

**GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF FERTILIZERS**

LOK SABHA

UNSTARRED QUESTION NO. 1109 TO BE ANSWERED ON 05.12.2025

Domestic Production of Chemical Fertilizers

1109: Shri Parshottambhai Rupala:

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

- (a) whether any steps have been taken by the Government, in view of Swadeshi Bharat, to enhance domestic production of Chemical Fertilizers, if so, the details thereof;
- (b) whether Government is aware of the recent curtailment of Di-Ammonium Phosphate (DAP) supply from China, if so, the details and impact thereof;
- (c) whether the measures have been taken by the Government to ensure timely and uninterrupted fertilizer supply to farmers, if so, the details thereof;
- (d) whether the Government intends to implement New Energy Norms and fix the revised component for Urea Manufacturing Units; if so, the details thereof; and
- (e) the timeline by which the Government will resolve the long-pending issue of Rs. 2,300 per metric tonnes towards fixed cost for certain PSU and Cooperative Urea units pending since 2014?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS

(SMT. ANUPRIYA PATEL)

(a): With regard to Urea Fertilizers, it may be stated that 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 306.67 LMT of Urea during 2024-25.

With regard to P&K Fertilizers, the Government has implemented Nutrient Based Subsidy Policy w.e.f. 01.04.2010 for Phosphatic and Potassic (P&K) Fertilizers. Under NBS policy, P&K fertilizers are covered under Open General License (OGL) and companies are free to import/manufacture these fertilizers as per their business dynamics.

To boost domestic fertilizer production and make country self-reliant the 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.
- (ii) The number of P&K fertilizers covered under NBS policy has increased from 22 grades in 2021 to 28 grades.

(iii) 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.

(b): In October 2021, China amended its catalogue of commodities requiring mandatory additional inspection prior to export of fertilizer-related items, including DAP. The details of production, consumption and import of DAP including import from China during last three years are given below:-

DAP				fig. in LMT
Year	Consumption	Production	Total Import	Import from China
2022-23	105.31	43.50	68.72	12.17
2023-24	109.72	42.96	56.71	22.28
2024-25	96.29	37.72	49.72	08.47

(c): Following steps are taken by the Government every season for ensuring timely and adequate supply of fertilizers in the country:

i. 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.

ii. 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.

iii. 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);

iv. 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.

Further, Phosphatic & Potassic (P&K) fertilizers including Di-Ammonium Phosphate (DAP) are under Open General License (OGL). The fertilizer companies are free to import / manufacture these fertilizers as per their business dynamics. However, to ensure affordability, special provisions like Rs. 3500 per MT to cover 'Other Costs' which includes costs incurred from factory gate to farm gate, advantage / disadvantage due to increase / decrease in international prices, provision for GST component included in the MRP and provision for reasonable return @ 4% of net MRP (MRP-GST) have been extended to both imported and domestic DAP and imported TSP over and above NBS subsidy for Kharif 2025 season to keep the prices of fertilizers stable. The said provisions have been extended for Rabi 2025-26 season also.

(d) : With regard to the implementation of new energy norms, an Expert Group under NITI Aayog was engaged to recommend the energy norms to be applicable from 1st April, 2025. The Group has submitted its report on the proposed new energy norms for Urea units. The report is presently under examination in the Department of Fertilizers.

(e) : 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. Report of the Chief Advisor (Cost) has been received in the Department, which is currently under examination.
