

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF FERTILIZERS

LOK SABHA

UNSTARRED QUESTION No. 1058 TO BE ANSWERED ON 25.07.2025

Fertilizer Self-Reliance & Manufacturing Modernisation

1058: SHRI AMRINDER SINGH RAJA WARRING:

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

- (a) whether the Government has formulated any strategy for reducing India's dependence on imported urea and DAP, if so, the details thereof;
- (b) whether the production and use of green and bio-fertilizer alternatives are being scaled up under PM-PRANAM or related schemes;
- (c) whether any support is given to fertiliser manufacturing units for modernisation or capacity expansion, if so, the details thereof; and
- (d) whether there are any plans to link fertilizer subsidies to the cost of production to protect farmers and farming sector facing challenges of high cost of production, if so, the details thereof?

ANSWER

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

(a): With regard to Urea, 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 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 during 2023-24. 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. Recently, the Union Cabinet has approved the proposal for setting up of a new Brownfield Ammonia-Urea Complex of 12.7 Lakh Metric Tonnes (LMT) annual capacity of Urea production within the existing premises of Brahmaputra Valley Fertilizer Corporation Limited (BVFCL), Namrup, Assam.

In addition, the Government also notified the New Urea Policy (NUP) – 2015 on 25th May, 2015 for the existing 25 gas-based urea units with one of the objectives of maximizing indigenous urea production beyond RAC. The NUP-2015 has led to additional production of urea by 20-25 LMT as compared to the production during 2014-15 annually.

Above steps together have facilitated increase of Urea production from level of 225 LMT per annum during 2014-15 to a record Urea Production at 314.07 LMT during 2023-24. During 2024-25, 306.67 LMT of Urea was produced in the country.

Government has implemented Nutrient Based Subsidy Policy w.e.f. 01.04.2010 for Phosphatic and Potassic (P&K) Fertilizers. Under the policy, a fixed amount of subsidy, decided on annual/bi-annual basis, is provided on notified P&K fertilizers depending on their nutrient content. Under NBS policy, P&K fertilizers are covered under Open General License (OGL) and companies are free to import these fertilizers as per their business dynamics. However, to reduce reliance on imported phosphatic and potassic fertilizers, following measures have been taken by the Government:

(i) 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.

(ii) The number of P&K fertilizers covered under NBS policy has been increased from 22 grades in 2021 to 28 grades at present with a view to boost manufacturing and make country self-reliant in fertilizer production. 06 new grades added are NPK 08-21-21, NPK 09-24-24, Potash Derived from Molasses (PDM) (0-0-14.5-0), NPK 11-30-14 fortified with Magnesium, Zinc, Boron and Sulphur, Urea-SSP Complex 5-15-0-10 and SSP 0-16-0-11 fortified with Magnesium, Zinc and Boron.

(iii) Freight Subsidy on SSP, which is an indigenously manufactured fertilizer, is applicable since Kharif, 2022 to promote SSP usage for providing Phosphatic or 'P' nutrient to the soil.

(b): PM Programme for Restoration, Awareness Generation, Nourishment, and Amelioration of Mother-Earth" (PM-PRANAM) scheme aims to support the mass movement started by States/UTs to save the health of Mother Earth by promoting sustainable and balanced use of fertilizers, adopting alternate fertilizers, promoting

organic farming and implementing resource conservation technologies. Under the scheme, 50% of the fertilizer subsidy saved by a State/UT in a particular financial year by way of reduction in consumption of chemical fertilizers (Urea, DAP, NPK, MOP) compared to previous 3 years' average consumption, is passed on to that State/UT as Grant.

Further, under Market Development Assistance (MDA) Scheme (FY 2023-24 to 2025-26) assistance @ Rs. 1500/MT is provided to promote soil carbon enhancers viz., FOM/LFOM and organic fertilizer viz., PROM produced at Compressed Bio Gas (CBG) plants under GOBARdhan initiative.

These initiatives of the Government are expected to address the imbalanced use of chemical fertilizers thereby reducing chemical fertilizer use.

(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 and to make India self-sufficient in the urea sector. Total 6 new urea units have been set up under NIP-2012, with each having production capacity of 12.7 LMT per annum. Therefore, these units have together added urea production capacity of 76.2 LMT per annum. These new urea plants have been established with latest/modern technology designed for much lower energy consumption, around 5.0 Gcal/MT. With the objective of promoting energy efficiency and maximizing indigenous urea production, New Urea Policy (NUP) - 2015 was made effective from 1st June 2015. Under this policy, Target Energy Norms were given to the urea units. The urea units were expected to achieve TEN for which the units have resorted to the latest technological up gradation in the plants. Implementation of NUP-15 norms has resulted in significantly improving energy consumption of Urea plants from 6.04 Gcal/MT during 2014-15 to around 5.56 Gcal/MT during 2024-25.

(d): Under Urea Subsidy Scheme, Urea is presently provided to the farmers at a statutorily notified Maximum Retail Price (MRP). The MRP of 45 kg bag of urea is Rs.242 per 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. Accordingly, all farmers of the country are supplied urea at the subsidized rates and thereby are beneficiaries of this scheme.

Further, under the NBS Policy, the Government announces a fixed rate of subsidy (in Rs. per Kg basis), based on nutrient content of the fertilizers, on annual/bi-annual basis. The subsidy is calculated taking into account all relevant factors including international prices, exchange rate, inventory level and prevailing Maximum Retail Prices of P&K fertilizers and is independent of the cost of production.
