

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF FERTILIZERS

LOK SABHA

UNSTARRED QUESTION NO. 858 TO BE ANSWERED ON: 07.02.2025

Minimum Fixed Cost Provisions under the Modified NPS-III

858: SHRI PARSHOTTAMBHAI RUPALA:

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

- (a) the steps taken by the Department of Fertilizers in consultation with Department of Expenditure as on date, to reinstate the minimum fixed cost provisions under the Modified NPS-III, effective retrospectively from April 2, 2014, given that some fertilizer units are not able to access the economic benefits specified in the current policy; and
- (b) the timeline by which Government intends to address the issue of such fertilizer units not being able to access the economic benefits specified in the current policy which has been effective retrospectively from April 2, 2014?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS

(SMT. ANUPRIYA PATEL)

(a) to (b): 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.

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 2nd April 2014. The matter is under examination.
