GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF FERTILIZERS

LOK SABHA
UNSTARRED QUESTION **NO. 3259** TO BE ANSWERED ON**: 08.08.2025**
Challenges in Chemicals and Fertilizers Sector

3259. SHRI ZIA UR REHMAN:

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

(a) whether the Government is aware of the challenges being faced in the chemicals and fertilizers sector, particularly high input costs, dependency on imports for critical raw materials, delay in modernization of fertilizer plants, inadequate availability of fertilizers in certain regions, and environmental concerns related to chemical manufacturing and fertilizer usage;

(b) if so, the steps being taken by the Government to promote self-reliance in the sector, ensure timely and affordable availability of fertilizers to farmers, encourage domestic production, reduce import dependency, support modernization and green technologies in chemical industries, and improve the regulatory framework through various schemes and policy initiatives such as the Atmanirbhar Bharat programme and PM-PRANAM scheme; and

(c) if not, the reasons therefor?

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

(a) to (c): 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.

Further, the Government has 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 new urea plants have been established with latest technology designed for much lower energy consumption, around 5.0 Gcal/MT. 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 has 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. Also, under New Urea Policy (NUP) - 2015, Target Energy Norms (TEN) 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-2015 norms has resulted in improving energy consumption of Urea plants from 6.04 Gcal/MT during 2014-15 to around 5.56 Gcal/MT during 2024-25. Above steps together have facilitated increase of Urea production from level of 225 LMT to 306.67 LMT during 2024-25.

In case of Phosphatic and Potassic (P&K) fertilizers, Government has implemented Nutrient Based Subsidy (NBS) Policy w.e.f. 01.04.2010. Under the policy, a fixed amount of subsidy, decided on annual/bi-annual basis, is provided to manufacturer / importer on subsidized P&K fertilizers depending on their nutrient content i.e. Nitrogen (N), Phosphorus (P), Potassium (K) and Sulphur (S). Under NBS Scheme, P&K fertilizers are decontrolled and fertilizer companies are allowed to fix MRP as per market dynamics at reasonable level which is monitored by the Government. 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. To boost fertilizer production and make country self reliant 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; the number of P&K fertilizers covered under NBS policy has been increased from 22 grades in 2021 to 28 grades and Freight Subsidy on SSP, which is an indigenously manufactured fertilizer, has been approved since Kharif, 2022 to promote SSP usage for providing Phosphatic or 'P' nutrient to the soil.

Furthermore, in order to promote self-reliance in fertilizer sector, ensure timely and affordable availability of fertilizers to farmers, encourage domestic production, reduce import dependency, support modernization, Government of India, under the Fertilizer Control Order, 1985, has notified various Nano Nitrogen fertilizers. These include IFFCO's Nano Urea Plus containing 16% nitrogen, notified on 15 April 2024 vide Gazette Notification S.O. 1801(E); Zuari Farm Hub's Nano Urea (8%), notified on 2 March 2023 vide S.O. 1026(E); and Ray Nano & Research Centre's Nano Urea (4.4%), notified on 6 March 2023 vide S.O. 1144(E).

Similarly, Department of Agriculture and Farmers Welfare (DA&FW), through Gazette Notifications S.O. 1025(E) and S.O. 1026(E) dated 2nd March 2023, authorized M/s IFFCO and CIL respectively to manufacture Nano DAP. Additionally, Nano DAP developed by Zuari Farm Hub Ltd. has also been notified under the Fertilizer Control Order (FCO) via Gazette Notification S.O. 5077(E) dated 29th November 2023, while Nano DAP developed by Natural Plant Protection Limited was similarly notified under the FCO through Gazette Notification S.O. 1785(E) dated 22nd April 2024.

In addition to this, the Cabinet Committee on Economic Affairs (CCEA), on June 28, 2023, approved the "PM Programme for Restoration, Awareness Generation,

Nourishment, and Amelioration of Mother-Earth (PM-PRANAM). The initiative aims to support the mass movement initiated by States and Union Territories (UTs) to preserve the health of Mother Earth through the promotion of sustainable and balanced fertilizer use, adoption of alternative fertilizers, promotion of organic farming, and implementation of resource conservation technologies.

All States/UTs are covered under the PM-PRANAM scheme. Under the PM-PRANAM scheme, there is a provision to provide incentives to States/UTs for reduction of consumption of chemical fertilizers (Urea, DAP, NPK, MOP) in a given financial year, compared to the average consumption over the previous three years, equivalent to 50% of the fertilizer subsidy saved."In order to ensure timely and adequate supply of fertilizers in the country, before the commencement of each cropping season, Department of Agriculture and Farmers Welfare (DA&FW), in consultation with all the State Governments, assesses the state-wise & month-wise requirement of fertilizers. On the basis of requirement projected, Department of Fertilizers allocates sufficient/ adequate quantities of fertilizers to States by issuing monthly supply plan and continuously monitors the availability. The movement of all major subsidized fertilizers is monitored throughout the country by an on-line web-based monitoring system called integrated Fertilizer Monitoring System (iFMS). Regular Weekly Video Conference is conducted jointly by DA&FW and D/o Fertilizers with State Agriculture Officials and corrective actions are taken to dispatch fertilizers as indicated by the State Governments.

To address the environmental issues due to fertilizers, the Ministry of Environment, Forest and Climate Change has notified effluent and emission standards for fertilizers industries. It is mandatory for all the fertilizers industries to operate only after issuance of Consent to Operate from respective State Pollution Control Boards Pollution Control Committees. It is mandatory for all the hazardous waste generating fertilizers industries to obtain authorization under Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 from their concerned State Pollution Control Boards/Pollution Control Committees and dispose the hazardous wastes as per conditions stipulated in the above stated authorization.

Accordingly, fertiliser companies have employed pollution control systems from the design stage. Plants have to comply with the environmental regulations and standards as prescribed under MoEFCC Environment Protection Act 1986 or Central or State Pollution

Control Boards. The plants, if needed, modernize their plants or adopt measures to meet the revised environmental standards. For waste- water discharge, CPCB/SPCB prescribes standards for quality of effluent discharge from the battery limit of the fertilizer plants. The industrial effluent is treated in the effluent treatment plant before discharge.

Also, fertilizer plants have invested in revamp/retrofits to improve energy efficiency of the existing plants. Urea is the most energy intensive process. All the naphtha and fuel oil based urea plants have switched their feedstock to natural gas, which is a cleaner fossil fuel. Only eight urea plants use coal as fuel for partial generation of steam and power. There are several other measures implemented over the years by ammonia-urea plants to improve energy efficiency. These efforts have resulted in reduction in carbon dioxide generation by 47% from ammonia production over a period of 36 years.

In Chemicals & Petrochemicals sector, to promote domestic manufacturing and reduce dependency on imports, the Government has undertaken following policy measures:-

(i) Plastic Parks: Government implements the Scheme for Setting up of Plastic Parks. The Scheme promotes setting up of need-based Plastic Parks with requisite state-of-the-art infrastructure and enabling common facilities. The objective is to consolidate and synergize the capacities of downstream plastic processing industry to help increase investment, production and export in the sector as well as generate employment. 10 Plastic Parks have been approved.

(ii) Centres of Excellence: With the objective of promoting research and development efforts in the Chemical and Petrochemical sector to develop new molecules and technologies, Government has formulated a scheme on setting up of Centres of Excellence(CoEs). The objective of the scheme is to provide grant-in-aid to educational and research institutions to improve existing technology and promote development of new applications of polymers, chemicals and plastics. The emphasis of the Scheme is on modernization and upgradation of existing manufacturing processes as well as improving the quality of products. So far, 18 CoEs have been approved under the Scheme.

(iii) Petroleum, Chemical and Petrochemical Investment Regions (PCPIRS): Government of India has notified the PCPIR Policy, 2007 to attract investment and for the generation of employment in the Petroleum, Chemical and Petrochemical Investment Regions (PCPIRs). PCPIRs promote the Chemical and Petrochemical sectors in an

integrated and environmentally friendly manner on a large scale. PCPIRs are conceptualized in a cluster-based approach with common infrastructure and support services to provide a competitive environment conducive for setting up businesses. At present, three Petroleum, Chemical and Petrochemical Investment Regions have being notified in the States of Andhra Pradesh (Vishakhapatnam), Gujarat (Dahej) and Odisha (Paradeep).

Further, Government has initiated an exercise to make BIS Standards mandatory through issuance of Quality Control Orders (QCOs) under the Bureau of Indian Standard Act, 2016. So far, QCOs for 72 chemicals and petrochemicals have been notified in the Gazette.

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