

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO. 1380 TO BE ANSWERED ON : 27.07.2021

Subsidy on Fertilizers

1380. SHRI MOHAN MANDAVI

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

- (a) the details about the chemicals and fertilizers for which the Government is giving subsidy with a sole purpose of providing double benefits to the eligible farmers through major development of agro sectors by making a remarkable production of chemicals and fertilizers in the country and also the subsidy percentage thereof;
- (b) whether the country is likely to be self dependent in producing the chemicals and fertilizers by the year 2024-25; and
- (c) if so, the details thereof?

ANSWER

MINISTER OF HEALTH & FAMILY WELFARE AND CHEMICALS & FERTILIZERS
(**SHRI MANSUKH MANDAVIYA**)

(a): Sir, Production of some major chemicals products is maintained in the Department of Chemicals & Petrochemicals and scheme related to increase the export of chemicals are dealt by Department of Commerce and Department of Revenue.

Urea is provided to the farmers at a statutorily notified Maximum Retail Price (MRP) of Rs.242 per 45 kg bag (exclusive of charges towards neem coating and taxes as applicable). The difference between the delivered cost of urea at farm gate and net market realization by the urea units is given as subsidy to the urea manufacturer/importer by the Government of India. Therefore, urea is supplied to all farmers at the subsidized rates.

The Government has implemented 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 subsidized P&K fertilizers depending on their nutrient content. Under this policy, MRP is fixed by fertilizer companies as per market dynamics at reasonable level which is monitored by the Government. Accordingly, any farmer who is buying P&K fertilizers at MRP is availing the benefit of subsidy under the NBS scheme irrespective of the state. Subsidy percentage on P&K fertilizers during the year 2020-21 are in the range of 22.49% to 28.97%.

(b) & (c): The Government had announced New Investment Policy (NIP) – 2012 on 2nd January, 2013 and its amendment on 7th October, 2014 to facilitate fresh investment in the urea sector, to reduce import dependency and to make country self-sufficient in the urea sector. Under NIP – 2012 read with its amendment, Matix Fertilizers & Chemicals Limited (Matix) has set up a Coal Bed Methane (CBM) based Greenfield Ammonia –Urea complex at Panagarh, West Bengal. Chambal Fertilizers & Chemicals Limited (CFCL) has also set up a Brownfield project at Gadepan, Rajasthan. In addition to these, 4 closed units namely Ramagundam, Gorakhpur and Sindri of Fertilizer Corporation of India Limited (FCIL) and Barauni unit of Hindustan Fertilizer Corporation Limited (HFCL) also fall under the category of NIP-2012 read with its amendment dated 7th October, 2014. Each of these units has annual production capacity of 12.7 Lakh Metri Tonne (LMT) of Urea per annum. In addition to above, Cabinet in its meeting held on 21.5.2015 has approved to install a new urea plant of 8.646 LMT per annum in the existing premises of Brahmaputra Valley Fertilizers Corporation Ltd (BVFCL) which would replace the existing old urea units Namrup – II and Namrup – III. On operationalisation of these plants, the indigenous urea production would be increased by 72.146 LMT per annum. Further, Talcher Fertilizers Limited (TFL) is setting up a coal gasification based urea unit at Talcher, Odisha. Each of these units have annual production capacity of 12.7 LMT of Urea per annum.

Further, New Urea Policy (NUP) – 2015 was notified on 25th May, 2015 for existing 25 gas based urea units with the objective of maximizing indigenous urea production; promoting energy efficiency in urea production; and rationalizing subsidy burden on the Government. NUP-2015 has led to the additional production 20 LMT in 2015-16 as compared to 2014-15. The indigenous urea production for the years 2016-17, 2017-18, 2018-19 was 242.01 LMT, 240.23 LMT and 240 LMT respectively. With the operationalization of CFCL-III in January, 2019, the indigenous production was at the level 246 LMT in the year 2019-20 and 2020-21.
