

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:2991
ANSWERED ON:11.03.2003
DECONTROLLED SEGMENT OF THE FERTILIZER INDUSTRY
YEMPARALA VENKATESWARA RAO

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

(a) Whether it is a fact that the State Government of Andhra Pradesh has recommended that in the decontrolled segment of the fertilizer industry there should be only one single subsidy for all NPK/phosphate fertilizers manufacturers; and

(b) if so, the details thereof and the final decision taken in this regard? THE

Answer

THE MINISTER OF STATE IN MINISTRY OF CHEMICALS AND FERTILIZERS (Dr. CHHATTRA PAL SINGH)

(a) Yes, sir.

(b) Earlier, the concession rate of various grades of NPK fertilizers was being derived based on concession rates of DAP and MOP. The Government entrusted a cost price study of NPK fertilizers to Tariff Commission to arrive at the normative delivered price of complex fertilizers. Tariff Commission in its report submitted to Government recommended separate price of nutrient 'N' content for the units using imported ammonia or gas based ammonia and units sourcing ammonia through naphtha/ fuel oil for manufacturing NPK fertilizers. The Government of India after examination of the report has decided to implement the report after suitable modifications, in the recommendations of the Tariff Commission w.e.f.1.4.2002. Under the revised policy, the per unit cost of 'N' of complex manufacturing units using ammonia through naphtha/ fuel oil is fixed higher than the other units on account of costlier feedstock compared to gas or imported ammonia.