

GOVERNMENT OF INDIA  
MINISTRY OF CHEMICALS & FERTILIZERS  
DEPARTMENT OF FERTILIZERS

**LOK SABHA**

**UNSTARRED QUESTION NO. 1110**  
**TO BE ANSWERED ON: 22.11.2016**

**INVESTMENT IN FERTILIZER INDUSTRY**

**1110 SHRI JAGDAMBIKA PAL:**

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

- (a) whether the fertilizer industry has been unable to attract investment during the last few years and if so, the reasons therefor;
- (b) whether the Government has framed any pricing policy for sale of fertilizers and if so, the details thereof; and
- (c) the target fixed for the production of fertilizers in the next five years and the steps being taken to achieve the said target?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS AND  
SHIPPING, ROAD TRANSPORT & HIGHWAYS

**(SHRI MANSUKH L. MANDAVIYA)**

(a): The Government has notified New Investment Policy – 2012 on 2<sup>nd</sup> January, 2013 and its amendment on 7<sup>th</sup> October 2014 to facilitate fresh investment in urea sector and to make India self-sufficient in the urea sector.

<b>S.No.</b>	<b>Company</b>	<b>Projects</b>	<b>Ownership</b>	<b>State</b>
1	Indo-Gulf Fertilizers Limited - Jagdishpur	Brownfield Expansion urea project at Jagdishpur.	Private	Uttar Pradesh
2	Chambal Fertilizers & Chemicals Limited-Gadepan	Brownfield Ammonia-Urea units at Gadepan-Kota.	Private	Rajasthan
3	Matix Fertilizers & Chemicals Limited, Panagarh	Greenfield/Brownfield Ammonia-Urea Fertilizers Complex at Panagarh.	Private	West Bengal

4	Rashtriya Chemicals & Fertilizers Limited-Thal	Brownfield Ammonia-Urea Expansion project at Thal.	CPSU	Maharashtra
5	Kanpur Fertilizers & Cement Limited	Greenfield Project at Jabalpur	Private	Madhya Pradesh
6	Nagarjuna Fertilizers & Chemicals Ltd.	Brownfield Project at Kakinada, Andhra Pradesh.	Private	Andhra Pradesh

At present, there are following proposals for setting up of Greenfield/Brownfield projects with the Department of Fertilizers:

The country has very little reserves of fertilizer raw material and natural gas in the country. There is no known source of potash reserves in the country and for phosphate the country depends on imports for its 90% requirement. Natural gas in the country is scarce and the domestic gas allocated for fertilizer sector has been allocated exclusively for Urea. Production of ammonia required for producing P&K fertilizers through imported RLNG is very costly as compared to imported ammonia. Under the above conditions, indigenous production of P&K fertilizers is not always viable. Hence, P&K fertilizer industry except SSP industry is unable to attract investment.

However, a large number of SSP units have come up after NBS policy. The number of SSP units has increased from 73 in 2008-09 to 100 in 2014-15. Even the production of SSP has also increased from 25.34 LMT in 2008-09 to 42.14 LMT in 2014-15.

(b): The MRP of urea is statutorily controlled by the Government and at present it is Rs.5360 per tone (exclusive of the central excise duty, central sales tax, countervailing duty, the sales tax and other local taxes wherever levied) w.e.f. 01<sup>st</sup> November, 2012. The difference between the delivered cost of fertilizers at farm gate and MRP payable by the farmer is given as subsidy to the fertilizer manufacturer/importer by the Government of India.

The Government is implementing Nutrient Based Subsidy Policy w.e.f. 1.4.2010 for Phosphatic and Potassic (P&K) Fertilizers. Under the policy, a fixed amount of subsidy, decided on annual basis, is provided on subsidised P&K fertilizers depending on their nutrient content and the fertilizer companies have been allowed to fix MRP at reasonable level

(c): The target fixed for the current year 2016-17 of major Fertilizers are as under:

Sl. No.	Product Name	Target (in LMT)
1	Urea	242.30
2.	DAP	46.00
3.	Complexes	93.27

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