

GOVERNMENT OF INDIA  
MINISTRY OF CHEMICALS AND FERTILIZERS  
DEPARTMENT OF FERTILIZERS

**LOK SABHA**

**UNSTARRED QUESTION NO. 858 TO BE ANSWERED ON : 29.11.2024**

**Increase in prices of DAP and Urea Fertilizers**

**858. SMT. GENIBEN NAGAJI THAKOR:**

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

- (a) the steps taken/proposed to be taken by the Government to check the increasing prices of DAP and Urea fertilizers;
- (b) whether there is any reduction in the production of these fertilizers; and
- (c) if so, the steps taken/proposed to be taken by the Government to increase the production of fertilizers?

**ANSWER**

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

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**(a):** In Phosphatic & Potassic (P&K) fertilizers, under Nutrient Based Subsidy (NBS) scheme, subsidy is fixed keeping in view international prices of key fertilizers & raw materials and fluctuations, if any, are subsumed while fixing NBS rates for P&K fertilizers annually / bi-annually. During Kharif 2024, the subsidy per MT in respect of DAP was ₹21676 whereas during Rabi 2024-25, the subsidy per MT in respect of DAP has been fixed at ₹21911. In addition, in order to ensure smooth availability of DAP at affordable prices to farmers, Government has provided special packages on DAP over and above the NBS subsidy rates on need basis. In 2024-25, the Government has approved one-time special package on DAP beyond the NBS rates on actual PoS (Point of Sale) sale of DAP for the period from 01.04.2024 till 31.12.2024 @ ₹ 3500 per MT to the P&K fertilizer companies with approximate financial implication of ₹2625 crores to ensure sustainable availability of DAP at affordable prices to the farmers and support the agriculture sector and related activities and strengthen food security scenario in the country.

Urea is provided to the farmers at a statutorily notified Maximum Retail Price (MRP) irrespective of the cost of production. The subsidized MRP of 45 kg bag of urea is Rs.242 per bag (exclusive of charges towards neem coating and taxes 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. Accordingly, all farmers are being supplied urea at the subsidized rates.

**(b) & (c):** With regard to Urea, the Government had announced New Investment Policy (NIP) – 2012 on 2<sup>nd</sup> January 2013 and its amendment on 7<sup>th</sup> October, 2014 to facilitate fresh investment in the urea sector and to make India self-sufficient in the urea sector. Total 6 new urea units have been set up under NIP-2012 which includes 4 urea units set up through Joint Venture Companies (JVC) of nominated PSUs and 2 urea units set up by the private companies. The units set up through JVC are Ramagundam urea unit of Ramagundam Fertilizers and Chemicals Ltd (RFCL) in Telangana and 3 urea units namely Gorakhpur, Sindri and Barauni of Hindustan Urvarak & Rasayan Limited (HURL) in Uttar Pradesh, Jharkhand and Bihar, respectively. The units set up by private companies are Panagarh urea unit of Matix Fertilizers and Chemicals Ltd. (Matix) in West Bengal; and Gadepan-III urea unit of Chambal Fertilizers and Chemicals Ltd. (CFCL) in Rajasthan. Each of these units has installed capacity of 12.7 Lakh Metric Tonne per annum (LMTPA). These units are highly energy efficient as they are based on latest technology. Therefore, these units have together added urea production capacity of 76.2 LMTPA thereby total indigenous urea production capacity (Reassessed Capacity, RAC) has increased from 207.54 LMTPA during 2014-15 to 283.74 LMTPA at present. Further, an exclusive policy for the revival of Talcher unit of FCIL through JVC of nominated PSUs namely Talcher Fertilizers Limited (TFL) by setting up a new Greenfield urea plant of 12.7 LMTPA at coal gasification route has also been approved.

In addition, the Government also notified the New Urea Policy (NUP) – 2015 on 25<sup>th</sup> May, 2015 for the existing 25 gas-based urea units with one of the objectives of maximizing indigenous urea production. The NUP-2015 has led to additional production of urea by 20-25 LMTPA as compared to the production during 2014-15. These steps have facilitated increase in Urea production from 225 LMT per annum during 2014-15 to 314.07 LMT during 2023-24.

In case of Phosphatic & Potassic fertilizers (P&K), the companies are free to import /produce fertilizer raw materials, intermediaries and finished fertilizers as per their business dynamics. Based on the requests, the new manufacturing units or increase in manufacturing capacity of existing units have been recognized / taken on record under the NBS subsidy scheme, with a view to boost manufacturing and make country self-reliant in fertilizer production. Further, to promote Potash derived from Molasses (PDM) which is 100% indigenously manufactured fertilizer, it has been notified under Nutrient based subsidy (NBS) regime w.e.f 13.10.2021. Also, freight Subsidy on SSP, which is an indigenously manufactured fertilizer, has been made applicable since Kharif 2022 to help in promotion of SSP usage for providing Phosphatic or “P” nutrient to the soil. These steps have facilitated increase in production of P&K fertilizers from 159.54 LMT in 2014-15 to 182.85 LMT in 2023-24.