GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF FERTILIZERS

LOK SABHA

UNSTARRED QUESTION NO. **1094** TO BE ANSWERED ON **24.07.2026**

Decline in Domestic Production of Fertiliser

1094: Shri Ve Vaithilingam:

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

(a) the factors responsible for the recent decline in domestic fertilizer production, particularly in relation to global supply disruptions, rising input costs, dependence on imported raw materials and other challenges affecting the fertilizer sector;
(b) the measures taken for addressing production constraints, ensuring adequate fertiliser availability, strengthening supply chains and supporting the requirements of the agricultural sector;
(c) the progress made in improving domestic manufacturing capacity, securing availability of critical raw materials and enhancing resilience of the fertilizer production ecosystem in the country;
(d) the support extended by the Government for modernisation of fertilizer plants, technological upgradation and efficient utilisation of available production resources; and
(e) the initiatives proposed for enhancing domestic production capacity, reducing import dependence and ensuring long-term fertilizer security for sustaining agricultural productivity?

ANSWER
THE MINISTER IN THE MINISTRY OF CHEMICALS & FERTILIZERS

(SHRI JAGAT PRAKASH NADDA)

(a) to (e): As per the information received from fertilizer units, decline in fertilizer production generally depends on various factors viz. availability of raw materials/feedstocks, volatility in the prices in international markets, technical shutdown. However, through diversification of sources for raw materials & feedstocks, the domestic production has been ensured at the optimum level.

Further, to ensure adequate availability of fertilizers and stabilize supply chains, the Department has undertaken measures to diversify import sources for fertilizers and engaged with Indian Missions to explore additional sources of supply. As a result of the efforts made 25 LMT and 17.7 LMT of Urea has been secured through global tender in April 2026 and June 2026 respectively.These initiatives are aimed at strengthening the fertilizer supply chain, reducing vulnerabilities arising from global market disruptions, and ensuring availability of fertilizers.

Also, following measures are taken by the Government every season for ensuring timely, adequate and uninterrupted 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 by DA&FW, D/o Fertilizers allocates 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 Management 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.

v. The distribution of fertilizers within the State is done by the respective State Government.

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 269.42 LMTPA during 2026-27. 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. Further, setting up of a new Brownfield Ammonia-Urea Complex named as Assam Valley Fertilizer and Chemical Company Ltd. (AVFCCL) with an annual capacity of 12.7 Lakh Metric Tonne of Urea through Joint Venture within the existing premises of Brahmaputra Valley Fertilizer Corporation Limited (BVFCL), Assam has been approved. These two projects are under execution phase.

Also, 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 2025-26, 293.30 LMT of Urea was produced in the country.

In addition to this, on 15.07.2026, CCEA approved National Investment Policy for Urea-2026 for Aatmanirbhar Bharat (NIPU-2026) for making fresh investments in Urea Sector.

The Government has implemented Nutrient Based Subsidy (NBS) Scheme w.e.f. 01.04.2010 for Phosphatic and Potassic (P&K) Fertilizers. Under the Scheme, P&K fertilizers are covered under Open General License (OGL) and companies are free to import/manufacture these fertilizers as per their business dynamics. For Kharif-2026, NBS rates have been approved for Rs. 41,533.81 Cr to ensure availability of P&K fertilizers under the scheme.

To reduce dependence on imported Phosphatic fertilizers and make country self-reliant measures have been taken to encourage domestic production through guidelines 18.01.2024 on reasonableness of MRP, wherein importers/ manufacturers and integrated manufacturers are given reasonable profit of 8%/10% and 12% respectively; 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 Scheme; the number of P&K fertilizers covered under NBS Scheme has increased from 22 grades in 2021 to 28 grades; Freight Subsidy on SSP, which is an indigenously manufactured fertilizer, is being provided since Kharif, 2022 to promote SSP usage for providing Phosphatic or 'P' nutrient to the soil.

***