

MARKET-LINKING OF FERTILIZER PRICES

Relevant for: Indian Economy | Topic: Issues related to direct & indirect Farm Subsidies and MSP

Ministry of Chemicals and Fertilizers

Market-linking of fertilizer prices

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As far as market-linking of urea prices is concerned, the MRP of urea is statutorily fixed by the Government. The MRP of 45 kg bag of urea is Rs.242 per bag (exclusive of charges towards neem coating and taxes as applicable) and the MRP of 50 kg bag of urea is Rs.268 per bag (exclusive of charges towards neem coating and taxes as applicable).

As far as market-linking of P&K fertilizers is concerned, the Government has implemented Nutrient Based Subsidy (NBS) Policy w.e.f. 1.4.2010 for Phosphatic and Potassic (P&K) Fertilizers. Under the NBS Policy, the Government announces a fixed rate of subsidy (in Rs. per Kg basis), on each nutrient of subsidized P&K fertilizers, namely Nitrogen (N), Phosphate (P), Potash (K) and Sulphur (S), on annual basis taking into account all relevant factors including international prices, exchange rate, inventory level and prevailing Maximum Retail Prices of P&K fertilizers. The per Kg subsidy rates on the nutrients N, P, K, S is converted into per Tonne subsidy on the various subsidized P&K fertilizers covered under NBS Policy. Under the Policy, MRP of P&K fertilizers has been left open and fertilizer manufacturers/marketers are allowed to fix the MRP at reasonable rates as per market dynamics. At present 21 grades of P&K fertilizers namely DAP, MAP, TSP, MOP, Ammonium Sulphate (produced by M/s FACT and M/s GSFC), SSP and 15 grades of NPKS complex fertilizers are covered under the NBS Policy.

As far as the role and extent of the Private Sector in Fertilizer production is concerned, Private Sector is producing 44.46% of total Urea Production; 56.58% of Di Ammonium Phosphate(DAP) of the total DAP production; and 57.49% of Complex Fertilizers of the total Complex Fertilizers produced in 2019-20 (upto Oct., 2019).

As far proposal to revamp any fertilizer PSU in West Bengal is concerned, at present, there is no proposal under consideration of Government of India to revamp any existing fertilizer PSU in West Bengal. However, CCEA in its meeting held on 04.08.2011 approved revival of closed units of FCIL and HFCL. Presently Barauni unit of HFCL and Sindri, Gorakhpur, Ramagundam and Talcher units of FCIL are being revived. Decision on revival of Haldia and Durgapur units of HFCL would be taken after viewing the progress of revival of above mentioned units of FCIL/HFCL, based on the assessment of demand-supply gap of urea in the country.

This information was given in a written reply by the Union Minister of Chemicals & Fertilizers, Shri. D.V.Sadananda Gowda in Rajya Sabha today.

RCJ/PK

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