GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF FERTILIZERS

RAJYA SABHA

UNSTARRED QUESTION **NO. 1938** TO BE ANSWERED ON **: 18.03.2025**

Increase in the cost of imported fertilizers

1938. SHRI NEERAJ DANGI:

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

(a) whether the cost of imported fertilizers in the country has currently increased due to the increase in global fertilizer prices, if so, the details of the fertilizer subsidy;
(b) the expenditure incurred by Government on fertilizer subsidy during the year 2024-25 and the amount expected to be spent in the current year;
(c) the steps being taken by Government to increase production and ensure affordable supply amid global instability;
(d) the reasons for the failure of indigenous fertilizer production to meet its target; and
(e) the details of policies adopted by Government to promote self-sufficiency in the field of fertilizers?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS
(SMT. ANUPRIYA PATEL)

(a): Under Urea Subsidy Scheme, Urea is presently provided to the farmers at a statutorily notified Maximum Retail Price (MRP). The MRP of 45 kg bag of urea is Rs.242 per bag (exclusive of charges towards neem coating and taxes as applicable). The difference between the delivered cost of urea at farm gate and net market realization by the urea units is given as subsidy to the urea manufacturer/importer by the Government of India. Accordingly, all farmers in the country are supplied urea at the subsidized rates and thereby are beneficiaries of this scheme.

In case of Phosphatic and Potassic (P&K) fertilizers, Government has implemented Nutrient Based Subsidy (NBS) Policy w.e.f. 01.04.2010. Under the policy, a fixed amount of subsidy, decided on annual/bi-annual basis, is provided to manufacturer / importer on subsidized P&K fertilizers depending on their nutrient content i.e. Nitrogen (N), Phosphorus (P), Potassium (K) and Sulphur (S) to improve availability of fertilizers to farmers. Under NBS scheme, The P&K sector is decontrolled, fertilizer companies are allowed to fix MRP at reasonable levels which is monitored by the Government. The fertilizer companies are free to import / produce fertilizer raw materials, intermediaries and finished fertilizers as per their business dynamics. In view of price volatility in international prices of key fertilizers and raw materials, the Government has subsumed fluctuations, if any, while fixing NBS rates for P&K fertilizers annually/bi-annually. Details of average MRPs of key

imported P&K fertilizers and fertilizer Subsidy in Rabi 2024-25 are placed at **Annexure .**

(b): The Revised Estimate of the subsidies for Financial Year 2024-25 is Rs. 1,74,663 Crores against which an expenditure of Rs. 1,70,034.59 Crores has been incurred by Government as on 10.03.2025.

(c) & (e): The total indigenous production of urea in the country does not commensurate to the demand/requirement of urea. Therefore, the gap between demand/requirement and production of fertilizers is met through imports.

The Government had announced New Investment Policy (NIP) – 2012 on 2nd January, 2013 and its amendment on 7th October, 2014 to facilitate fresh investment in the urea sector and to make India self-sufficient in the urea sector. Total 6 new urea units have been set up under NIP-2012 which includes 4 urea units set up through Joint Venture Companies (JVC) of nominated PSUs and 2 urea units set up by the private companies. The units set up through JVC are Ramagundam urea unit of Ramagundam Fertilizers and Chemicals Ltd (RFCL) in Telangana and 3 urea units namely Gorakhpur, Sindri and Barauni of Hindustan Urvarak & Rasayan Limited (HURL) in Uttar Pradesh, Jharkhand and Bihar, respectively. The units set up by private companies are Panagarh urea unit of Matix Fertilizers and Chemicals Ltd. (Matix) in West Bengal; and Gadepan-III urea unit of Chambal Fertilizers and Chemicals Ltd. (CFCL) in Rajasthan. Each of these units has installed capacity of 12.7 Lakh Metric Tonne per annum (LMTPA). These units are highly energy efficient as they are based on latest technology. Therefore, these units have together added urea production of 76.2 LMTPA thereby total production urea production capacity (RAC) has increased from 207.54 LMTPA during 2014-15 to 283.74 LMTPA in 2023-24.

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. The NUP-2015 has led to additional production of urea by 20-25 LMTPA as compared to the production during 2014-15.

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 314.07 LMT during 2023-24 including a beyond RAC production of around 42 LMT.

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.

To ensure timely and adequate supply of fertilizers in the country, before the commencement of each cropping season, Department of Agriculture and Farmers Welfare (DA&FW), in consultation with all the State Governments, assesses the state-wise & month-wise requirement of fertilizers. On the basis of requirement projected, Department of Fertilizers allocates sufficient/ adequate quantities of fertilizers to States by issuing monthly supply plan and continuously monitors the availability. The movement of all major subsidized fertilizers is monitored throughout the country by an on-line web based monitoring system called integrated Fertilizer Monitoring System (iFMS). Regular Weekly Video Conference is conducted jointly by DA&FW and D/o Fertilizers with State Agriculture Officials and corrective actions are taken to dispatch fertilizers as indicated by the State Governments. The gap between demand (requirement) and production of fertilizers is met through imports. The import for the season is also finalized well in advance to ensure timely availability.

(d): The shortfall in the production of fertilizers can be attributed to several factors. For urea production, key reasons include plant shutdowns for annual maintenance and turnaround jobs, a shortage of raw materials and feedstock, Carbon Di-oxide limitations due to ammonia plant shutdowns, non-availability of rakes, and silo space limitations. Additionally, plant shutdowns for implementing energy-saving schemes and issues such as the failure of the outer shell course of the multi-layered urea reactor, and the shearing-off of the process gas outlet line of the synthesis gas boiler to the BFW preheater to the hot exchanger, have contributed to the reduced production. Other factors include plants operating under low loads due to high stock, stoppages in gas supply, reduced load operation of ammonia plants due to higher journal bearing temperatures, plant load optimization in line with approved annual capacity, and rising raw material costs.

For the low production of DAP and complex fertilizers, several factors also come into play. Marketing constraints, high stock of finished goods and a lack of sufficient manpower have been limiting factors. Additionally, regular maintenance jobs, annual turnarounds, and raw material shortages have contributed to lower production levels. Silo space limitations, higher raw material costs, and natural calamities like floods have further impacted production efficiency.

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Annexure

Annexure referred to in reply to part (a) of Rajya Sabha Unstarred Question No. 1938 for answering on 21.03.2025

Details of average MRPs of key imported P&K fertilizers and fertilizer Subsidy in Rabi 2024-25 (in Rs. per MT)				
Imported Fertilizer Grade	**2023-24**	**2024-25 (till date)**	**Subsidy in Kharif 2024 (01.04.2024-30.09.2024)**	**Subsidy in Rabi 2024-25 (01.10.2024-31.03.2025)**
Imported DAP	27000.00	27000.00	21676.00	21911.00
Imported MOP	33987.89	31151.18	1427.00	1427.00
Imported 20-20-0-13	25982.84	25207.81	15395.00	14993.00
Imported 12-32-16	30688.98	29677.13	15214.00	15399.00
Imported 10-26-26	29339.92	30164.45	12788.00	12928.00

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