

**GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF FERTILIZERS**

RAJYA SABHA

UNSTARRED QUESTION NO. # 1787 TO BE ANSWERED ON 05.08.2025

Initiatives for increase in fertilizer production

#1787: Shri Subhash Barala:

Smt. Mamata Mohanta:

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

- (a) the initiatives taken so far to increase fertilizer production and to encourage its use among farmers; and
- (b) the measures taken to control the rising input costs in the agricultural sector and to increase the sustainability of agriculture?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS

(SMT. ANUPRIYA PATEL)

(a): With regard to Urea, 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 capacity of 76.2 LMTPA, thereby total indigenous Urea production capacity (Reassessed Capacity, RAC) has increased from 207.54 LMTPA during 2014-15 to 283.74 LMTPA during 2023-24. 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. Recently, the Union Cabinet has approved the proposal for setting up of a new Brownfield Ammonia-Urea Complex of 12.7 Lakh Metric Tonnes (LMT) annual capacity of Urea production within the existing premises of Brahmaputra Valley Fertilizer Corporation Limited (BVFCL), Namrup, Assam.

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 beyond RAC. The NUP-2015 has led to additional production of Urea by 20-25 LMT as compared to the production during 2014-15 annually.

Above steps together have facilitated increase of Urea production from level of 225 LMT per annum during 2014-15 to 306.67 LMT of Urea during 2024-25.

Further, the Government has implemented Nutrient Based Subsidy Policy w.e.f. 01.04.2010 for Phosphatic and Potassic (P&K) Fertilizers. Under the policy, a fixed amount of subsidy, decided on annual/bi-annual basis, is provided on notified P&K fertilizers depending on their nutrient content. Under NBS policy, P&K fertilizers are covered under Open General License (OGL) and companies are free to import these fertilizers as per their business dynamics.

To become self-reliant in production of fertilizers, following measures have been taken by the Government:

(i) 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.

(ii) The number of P&K fertilizers covered under NBS policy has increased from 22 grades in 2021 to 28 grades with a view to boost manufacturing and make country self-reliant in fertilizer production.

(iii) Freight Subsidy on SSP, which is an indigenously manufactured fertilizer, is applicable since Kharif, 2022 to promote SSP usage for providing Phosphatic or 'P' nutrient to the soil.

(b): 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 of the country are supplied Urea at the subsidized rates and thereby are beneficiaries of this scheme.

Under NBS Scheme, MRP is fixed by fertilizer companies as per market dynamics at reasonable level which is monitored by the Government. However, to ensure affordability, special provisions like Rs. 3500 per MT to cover 'Other Costs' which includes costs incurred from factory gate to farm gate, advantage / disadvantage due to increase / decrease in international prices, provision for GST component included in the MRP and provision for reasonable return @ 4% of net MRP (MRP-GST) have been extended to both imported and domestic DAP and imported TSP over and above NBS subsidy for Kharif 2025 season.
