GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF FERTILIZERS

RAJYA SABHA

UN-STARRED Question No. **1786** TO BE ANSWERED ON **04.08.2026**

NIPU-2026 FOR ATMANIRBHAR BHARAT

1786. **Dr. Satish Poonia**:

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

a) the salient features of the National Investment Policy for Urea-2026 (NIPU-2026) approved by Government and the objectives sought to be achieved thereunder;

b) the measures proposed under the Policy to promote new investments in gas-based urea manufacturing units and enhance domestic urea production;

c) the manner in which the Policy is expected to improve transparency, provide a viable return on investment and reduce foreign exchange risks for investors; and

d) the expected impact of NIPU-2026 on achieving self-reliance in urea production, reducing imports and ensuring long-term fertilizer security for farmers

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS

(SMT. ANUPRIYA PATEL)

(a) to (d): The Cabinet Committee on Economic Affairs (CCEA) has approved National Investment Policy for Urea-2026 for Atmanirbhar Bharat (NIPU-2026 for Atmanirbhar Bharat) on 15th July 2026 and the policy was notified by Government on 30th July 2026 to achieve self-reliance in urea production, reducing imports and ensuring long-term fertilizer security for farmers. The salient features of NIPU-2026 for Atmanirbhar Bharat is placed at **Annexure.**

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ANNEXURE

Annexure referred to in reply to part (a) to (d) of Rajya Sabha Unstarred Question No 1786 for answering on 04.08.2026

No. 12012/2/2025-UPP (E.39378)
Government of India Ministry of Chemicals & Fertilizers
Department of Fertilizers

Kartavya Bhawan-2, New Delhi
Dated the 30th July 2026

To

I. All Chief Secretaries of State Governments
2. CMDs/MDs of all Urea manufacturing units
3. CMD/MDs of GAIL, FACT, IOCL, Ostwal Group

Subject: National Investment Policy for Urea-2026 for Atmanirbhar Bharat (NIPU-2026)

Sir/Madam,

I am directed to convey the approval of the Government of India for the National Investment Policy for Urea-2026 for Atmanirbhar Bharat (NIPU-2026), with the objective of facilitating fresh investments *in* the Urea sector. The salient features of NIPU-2026 are as follows:

1. It provides a structure of a floor price and a ceiling price for the amount payable to Urea units, which will be calculated based on the delivered gas price (inclusive of charges & taxes) and the fixed cost of the unit. The floor price makes the investment financially viable by providing minimum return on equity and the ceiling price limits the amount of profit that the units may make, given that the entire viability of the units is being enabled by the outgo of subsidy from the exchequer. The floor and ceiling price of each urea unit shall be operative with respect to the computed Import Parity Price (IPP) (as defined at **Annexure-1).** For this purpose, the IPP is the average C&F price without any applicable custom duties and handling & bagging charges at the port. If the computed IPP (payable) falls between the applicable floor and ceiling price, the computed IPP (payable) shall be adopted. However, If the IPP (payable) is above or below the ceiling price or the floor price respectively, it is the ceiling or floor price that will be acceptable, as the case may be.

2. The Fixed Cost and Energy Cost for the new urea plants have been separated.

J. The criteria according to which plants will qualify under different categories namely, Brownfield/Expansion, Revival and Greenfield shall be as below:

3.1 **Expansion or Brownfield projects:** Setting up of a new ammonia-urea plant (a separate new ammonia-urea train) in the premises of the existing fertilizer plants, utilizing some of the common utilities will qualify for being treated as an expansion project. The investment should exceed a minimum limit of t9,000 crores.

3.2 **Greenfield projects:** Any urea unit which shall be set up at the project site where no previous similar manufacturing facilities existed i.e. acquisition of land followed by construction of an ammonia-urea plant with storage facilities, transportation facilities, water and sewage treatment etc. shall be treated as a Greenfield project.

3.3 **Revival of closed urea units:** The closed urea units of Hindustan Fertilizer Corporation Limited (HFCL) and Fertilizer Corporation of India Limited (FCIL), if revived, shall fall under 'Revival of closed urea units'.

3.4 **Revamp Projects:** Any improvement or incremental increase in capacity of existing plants by way of capital investment in the existing train of ammonia-urea production will be treated as revamp of existing units.

4. Greenfield/Revival of closed Urea units

(i) At a delivered gas price of up to USD 6.5 per MMBtu for Greenfield/Revival Urea units-

(a) the Floor price to be fixed at USD 281 per MT of Urea.
(b) the Ceiling price to be fixed at USD 296 per MT of Urea.

(ii) For each 0.1 USD per MMBTU revision in delivered gas price, it will correspondingly change the

(a) Floor and Ceiling price by USD 2 per MT up to a delivered gas price of USD 14 per MMBtu.

(b) Floor by USD 2 per MT for delivered gas price exceeding USD 14 per MMBtu.

(iii) The urea from Greenfield/Revival of closed urea units will be recognized at a uniform rate of 95% of IPP (C&F) subject to floating floor and ceiling prices as mentioned at 4 (i) and 4 (ii) above.

S. Expansion or Brownfield Projects

(i) At a delivered gas price of up to USD 6.5 per MMBtu for Expansion/Brownfield Urea units-

(a) the Floor price to be fixed at USD 263 per MT of Urea.

(b) the Ceiling price to be fixed at USO 276 per MT of Urea.

(ii) For each 0.1 USD per MMBtu revision in delivered gas price, it will correspondingly change the

(a) Floor and Ceiling price by USO 2 per MT up to a delivered gas price of USD 14 per MMBtu.

(b) Floor by USD 2 per MT for delivered gas price exceeding USD 14 per MMBtu.

(iii) The urea from Expansion/Brownfield Urea units will be recognized at a uniform rate of 90% of IPP (C&F) subject to floating floor and ceiling prices as mentioned at 5 (i) and 5 (ii) above.

6. Revamp projects

Revamp projects will be considered on a case to case basis, subject to a detailed examination by the Department of Fertilizers (DoF) under the guidance of the Expert Group constituted under NI I Aayog for the purpose. The recommendations of the Expert Group shall be considered by the Project Approval Committee of Department of Fertilizers as mentioned in Para 16.1 of this notification, and any proposal found suitable shall be processed further for obtaining the approval of the Department of Expenditure (DoE) before being placed for consideration of the Competent Authority.

7. Normalization of Foreign Exchange Rate

The Policy has envisaged based on the prevailing current Exchange Rate (1 USD=□90) and taking into account the approximate Project cost of U0,251 Crores &

□9,000 Crores for Greenfield and Brownfield category respectively. The floor price of Greenfield project has been mentioned as USO 281/MT which includes variable cost of USD 130/MT and fixed cost of USD 151/MT. The fixed cost of USO 151/MT will be converted into Indian rupees after four years from the date of notification of this policy based on the average foreign exchange rate of these four financial years. Similarly, fixed cost of USO 133/MT for Brownfield project will be converted into Indian rupees after four years from the date of notification of this policy based on the average foreign exchange rate of these four financial years. Similar treatment would be done for ceiling price which consists of fixed cost of USO 166/MT and USO 146/MT for Greenfield and Brownfield projects respectively. The variable cost (Energy Cost) will continue to be in USD.

8. Production beyond installed/rated capacity

The provisions of the methodology for entitlement for production beyond installed/rated capacity by the units setting up under this policy will be decided by the Department of Fertilizers in consultation with Department of Expenditure.

9. Operational Principles- The following is adopted for operating the policy:

9.1 The increase/decrease of the floor and ceiling price will be calculated at the end of each quarter, on the basis of average gas price of previous three months. Accordingly, IPP (payable) shall also be calculated for each quarter for each plant.

9.2 The price of the delivered gas will be calculated based on delivered gas price as certified by MoPNG/Central PSU/State PSU.

9.3 While fixing the floor and ceiling price of Greenfield/Revival, Brownfield/Expansion urea units, it has been presumed that the delivered cost of Actual mix of gas to the urea unit shall not be less than USO 6.5/MMBtu.

9.4 Non-operation of ceiling price and IPP, if delivered gas price exceed USO 14 per MMBtu

In the event the delivered gas price crosses USD 14 per MMBtu, the units (whether expansion/ brownfield, greenfield/revival) shall be paid only the floor price based on the delivered gas price as mentioned at 4 (ii)(b) and 5 (ii)(b). All other conditions like ceiling price and recognition of urea w.r.t. IPP shall become non-operational.

10. Time period for the proposed investment policy

Only those units whose production starts within five years from the date of notification of the policy would be covered under the policy. Subsidy will be given only upon domestic sale as at present for a period of 8 years from the date of start of production. Thereafter, the units will be governed by the Urea policy prevalent at that time.

11. Mandating of Prilled Urea/Coated Urea

11.1 In order to improve the efficiency in the use of Urea, it is proposed that as a pan of product management strategy, all new urea capacities in the country must be mandated to produce Urea in prilled form or coated/fortified Urea.

11.2 As part of the present policy, an additional 5% / 10% additional MRP may be allowed in case of Neem coated/ Zincated Urea.

12. Joint Venture Units

Decision regarding Urea off-take agreement for Joint Venture units set up abroad may be taken on case-to-case basis, based on the prevalent IPP of Urea, price and availability of indigenous gas, cost of gas being offered to the JV and demand supply gap of Urea in the country. The guiding principle shall, however, be that the offered supply on C&F basis from the JV should be equal to or less than the floor price for domestic Greenfield units at a gas cost of USD 6.5 per MMBtu. Thus, extending the floor price corresponding to a gas price of USD 6.5 per MMBtu to the JVs abroad will actually mean getting imported gas at a delivered price of USD 6.5 per MMBtu which will result in substantial savings to GOI. While fixing the floor and ceiling price for a JV abroad, subject to a maximum floor price corresponding to a delivered gas price of USD 6.5 per MMBtu for domestic units, a higher return may be considered keeping in view factors such as risks involved, likely time and cost overruns, etc. approval of CCEA would be obtained in each case.

13. Dispensation for Units in North East

For units coming up in the North Eastern States, the special dispensation regarding pricing of gas that is being extended by the Central Government/State Government will also be available to any new Investments in the region as well. It is proposed to make suitable adjustments to the applicable floor and ceiling price in case the delivered price (after allowing for the special dispensation) falls below USD 6.5 per MMBtu, subject to approval of the Ministry of Finance.

14. The broad stages for setting up a urea project are given at **Annexure-2.** Since the policy envisages payment of subsidy/ incentives to the urea units by the Government, all the urea units who plan to set-up urea units in the country should mandatorily provide information at beginning and completion of each stage of the project.

15. Submission of Bank Guarantee (BG)

To ensure seriousness/credibility of the project proponents under this policy and for timely execution of the projects, all the project proponents will be required to furnish Bank Guarantee (BG) of ₹300 crores for each project. The BG will be linked to milestones in the project cycle. Out of ₹300 crores, HOO crores of BG will be released after finalization of LSTK/ EPCA contractors and release of advance to the contractor's account: ₹100 crores of BG will be released on completion of requirements ordering and supply to the site or midpoint of the project cycle, whichever is earlier, and the balance of '100 crores of BG on completion of the project. PSUs are, however, exempted from furnishing the BG.

16. Constitution of Committees:

16.1 **Project Approval Committee**

An internal Project Approval Committee of Department of Fertilizers comprising the Secretary,Fertilizers (Chairman), Additional Secretary/Joint Secretary (UPP), Financial Advisor, Advisor (Cost) and Director/Deputy Secretary (UPP) will be constituted for evaluation and approval of the project received under this policy.

16.2 Committee of Secretaries (CoS)

A Committee of Secretaries comprising Secretary (Fertilizers), Secretary (Department of Expenditure), Secretary (MoPNG), Secretary (Agriculture & Farmer's Welfare) and a representative of NITI Ayog with Secretary (Fertilizers) as Chairman will be constituted to take decisions on various issues which will arise during the implementation of this policy.

17. The policy will be effective from the date of notification.

Yours sincerely,

(Dr. Krishna Kant Pathak)
Joint Secretary to Government of India
Tele: 011-24014810

Copy to:

1. Secretaries of the Department of Expenditure, Department of Revenue, Department of Economic Affairs, Department of Agriculture & Farmers welfare, Department of Commerce, Department for Promotion of Industry and Internal Trade, Ministry of Petroleum & Natural Gas

2. CEO, Nm Aayog
3. Director General, The Fertilizers Association of India, 10-Shaheed Jit Singh Marg, New Delhi-110067
4. All Officers/Sections in the Department of Fertilizers and office of FICC, RK Puram, New Delhi

s. US (IT), DoF with request to publish this notification on the website of the Department.

Copy also to:-

Shri M. S. Srikar, Additional Secretary, Prime Minister's Office, Seva Teerth, New Delhi.

Annexure-1

Import parity price: Import Parity Price for a month would be derived based on the prevailing prices in three months preceding the month under consideration as indicated below:

Jmgort Pari Price IPP) ;The import parity price (IPP) for a particular month will be the lower of the actual average CIF price of urea imported in India during preceding three months and the IPP reported in the fertilizer magazines for the same preceding three months, as detailed below:

IPP x = FOB Arabian Gulf + Freight Where,

IPP x = Import Parity Price for month (x)

FOB Arabian Gulf = Average FOB reported price of urea for AG in the three magazines as listed below, during preceding three month (x-1) to (x - 3).

Freight = Average freight for AG in the three magazines listed below, during preceding three month (x - 1) to (x-3).

The exchange rate will be taken as the average of preceding three months for arriving at the price in INR. The three fertilizer magazines to be used for arriving at IPP prices will be as below:

(a) Fertiliser Market Bulletin, UK;

(b) Fertiliser Week by British Sulphur, UK; and

(c) Fertecon Weekly Nitrogen Fax, UK.

Annexure-2

Broad stages of a urea project

Following are the broad stages for setting up an Ammonia-Urea Project:-

1. Pre-feasibility Report
2. Techno Economic Feasibility Report & its approval from the company's Board of Director
3. Finalization of Project site
4. 1st Stage Environment Clearance from MoEFCC
5. Technology Evaluation and Selection or EPC (LSTK) bid preparation & Evaluation
6. Detailed/Bankable Project/Feasibility Report preparation and approval from the company's Board of Director
7. Environment Impact Assessment Report preparation and final clearance from MoEFCC
8. Raw Material and Utilities tie-up for the project
9. Finalization of EPCM or EPC (LSTK) Contractor 10.Achieving Financial Closure
11. Award of job to EPCM or EPC Contractor
12. Signing of Agreement between various agencies
13. Mobilization Advance to EPCM or EPC Contractor
14. Physical Progress Achieved - 25%
15. Physical Progress Achieved - 50%
16. Physical Progress Achieved - 75%
17. Commissioning of Project & Start of production

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