GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF FERTILIZERS

RAJYA SABHA

UNSTARRED QUESTION NO. **2583** TO BE ANSWERED ON: **11.08.2026**

Implementation of National Investment Policy for Urea-2026

2583: **Dr. Sikander Kumar:**

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

(a) the structural mechanisms introduced under the National Investment Policy for Urea-2026 to de-risk private and public capital investments in the fertilizer sector;

(b) the specific timeline mapped by Government to onboard the 8 to 9 proposed gas-based units under this new policy framework;

(c) the projected reduction in the national fertilizer subsidy bill and foreign exchange savings resulting from the plant-level cost optimizations; and

(d) the exact year by which the country expects to achieve absolute self-sufficiency in urea, thereby completely eliminating import dependence?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS

(SMT. ANUPRIYA PATEL)

(a) to (d): The Cabinet Committee on Economic Affairs (CCEA) approved the National Investment Policy for Urea (NIPU)-2026 for Atamnirbhar Bharat on 15th July 2026 and the Policy was notified by Government of India on 30th July 2026 to achieve self-reliance and to reduce import dependency in Urea production. The policy provides a floor and ceiling pricing mechanism, with the floor price linked to a 12% Return on Equity (RoE) to ensure minimum financial viability and the ceiling price linked to a 16% RoE to cap returns. The payable subsidy is based on the Import Parity Price (IPP), subject to the prescribed floor and ceiling limits. The policy also eliminates separate reimbursement of gas transportation charges by considering delivered gas cost in the pricing framework.

The policy also provides for separate accounting of fixed and variable (energy) cost components for all new urea plants. It further classifies projects into Greenfield, Brownfield/Expansion, Revival and Revamp categories, enabling project-specific policy treatment. The policy adopts a reference exchange rate of USD 1 = ₹90. The fixed cost component is converted into Indian Rupees after four years based on the average exchange rate of these financial years, while the variable (energy) cost continues to be denominated in U.S. dollars.

The policy is applicable only to projects commencing production within five years from the date of notification of this policy i.e. 30.07.2026. Subsidy support is available only on domestic sales for a period of eight years from the commencement of production, after which the units will be governed by the prevailing Urea Policy.

The policy aims to reduce the fertilizer subsidy as new plants will be based on the latest technology which would improve their operational efficiency leading to rationalization of subsidy. Further, by encouraging additional domestic urea production capacity, the policy aims to reduce dependence on imports, resulting in savings in foreign exchange while strengthening the country's self-reliance in urea production.

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