

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF FERTILIZERS
RAJYA SABHA

UNSTARRED QUESTION NO. 194 TO BE ANSWERED ON: 05.12.2023

High cost of fertilizer impact

194 SHRI K. R. SURESH REDDY:

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

- (a) whether Government has taken note of the fact that the country imports a sizable portion of key raw materials as well as finished fertilizers; and
- (b) if so, the details of the steps that are proposed to be taken by Government, keeping in mind that the country cannot sustain the current cost of fertilizer imports and needs to cap its consumption of urea, diammonium phosphate (DAP) and Muriate of potash (MOP)?

ANSWER

MINISTER OF STATE FOR CHEMICALS AND FERTILIZERS

(SHRI BHAGWANTH KHUBA)

(a) & (b): The year-wise fertilizers (Urea, DAP, MOP & NPK) imported by the country during the last five years is as follow:

| Year | Urea | DAP | MOP | NPK |
|----------------|-------|--------------------------|-------|-------|
| | | As reported by companies | | |
| 2018-19 | 74.81 | 66.02 | 42.14 | 5.46 |
| 2019-20 | 91.23 | 48.70 | 36.70 | 7.46 |
| 2020-21 | 98.28 | 48.82 | 42.27 | 13.90 |
| 2021-22 | 91.36 | 54.62 | 24.60 | 11.70 |
| 2022-23 | 75.80 | 65.83 | 18.66 | 27.52 |

So far as urea is concerned, Natural gas is the primary raw material used as feedstock as well as fuel oil. As Natural gas is not abundantly available in the Country, around 80% of the total requirement of natural gas of the Urea Manufacturing units are fulfilled by imported Natural gas. Department of Fertilizers actively monitors the cost of natural gas to the urea manufacturing units and issues directions to the urea manufacturing units for procuring cheaper gas from time to time.

There is no such proposal for capping the consumption of urea. However, steps have been taken to reduce the imports of the Urea by means of facilitating the setting up of 6 new urea plants under New Investment Policy-2012 and optimizing the urea production from the existing urea units under New Urea Policy-2015. These two policies have together increased the production of urea from the level of around 225 LMT during FY 2014-15 to around 285 LMT during FY 2022-23.

With a view to enhance the production capacity of Urea in the country. Government of India mandated revival of Ramagundam (Telangana), Gorakhpur (Uttar Pradesh), Sindri (Jharkhand) and Talcher (Odisha) units of Fertilizer Corporation of India (FCIL) and Barauni (Bihar) unit of Hindustan Fertilizer Corporation Ltd (HFCL) through Joint Venture Company (JVC) of nominated PSUs for setting up new ammonia-urea plants of 12.7 LMTPA capacity each Ramagundam, Gorakhpur, Barauni and Sindri units have started urea production w.e.f. 22.03.2021, 07.12.2021, 18.10.2022 and 05.11.2022 respectively, thereby added 50.8 LMTPA urea production capacity in the country. It would result in reduced urea import to that extent.

The P&K fertilizers are covered under Open General License (OGL) regime and are imported by the companies on commercially viable terms. These are provided to the farmers under NBS policy. Keeping in view the volatility in international prices of key fertilizers, the price situation is reviewed from time to time and subsidy has been fixed biannually and even quarterly keeping in view the demand supply scenario and other factors under the policy. Further to encourage use of indigenously manufactured fertilizers freight subsidy on SSP, has been made applicable for Kharif and Rabi 2023-24. This will help in promotion of SSP usage for providing Phosphatic or "P" nutrient to the soil. Besides, Potash derived from Molasses (PDM) which is another 100% indigenously manufactured fertilizer was notified under Nutrient based subsidy (NBS) regime in Rabi 2021 and after issue of induction guidelines two companies have been inducted under the scheme.

Further, several DAP/NPK fertilizer plant have been granted permission such as that of M/s. Madhya Bharat Agro product Limited Unit-II, Banda Sagar, MP with production capacity of 2,40,000 MT per annum and DAP/NPK fertilizers plant of M/s. Krishna Phoschem Ltd., Meghnagar, MP with production capacity of 3,30,000 MT per annum.
