GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF FERTILIZERS

LOK SABHA

UNSTARRED QUESTION NO.**989**TO BE ANSWERED ON **24.07.2026**

POLICY FOR SAFETY IN AGEING FERTILIZER PLANTS

989: SHRI PARSHOTTAMBHAI RUPALA:

Will the Minister of CHEMICALS AND FERTILIZERSbe pleased to state:

(a) whether steps have been taken by the Government regarding safety risks in aging fertilizer plants located in densely populated/environmentally sensitive areas of the country following the BVFCL Namrup fire, if so, the details thereof, State-wise;

(b) whether the Government proposes to constitute a High-Level Technical Committee to formulate a Strategy for replacing life-expired, obsolete plant machinery, if so, the details thereof;

(c) whether there is a proposal to frame uniform national guidelines for phased equipment replacement, mandate independent annual safety audits of critical machinery and strengthen regulatory compliance accountability, if so, the details thereof; and

(d) the steps taken by the Government to reimburse the pending Fixed Cost to Public Sector Undertaking (PSU) fertilizer units, which has remained outstanding since 2014 as on date, year-wise?

ANSWER
THE MINISTER IN THE MINISTRY OF CHEMICALS & FERTILIZERS

(SHRI JAGAT PRAKASH NADDA)

(a) to (c):The safety and security of urea manufacturing units do not fall directly under the purview of the Department of Fertilizers (DoF). However, in order to promote safe operations, the Department has developed a model safety protocol checklist, obtained from urea units on a monthly basis for review and monitoring. Routine health checkup of ammonia systems including storage tanks, adoption of safety in design of ammonia storage and handling during transportation, disaster management training of employees, emergency response planning are some of the major aspects covered in these reports. The mandatory safety audits of Public Sector Fertilizer Plants are conducted periodically by the respective Public Sector Undertakings (PSUs) through external agencies. Following the fire incidents at Brahmaputra Valley fertilizer Corporation Limited (BVFCL),PSUs undertook the assessment of the incident and initiated necessary corrective and preventive measures including inspection of critical equipment in accordance with established safety procedure.

Brahmaputra Valley Fertilizer Corporation Limited (BVFCL) has, presently, only one operating fertilizer manufacturing plant in Namrup, Assam. BVFCL carry out periodic safety audits, inspection of critical equipment, preventive maintenance and statuary compliance as per prescribed regulations.

National Fertilizers Limited (NFL) has five gas-based Ammonia-Urea plants viz. Nangal & Bathinda plants in Punjab, Panipat plant in Haryana and two plants at Vijaipur at District Guna, in Madhya Pradesh. It conducts safety audit of all its manufacturing plants every year through Directorate General Factory Advice Service and Labour Institutes (DGFASLI) certified Auditor/Agency in accordance with Manufacture, Storage and Import of Hazardous Chemicals (MSIHC) Rules, 1989.

Rashtriya Chemicals & Fertilizers Limited (RCF) has two fertilizer manufacturing plants, one at Trombay in Mumbai, Maharashtra and the other at Thal, Raigad district, Maharashtra. Apart from regular internal audit through its Safety Audit Committees, it conducts safety audit of its manufacturing plants through external reputed agencies annually.RCF has implemented Process Safety Management (PSM) system as a proactive step to ensure workplace safety.

Madras Fertilizers Limited (MFL) has only one fertilizer manufacturing plant in Manali, Chennai, Tamil Nadu. MFL periodically carries out statutory inspections, preventive maintenance and safety audits of critical equipment in accordance with the applicable statutory provisions and established maintenance practices.

Fertilizers and Chemicals Travancore Limited (FACT)has two manufacturing plants at Udyogamandal, Kochi, Kerala and at Cochin Division, Kerala. FACT conduct internal safety audits through its Safety Audit Committee and engages a reputed external agency for audits biennially.

PSUs such as NFL and RCF have been given Navratna status which enabled them to have more flexibility in investment by adopting new technologies.

(d): The modified New Pricing Scheme (NPS-III) was notified on 2nd April 2014. Thereafter, process to implement the provisions of Modified New Pricing Scheme(MNPS-III) was started. Being the implementation agency, Fertilizer Industry Coordination Committee(FICC) was compiling/analysing the data. It was observed that there is an ambiguity in the approval given by Cabinet Committee on Economic Affairs(CCEA). It was proposed to pay a minimum fixed cost of Rs.2300/MT or actual fixed cost prevailing during 2012-13, whichever is lower. In other words, no unit shall be paid fixed cost more than Rs.2300/MT. Thus Rs. 2300/MT, instead of being a minimum fixed cost i.e. floor, became the ceiling for all fertilizers plants. All the confusion arising because of this ambiguity of not clarifying that minimum Fixed Cost of Rs.2300/MT was intended only for three units viz., NFL-Vijaipur-I, RCF-Thal and KRIBHCO-Hazira. It was never the intention of the Government, Group of Ministers and Department of Fertilizers to recover what has already been given to the urea industry.

Thereafter, in October 2018, a CCEA note was prepared to remove the ambiguity and Inter-Ministerial Consultation(IMC) was conducted. However, it was decided to refer the matter to a Team of Ministers in February 2019. The Team of Ministers gave its recommendations in August 2019.

Based on the recommendations of the Team of Ministers, a CCEA note was submitted. CCEA approved and deleted the provisions of minimum fixed cost of Rs.2300/MT in March 2020.FAI, KRIBHCO-Hazira and NFL represented to the Department of Fertilizers to restore the minimum fixed cost of Rs.2300/MT as decided in the notification dated 2nd April 2014. A Committee under the chairmanship of Additional Secretary and Executive Director, FICC was constituted in September, 2020 and reconstituted in January 2021 to examine the issue of Minimum Fixed Cost of Rs.2300/MT.

Expenditure Finance Committee (EFC) in December 2022, inter-alia, observed that if required, the issues related with costing etc. of the urea units may be referred to the Chief Advisor (Cost) in the Ministry of Finance for examination and recommendations. Accordingly, the entire gamut of issues related to fixed cost including the issue of minimum fixed cost was referred to Chief Advisor Cost (CAC). CAC through the Department of Expenditure (DoE) has submitted its report in April 2025. Subsequently, some meetings have been held between DoF, FICC and CAC. Thereafter, meetings were held with Urea units wherein some of the units have raised their concerns on the methodology adopted by CAC. The report has been referred to NITI Aayog for examination by the Expert Group.

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