GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF PHARMACEUTICALS

RAJYA SABHA
UNSTARRED QUESTION No. **197**
TO BE ANSWERED ON THE **21TH JULY 2026**

Underutilisation of fund allocations in pharmaceuticals, fertilizers and petrochemicals

197 Shri S.R. Sivalingam:

Will the Minister of **Chemicals and Fertilizers** be pleased to state:

(a) whether the observations of the Department-related Parliamentary Standing Committee on Chemicals and fertilizers indicate persistent underutilisation of allocations in pharmaceuticals, fertilizers and petrochemicals despite increased budgetary support;
(b) if so, the details of corrective actions undertaken by Government to address delays in statutory clearances, tendering processes and scheme implementation;
(c) the measures adopted by Government to improve utilisation of funds earmarked for production-linked incentive schemes, bulk drug parks and related initiatives; and
(d) the strategy proposed by Government to reduce import dependence while improving programme execution efficiency and if not, the reasons therefor?

ANSWER

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

(a) to (c): Yes Sir. Department-related Parliamentary Standing Committee on Chemicals and Fertilizers have observed under-utilization of allocations in some schemes of Department of Pharmaceuticals. No such observations have been made in respect of the Schemes of the Department of Fertilizers and Department of Chemicals & Petrochemicals.

The corrective actions and measures undertaken by the Department Pharmaceuticals to improve utilisation of funds earmarked for production-linked incentive schemes, bulk drug parks and related initiatives, are as follows:

(i) The Department has strengthened periodic monitoring through Project Management Agencies (PMAs), introduced claim forecasting and milestone-based releases, improved Treasury Single Account / Public Financial Management System readiness and aligned budget estimates with the actual implementation pipeline.
(ii) Further, awareness workshops, outreach programmes and stakeholder consultations are organized for the respective schemes for the benefit of prospective applicants and other stakeholders. This is done to enhance their awareness on the scheme guidelines, eligibility conditions, documentation and claim procedures and implementation timelines, as well as to resolve procedural difficulties.
(iii) To ensure faster progress of the Bulk Drugs and Medical Device Park related schemes, support is provided for expediting key regulatory approvals. Progress of the schemes is closely monitored through regular review meetings, monthly reports, project implementation, expenditure forecasting, fund management and site visits.

(d): The Government of India has taken the following steps to reduce import dependence: -

(i) The Department of Pharmaceuticals has three PLI schemes with a total budgetary outlay of Rs 25,360 crore. These schemes have so far attracted investments of over Rs 51,997 crore, achieved cumulative sales of Rs 3.88 Lakh crore, including exports of over Rs 2.43 Lakh crore. Production capacity for 218 Active Pharmaceutical Ingredients/Key Starting Materials/Drug Intermediaries, and 57 medical devices, including CT, MRI, Ultrasound, LINAC, critical implants etc has been created. The country's medical device exports in 2019-20 were worth ₹26,915 crore and they jumped to ₹42,360 crore by 2024-25. Similarly, domestic manufacturing of medical devices jumped from about ₹28000 crore in 2019-20 to about ₹41,500 crore in 2024-25.

(ii) Efforts have been made to achieve self-sufficiency in urea production. Indigenous urea production has increased from 225 Lakh Metric Tonnes (LMT) in 2014–15 to 293.30 LMT in 2025–26, with a record production of 314.07 LMT achieved during 2023–24.

Under the New Investment Policy (NIP)-2012, six energy-efficient urea units—four Public Sector Joint Venture units at Ramagundam, Gorakhpur, Sindri and Barauni, and two private sector units at Panagarh and Gadepan-III—have been commissioned, each with a production capacity of 12.7 LMTPA, thereby increasing the country's total installed urea production capacity to 269.42 LMTPA.

In addition, under the New Urea Policy (NUP)-2015, production efficiency of 25 gas-based urea units has been improved, resulting in an additional production of 20–25 LMT of urea annually, over and above their reassessed capacity.

Further, the Department of Fertilizers has been implementing the Nutrient Based Subsidy (NBS) Scheme for Phosphatic and Potassic (P&K) fertilizers with effect from 1 April 2010. Under the Scheme, P&K fertilizers are covered under the Open General Licence (OGL), and companies are free to manufacture or import these fertilizers based on their commercial requirements.

To reduce dependence on imported phosphatic fertilizers and promote self-reliance in their domestic production, the Government has taken several measures. These include the issuance of guidelines dated 18 January 2024 on the reasonableness of Maximum Retail Price (MRP), under which reasonable profit margins of 8%, 10% and 12% have been prescribed for importers, manufacturers and integrated manufacturers respectively. Further, new manufacturing units and capacity expansion proposals of existing units have been recognised under the NBS Scheme. The number of P&K fertilizer grades covered under the NBS Scheme has also been increased from 22 in 2021 to 28. In addition, freight subsidy on Single Super Phosphate (SSP), an indigenously manufactured fertilizer, has been provided since Kharif 2022, to promote its use as a source of phosphatic ('P') nutrient. Further, nutrient-wise subsidy rates under the NBS Scheme are notified on a biannual basis to ensure the adequate availability of P&K fertilizers under the Scheme.

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