

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF FERTILIZERS

LOK SABHA

UNSTARRED QUESTION NO. 1666 TO BE ANSWERED ON: 02.07.2019

Import of Urea

1666: DR. SHRIKANT EKNATH SHINDE:

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

- (a) whether the Government proposes to reduce the import burden of urea by the financial year 2021;
- (b) if so, the scheme worked out by the Government to make India self-reliant in the production of urea;
- (c) whether the Government had initiated a new investment policy in 2015 which is aimed at promoting the production of urea and if so, the investment made under this policy;
- (d) the extent to which the country is made self-reliant since implementation of the new investment policy;
- (e) whether the Government has budgeted around Rs. 70,079.85 crore for fertilizer subsidies for the financial year 2019;
- (f) if so, whether nearly half of the money was used to settle dues from the previous year; and
- (g) if so, the reaction of the Government thereto?

ANSWER

MINISTER OF CHEMICALS AND FERTILIZERS

(D.V. SADANANDA GOWDA)

(a)to (c): Yes, Sir. The average total production of Urea in the country of the last three years is 240.74 LMT ~241 LMT and the total consumption (sales) of 305.48 LMT approximately. The gap is fulfilled through imports. In the last 3 years, average imported urea is 63.12 LMT and average expenditure is Rs 12797.31 Crores.

In view of the above, Government had announced New Investment Policy – 2012 on 2nd January, 2013 and its amendment on 7th October 2014 to facilitate fresh investment in urea sector and to make India self-sufficient in the urea sector.

Under NIP- 2012 read with its amendment, following urea units in private sector have been installed:-

(i) Matix Fertilizers & Chemicals Limited (Matix) has set up a Coal Bed Methane(CBM) based Greenfield Ammonia-Urea complex at Panagarh, West Bengal with 12.7 Lakh Metric tonne per annum capacity. The commercial production of Matix started on 1st October, 2017.

(ii) Chambal Fertilizers & Chemicals Limited (CFCL) has also set up a Brownfield project at Gadepan, Rajasthan with 12.7 Lakh Metric tonne per annum capacity. The commercial production of CFCL-III started on 1st January, 2019. The plants have manufactured 6.05 LMT of Urea since commissioning.

Government of India is also reviving 5 closed fertilizer plants of Fertilizer Corporation of India Ltd. (FCIL) and Hindustan Fertilizer Corporation Ltd. (HFCL) namely Talcher (Odisha), Ramagundam (Andhra Pradesh), Gorakhpur (Uttar Pradesh) and Sindri (Jharkhand) plants of FCIL and Barauni (Bihar) plant of HFCL by setting up new Ammonia Urea plants of 12.7 Lakh metric tonne per annum capacity each. Subsequent to commissioning/ start of the above plants, the indigenous urea production will be enhanced by 63.5 Lakh Metric Tonne per year leading to corresponding reduction in import of urea. The project cost of Urea plants as per DFR is Rs 37,971 crores approximately.

The Cabinet in its meeting held on 21.05.2015 has also decided to install a new urea plant of 8.646 Lakh Metric Tonne Per Annum (LMTPA) in the existing premises of Brahmaputra Valley Fertilizers Corporation Limited (BVFCL), which will subsequently replace the existing urea plants Namrup-II (capacity 2.20 LMTPA) and Namrup-III (capacity 2.70 LMTPA).

(d): No, Sir. The budget allocation for fertilizer subsidies for the year 2018-19 was Rs. 73,435.21 Crores. For the year 2019-20, the amount passed by vote on account is Rs. 35,430.42 Crores.

(e) to (g): No, Sir. In the year 2018-19, out of a total expenditure of Rs. 73,435.21 Crore, Rs. 16,020.37 Cr was spent to settle the dues from previous year. The Government releases subsidy to the fertilizer companies on a regular basis subject to availability of budget, receipt of quality certificates (B2) from the State Governments etc. Whenever there is shortage of funds, the Government liquidates the pending subsidy by arranging loans under a Special Banking Agreement (SBA).
