

GOVERNMENT OF INDIA  
MINISTRY OF CHEMICALS & FERTILIZERS  
DEPARTMENT OF FERTILIZERS

**LOK SABHA**

**UNSTARRED QUESTION NO. 1997 TO BE ANSWERED ON: 06.12.2024**

**Fixed Component for Domestic Urea Producers**

**1997: SHRI PARSHOTTAMBHAI RUPALA:**

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

- (a) the last time Fixed Component for Domestic Urea producers was revised;
- (b) whether few years ago, the Government had set up a Committee to discuss the Fixed Component issue for implementing the policy of Rs. 2300 per metric tonne, as announced in 2014, for Rashtriya Chemicals and Fertilizers Ltd., National Fertilizers Ltd., KRIBHCO and Cooperative urea producers;
- (c) If so, the details of recommendations of the Committee and implementation status thereof; and
- (d) the details of correspondence with the Department of Expenditure in this matter?

**ANSWER**

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

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(a): The Fixed Cost Component for Urea Units was last revised based on cost data of 2002-03 under New Pricing Scheme-III notified on 08.03.2007. Thereafter, the Department of Fertilizers issued Modified NPS-III on 2nd April 2014 for existing Urea units, which includes payment of an Additional Fixed Cost of Rs.350/MT to all the units; Special compensation of Rs.150/MT to Urea Plants that have completed 30 Years and Converted to Gas; and Minimum fixed cost of Rs. 2300/MT or actual fixed cost prevailing during 2012-13, whichever is lower.

However, vide notification dated 30.03.2020, the provision of Minimum fixed cost of Rs.2300/MT had been deleted from the Modified NPS-III while there was no change in the rest of the provisions of Modified NPS-III.

(b) to (d): As per the observation of Expenditure Finance Committee (EFC) that the issues related to the costing of Urea units may be referred to Chief Advisor (Cost) in the Ministry of Finance for examination and recommendation, the Department of Fertilizers requested Department of Expenditure that the Chief Advisor (Cost) may examine and give recommendations on reinstating the provisions of the minimum fixed cost of Rs. 2300/MT under the Modified NPS-III with retrospective effect i.e. from 2<sup>nd</sup> April 2014. The matter is under examination.

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