

Ministry of Chemicals and Fertilizers

Policy objective for building a vibrant domestic fertilizer industry

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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.

Under NIP – 2012 read with its amendment, Matix Fertilizers & Chemicals Limited (Matix) has set up a Coal Bed Methane (CBM) based Greenfield Ammonia –Urea complex at Panagarh, West Bengal. The commercial production of Matix started on 1st October 2017. Chambal Fertilizers & Chemicals Limited (CFCL) has also set up a Brownfield project at Gadepan, Rajasthan. The commercial production of CFCL-III started on 1st January, 2019.

The Government of India has also notified the New Urea Policy (NUP) – 2015 on 25th May, 2015 for existing gas based urea units with the objective of maximizing indigenous urea production; promoting energy efficiency in urea production; and rationalizing subsidy burden on the Government. NUP-2015 has led to additional production of approximately 20 LMT as compared to 2014-15, from the existing gas based urea plants and the total production of urea during the year 2015-16 was 244.75 LMT, i.e. the highest ever urea production in the country. The indigenous urea production for the years 2016-17, 2017-18 & 2018-19 was 242.01 LMT, 240.23 LMT & 240 LMT respectively which is significantly higher than the production in 2014-15.

Further Government of India is reviving 5 closed fertilizer plants of FCIL / HFCL namely Talcher, Ramagundam, Gorakhpur and Sindri plants of FCIL and Barauni plant of HFCL by setting up new Ammonia Urea plants of 12.7 Lakh metric tonne per annum capacity. These projects upon implementation/ operationalization will help rejuvenate the fertilizer sector

So far as deep-rooted structural reforms are concerned, the following reforms have been undertaken by the Department of Fertilizers in last 5 years: -

Based on CCEA decision, vide notification dated 25th May, 2015 Department of Fertilizers had made it mandatory for all the domestic producers of urea to produce 100% as Neem Coated Urea, with the objective of promoting the balanced use of fertilizers. Entire quantity of indigenously produced urea and imported urea is being neem coated w.e.f 1st September, 2015 and w.e.f 1st December, 2015 respectively.

Based on CCEA decision, vide notification dated 4th September, 2017, the Government of India has introduced 45 kg bag of urea in place of 50 kg bag of urea in

order to reduce the consumption of urea.

The Department of fertilizers has also implemented Direct Benefit Transfer (DBT) System across all States/UTs w.e.f. March, 2018. Under the DBT system, 100% subsidy on various fertilizer grades is released to the fertilizer companies, on the basis of actual sales made by the retailers to the beneficiaries through Point of Sale (PoS) devices installed at each retailer shop and the beneficiaries are identified through Aadhaar Card, Kisan Credit Card, Voter Identity Card etc.

As far as market-linked pricing policy is concerned, the MRP of urea is statutorily fixed by the Government. The MRP of 45 kg bag of urea is Rs.242 per bag (exclusive of charges towards neem coating and taxes as applicable) and the MRP of 50 kg bag of urea is Rs. 268 per bag (exclusive of charges towards neem coating and taxes as applicable).

The Nutrient Based Subsidy (NBS) Scheme for P&K fertilizers has already been implemented w.e.f. 1.4.2010. Under the said Scheme, a fixed amount of subsidy decided on annual basis, is provided on each grade of subsidized Phosphatic & Potassic (P&K) fertilizers depending upon its Nutrient Content. As the P&K fertilizers are decontrolled, the Maximum Retail Price (MRP) is fixed by Companies as per market dynamics at reasonable level.

Govt. of India encourages private entrepreneurs of India and Foreign countries to invest in fertilizer manufacturing with an objective of increasing domestic production capacities in the country. The New Investment Policy (NIP) 2012 is especially designed for this purpose. Since the notification of NIP-2012, two urea plants have come up in private sector.

There is no proposal for setting up of new urea plant in West Bengal. However, Matix Fertilizers & Chemicals Limited (Matix) has already set up a Coal Bed Methane (CBM) based Greenfield Ammonia –Urea complex at Panagarh, West Bengal under NIP-2012.

This information was given in a written reply by the Union Minister of Chemicals & Fertilizers, Shri. D.V. Sadananda Gowda in Rajya Sabha today.

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