

Business Standard

FAI seeks hike in urea prices, decontrol of fertilisers

Says subsidy saved by increasing retail price of urea can be used for development of agriculture and welfare of farmers

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Fertiliser industry body FAI has sought from the government an increase in urea prices and decontrol of the sector.

"In last 10 years urea the price has not been increased whereas the cost of production is continuously going up. So, there is a need for rationalistic approach towards pricing of the soil nutrient and an appropriate hike in price is must," FAI Director General Satish Chander told PTI.

Urea is the most commonly used soil nutrient and its retail price is fixed at Rs 5,360 per tonne, the balance between cost of production (retention price) and selling price is paid as subsidy to the manufacturers.

In its pre-budget wish list, the Fertiliser Association of India, which the body has shared with both the fertiliser as well as the finance ministry has elaborated that subsidy saved by increasing retail price of urea can be used for development of agriculture and welfare of farmers in the country.

It said as the prices of urea are fixed and lower compared to decontrolled complex fertilisers phosphorus (P) potassium (K), it has led to unbalanced use of urea in place of P&K.

"Micro-management of the industry needs to be avoided. Government should actually look at liberating (decontrolling) the overall fertiliser industry for providing better products and services to the farmers," Chander added.

FAI also demanded that budget allocation for 2014-15 should be adequate and realistic to take care of the requirement of subsidy including the carry forward of unpaid subsidy from previous year.

Currently, it said, payment of balance subsidy (10 and 15% of P and K fertilisers respectively) and 5 per cent of urea is pending since the last 2 years.

There is also a need for elimination of customs duty on import of raw materials to enable domestic P&K industry become competitive.