

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF FERTILIZERS

RAJYA SABHA

UNSTARRED QUESTION NO. 1616 TO BE ANSWERED ON : 10.12.2024

Steps taken to reduce the GST on micronutrients and raw materials

1616. SHRI P WILSON:

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

- (a) whether Government has taken any steps to reduce GST on micronutrients and raw materials as recommended by the Standing Committee on Chemicals and Fertilizers, if so, the details thereof;
- (b) if not, the reason therefor; and
- (c) whether Government has taken any steps to increase the production of fertilisers to reduce import and meet demand, if so, the details of schemes announced to increase the domestic production?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS

(SMT. ANUPRIYA PATEL)

(a) & (b): The recommendations of the Standing Committee on Chemicals and Fertilizers regarding reduction of GST on micronutrients and raw materials was taken to 53rd GST Council which has referred the matter to Group of Ministers (GoM) on Rate Rationalisation for a holistic view.

(c): Under New Investment Policy (NIP), to facilitate fresh investment in the urea sector and to make India self-sufficient, 6 new urea units have been set up with a production capacity of 12.7 Lakh MT each. Further, an exclusive policy for the revival of Talcher unit of FCIL through JVC of nominated PSUs namely Talcher Fertilizers Limited (TFL) by setting up a new Greenfield urea plant of 12.7 LMTPA at coal gasification route has also been approved. In addition, the Government also notified the New Urea Policy (NUP) – 2015 on 25th May, 2015 for the existing 25 gas-based urea units with one of the objectives of maximizing indigenous urea production. These steps together have facilitated increase of Urea production from level of 225 LMT per annum during 2014-15 to a record Urea Production at 314.09 LMT during 2023-24.

In case of Phosphatic & Potassic fertilizers (P&K), the companies are free to import /produce fertilizer raw materials, intermediaries and finished fertilizers as per their business dynamics. Based on the requests, the new manufacturing units or

increase in manufacturing capacity of existing units have been recognized / taken on record under the NBS subsidy scheme, with a view to boost manufacturing and make country self-reliant in fertilizer production. Further, to promote Potash derived from Molasses (PDM) which is 100% indigenously manufactured fertilizer, it has been notified under Nutrient based subsidy (NBS) regime w.e.f 13.10.2021. Also, freight Subsidy on SSP, which is an indigenously manufactured fertilizer, has been made applicable since Kharif 2022 to help in promotion of SSP usage for providing Phosphatic or “P” nutrient to the soil. These steps have facilitated increase in production of P&K fertilizers from 159.54 LMT in 2014-15 to 182.85 LMT in 2023-24.
