

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF FERTILIZERS

RAJYA SABHA

UNSTARRED QUESTION NO. 842 TO BE ANSWERED ON : 03.12.2024

Pricing of fertilizers and farmers' woes

842. SHRI SANJAY RAUT:

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

- (a) the manner in which Government plans to mitigate the impact of high international prices for raw materials used in fertilizer production and whether there is a strategy to shield farmers from rising costs;
- (b) whether Government will consider price control measures or additional subsidies if fertilizer prices continue to rise; and
- (c) the impact of the Russia-Ukraine conflict on the availability and pricing of fertilizers in the country and the manner in which Government is working to diversify its sources?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS

(SMT. ANUPRIYA PATEL)

(a) to (c): Urea is provided to the farmers at a statutorily notified Maximum Retail Price (MRP) irrespective of the cost of production. The subsidized MRP of 45 kg bag of urea is Rs.242 per bag (exclusive of charges towards neem coating and taxes 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 being supplied urea at the subsidized rates.

In case of Phosphatic and Potassic (P&K) fertilizers, Government has implemented Nutrient Based Subsidy (NBS) Policy w.e.f. 1.4.2010. Under the policy, a fixed amount of subsidy, decided on annual/bi-annual basis, is provided to manufacturer / importer on subsidized P&K fertilizers depending on their nutrient content i.e. Nitrogen (N), Phosphorus (P), Potassium (K) and Sulphur (S) to improve availability of fertilizers to farmers. Import of P&K fertilizers is decontrolled and companies are free to import / produce fertilizer raw materials, intermediaries and finished fertilizers as per their business dynamics. However, the Government monitors international prices of key fertilizers and raw materials and fluctuations, if any, are subsumed while fixing NBS rates for P&K fertilizers annually / bi-annually.

The Government has ensured smooth availability of fertilizers at affordable prices despite recent geo-political situations due to Russia - Ukraine war by providing special packages over and above the NBS subsidy rates on need basis so that Maximum Retail Price (MRP) of the fertilizers remains stable and market volatility are subsumed. The Government has provided special / additional packages over and above NBS rates twice in Rabi 2021-22, then in Kharif 2022, Rabi 2022-23, Kharif & Rabi 2024.

Further, in order to diversify its sources, Government of India engages with fertilizer resource rich countries and facilitates signing of Long Term Agreements between Indian fertilizer companies and suppliers from resource rich countries for the supply of fertilizers / intermediates / raw materials to India.
