agricultural Costs and Prices (CACP) under Ministry of Agriculture and Farmer's Welfare is mandated to recommend Minimum Support Prices (MSPs) for 22 agricultural commodities and Fair and Remunerative Price (FRP) for Sugarcane at all India level as per the Terms of Reference given to it by the DA&FW, Ministry of Agriculture and Farmers Welfare, Vide Resolution No. A.49011/6/2009-EA dated 30th July 2009.

While recommending MSP/FRP, the Commission considers important factors like cost of production, overall demand-supply situation, price trends in domestic and global prices, inter-crop price parity, terms of trade between agriculture and non-agriculture sectors, likely impact of the price policy on the rest of the economy, rational utilization of land, water and other production resources and a minimum of 50 percent as the margin over the weighted average A2 +FL cost of production, where cost of cultivation A2 refers to all actual expenses in cash and kind incurred in production which include the cost incurred for fertilisers, pesticide, etc and rent paid for leased-in land, and cost of cultivation FL refers to imputed value of Family Labour.

Based on the methodology for recommending Minimum Support Price and Fair Remunerative Price, the Commission for Agricultural Costs and Prices has ensured offering farmers a threshold at least one and half times the cost of production of all mandated crops, as may be seen from the Projected Cost of Production (COP) A2, A2+FL, C2 and MSP & Margins therein over CoPs for latest five years i.e . 2018-19 to 2022-23 are placed at **Annexure I (a-f)**.

Annexure-I (a)

Projected Cost of Production (CoP) A2					
Year	2018-19	2019-20	2020-21	2021-22	2022-23
Kharif Crops					
Paddy@	865	894	930	980	1052
Jowar^^	1241	1263	1287	1351	1476
Bajra	583	617	663	697	737
Maize	806	844	892	938	1007
Ragi	1446	1583	1663	1690	1690
Tur (Arhar)	2488	2677	2824	2986	3234
Moong	2958	2884	2972	3110	3261
Urad	2420	2605	2787	2918	3203
Groundnut	2615	2769	2868	3025	3244
Soybean\$	1879	2027	2138	2215	2413
Sunflower	3056	3139	3211	3373	3390
Sesamum	2682	2767	2941	3077	3158
Nigerseed	1744	1736	1988	2062	1858
Cotton#	2700	2781	2920	3054	3308
Rabi Crops					
Wheat	673	724	763	807	851
Barley	540	585	629	673	704
Gram	2144	2267	2296	2346	2476
Lentil(Masur)	1945	2034	2169	2303	2399
R&M	1385	1495	1603	1724	1831
Safflower	2503	2951	2939	3013	2954
Other Crops					
Sugarcane~	122	121	129	131	139
Copra**	5161	5417	5626	5855	5955
Jute	1636	1870	2002	2016	2072

*The figure related to sunflower and sesamum are the ranges of CoP for the states

@' The projected CoP A2+FL is for Common Paddy

^^' The projected CoP A2+FL is for Hybrid Jowar

\$ The projected CoP A2+FL is for Soybean (Yellow)

The projected CoP A2+FL is for Cotton medium Staple

**The projected CoP A2+FL is for Milling Copra

~From 2012-13 to 2017-18 CoP & FRP is at 9.5% sugar recovery rate, from 2018-19 to 2021-22 CoP & FRP are at 10% sugar recovery rate and for 2022-23 CoP & FRP are at 10.25% Sugar Recovery Rate

Projected Cost of Production(CoP) A ₂ +FL					
Year	2018-19	2019-20	2020-21	2021-22	2022-23
Kharif Crops					
Paddy@	1166	1208	1245	1293	1360
Jowar^^	1619	1698	1746	1825	1977
Bajra	990	1083	1175	1213	1268
Maize	1130	1171	1213	1246	1308
Ragi	1931	2100	2194	2251	2385
Tur (Arhar)	3431	3636	3796	3886	4131
Moong	4650	4699	4797	4850	5167
Urad	3437	3477	3660	3816	4155
Groundnut	3259	3394	3515	3699	3873
Soybean\$	2266	2473	2587	2633	2805
Sunflower	3592	3767	3921	4010	4113
Sesamum	4166	4322	4570	4871	5220
Nigerseed	3917	3960	4462	4620	4858
Cotton#	3432	3501	3676	3817	4053
Rabi Crops					
Wheat	866	923	960	1008	1065
Barley	859	919	971	1019	1082
Gram	2637	2801	2866	3004	3206
Lentil(Masur)	2531	2727	2864	3079	3239
R&M	2211	2323	2415	2523	2670
Safflower	3294	3470	3551	3627	3765
Other Crops					
Sugarcane~	155	156	159	155	162
Copra**	6347	6639	6805	6974	7153
Jute	2267	2535	2709	2832	2959

*The figure related to sunflower and sesamum are the ranges of CoP for the states

@' The projected CoP A₂+FL is for Common Paddy

^^' The projected CoP A₂+FL is for Hybrid Jowar

\$ The projected CoP A₂+FL is for Soybean (Yellow)

The projected CoP A₂+FL is for Cotton medium Staple

**The projected CoP A₂+FL is for Milling Copra

~ From 2018-19 to 2021-22 CoP & FRP are at 10% sugar recovery rate and for 2022-23 CoP & FRP are at 10.25% Sugar Recovery Rate

Projected Cost of Production (CoP) C ₂					
Year	2018-19	2019-20	2020-21	2021-22	2022-23
Kharif Crops					
Paddy@	1560	1619	1667	1727	1805
Jowar^^	2183	2324	2393	2478	2676
Bajra	1324	1463	1555	1579	1684
Maize	1480	1570	1606	1654	1713
Ragi	2370	2672	2763	3704	3198
Tur (Arhar)	4981	5417	5464	5291	5601
Moong	6161	6359	6289	6110	6486
Urad	4989	5460	5570	5133	5641
Groundnut	4186	4352	4512	4732	4941
Soybean\$	2972	3422	3513	3439	3724
Sunflower	4501	4957	5079	5027	5392
Sesamum	6053	6125	6215	6653	7304
Nigerseed	5135	5913	6525	6441	6424
Cotton#	4514	4678	4935	5169	5397
Rabi Crops					
Wheat	1339	1425	1467	1518	1575
Barley	1247	1347	1404	1439	1487
Gram	3838	4023	4012	4117	4341
Lentil(Masur)	4215	4286	4204	4422	4608
R&M	3277	3401	3470	3506	3740
Safflower	4072	4593	4908	5050	5135
Other Crops					
Sugarcane~	217	220	225	224	235
Copra**	8510	8933	9286	9793	10343
Jute	3023	3355	3561	3665	3801

*The figure related to sunflower and sesamum are the ranges of CoP for the states

@' The projected CoP C₂ is for Common Paddy

^^' The projected CoP C₂ is for Hybrid Jowar

\$ The projected CoP C₂ is for Soybean (Yellow)

The projected CoP C₂ is for Cotton Medium Staple

**The projected CoP C₂ is for Milling Copra

~From 2012-13 to 2017-18 CoP & FRP is at 9.5% sugar recovery rate, from 2018-19 to 2021-22 CoP & FRP are at 10% sugar recovery rate and for 2022-23 CoP & FRP are at 10.25% Sugar Recovery Rate

Minimum Support Price (MSP)					
Year	2018-19	2019-20	2020-21	2021-22	2022-23
Kharif Crops					
Paddy@	1750	1815	1868	1940	2040
Jowar^^	2430	2550	2620	2738	2970
Bajra	1950	2000	2150	2250	2350
Maize	1700	1760	1850	1870	1962
Ragi	2897	3150	3295	3377	3578
Tur (Arhar)	5675	5800	6000	6300	6600
Moong	6975	7050	7196	7275	7755
Urad	5600	5700	6000	6300	6600
Groundnut	4890	5090	5275	5550	5850
Soybean\$	3399	3710	3880	3950	4300
Sunflower	5388	5650	5885	6015	6400
Sesamum	6249	6485	6855	7307	7830
Nigerseed	5877	5940	6695	6930	7287
Cotton#	5150	5255	5515	5726	6080
Rabi Crops					
Wheat	1840	1925	1975	2015	2125
Barley	1440	1525	1600	1635	1735
Gram	4620	4875	5100	5230	5335
Lentil(Masur)	4475	4800	5100	5500	6000
R&M	4200	4425	4650	5050	5450
Safflower	4945	5215	5327	5441	5650
Other Crops					
Sugarcane~	275	275	285	290	305
Copra**	9521	9960	10335	10590	10860
Jute	3700	3950	4225	4500	4750

Above MSP figures are inclusive of bonus wherever applicable

@' The MSP is for Common Paddy

^^' The MSP is for Hybrid Jowar

\$ The MSP is for Soybean (Yellow)

The MSP is for Cotton Medium Staple

**The MSP is for Milling Copra

~from 2018-19 to 2021-22 CoP & FRP are at 10% sugar recovery rate and for 2022-23 CoP & FRP are at 10.25% Sugar Recovery Rate

Percentage Gross Margin Over Projected CoP A ₂ +FL					
Year	2018-19	2019-20	2020-21	2021-22	2022-23
Kharif Crops					
Paddy@	50.1	50.2	50.0	50.0	50.0
Jowar^^	50.1	50.2	50.1	50.0	50.2
Bajra	97.0	84.7	83.0	85.5	85.3
Maize	50.4	50.3	52.5	50.1	50.0
Ragi	50.0	50.0	50.2	50.0	50.0
Tur (Arhar)	65.4	59.5	58.1	62.1	59.8
Moong	50.0	50.0	50.0	50.0	50.1
Urad	62.9	63.9	63.9	65.1	58.8
Groundnut	50.0	50.0	50.1	50.0	51.0
Soybean\$	50.0	50.0	50.0	50.0	53.3
Sunflower	50.0	50.0	50.1	50.0	55.6
Sesamum	50.0	50.0	50.0	50.0	50.0
Nigerseed	50.0	50.0	50.0	50.0	50.0
Cotton#	50.1	50.1	50.0	50.0	50.0
Rabi Crops					
Wheat	112.5	108.6	105.7	99.9	99.5
Barley	67.6	65.9	64.8	60.5	60.4
Gram	75.2	74.0	77.9	74.1	66.4
Lentil(Masur)	76.8	76.0	78.1	78.6	85.2
R&M	90.0	90.5	92.5	100.2	104.1
Safflower	50.1	50.3	50.0	50.0	50.0
Sugarcane	77.4	76.3	79.2	87.1	88.3
Copra**	50.0	50.0	51.9	51.8	51.8
Jute	63.2	55.8	56.0	58.9	60.5

Percentage Gross Margin Over Projected CoP C ₂					
Year	2018-19	2019-20	2020-21	2021-22	2022-23
Kharif Crops					
Paddy@	12.18	12.11	12.06	12.33	13.02
Jowar^^	11.31	9.72	9.49	10.49	10.99
Bajra	47.28	36.71	38.26	42.50	39.55
Maize	14.86	12.10	15.19	13.06	14.54
Ragi	22.24	17.89	19.25	12.42	11.88
Tur (Arhar)	13.93	7.07	9.81	19.07	17.84
Moong	13.21	10.87	14.42	19.07	19.57
Urad	12.25	4.40	7.72	22.74	17.00
Groundnut	16.82	16.96	16.91	17.29	18.40
Soybean\$	14.37	8.42	10.45	14.86	15.47
Sunflower	19.71	13.98	15.87	19.65	18.69
Sesamum	3.24	5.88	10.30	9.83	7.20
Nigerseed	14.45	0.46	2.61	7.59	13.43
Cotton#	14.09	12.33	11.75	10.78	12.66
Rabi Crops					
Wheat	37.42	35.09	34.63	32.74	34.92
Barley	15.48	13.21	13.96	13.62	16.68
Gram	20.38	21.18	27.12	27.03	22.90
Lentil(Masur)	6.17	11.99	21.31	24.38	30.21
R&M	28.17	30.11	34.01	44.04	45.72
Safflower	21.44	13.54	8.54	7.74	10.02
Sugarcane	26.73	25.00	26.67	29.46	29.79
Copra**	11.88	11.50	11.30	8.14	5.00
Jute	22.39	17.73	18.65	22.78	24.97
