

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF FERTILIZERS

LOK SABHA

UNSTARRED QUESTION NO. 1910 TO BE ANSWERED ON: 02.08.2024

GST CHARGED ON FERTILIZERS

1910. SHRI DHAIRYASHEEL SAMBHAJIRAO MANE:
SHRI CHAVAN VASANTRAO BALWANTRAO:
SHRI SUDHEER GUPTA:

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

- (a) whether there is a large difference between GST charged on fertilizers and GST charged on raw materials used for manufacturing of fertilizers like Sulphuric Acid and Ammonia in the country;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Standing Committee on Chemicals and Fertilizers has recommended reduction of GST on nutrients and raw materials in the interest of fertilizers manufacturing companies and farmers in the country;
- (d) if so, the details thereof and the response of Government in this regard;
- (e) whether the production of fertilizers is not proportionate to its demand in the country;
- (f) if so, the details thereof along with the steps taken/proposed to be taken by the Government to increase the production of fertilizers to meet the demand; and
- (g) whether the Government proposes to encourage the use of bio-fertilizers considering the shortage of fertilizers in the country and if so, the details thereof?

ANSWER

**THE MINISTER OF STATE IN MINISTRY OF CHEMICALS & FERTILIZERS
(SMT. ANUPRIYA PATEL)**

(a) & (b): Presently, all fertilizers attract GST at the rate of 5%. Inputs/raw material used in manufacturing of fertilizers like Sulphuric Acid and Ammonia attract GST at the rate of 18%. GST exemptions and rates are prescribed on the recommendations of the GST Council, which is a constitutional body comprising of representatives from States/UTs and Centre, taking into account all the relevant factors.

(c) & (d): The recommendations of the Standing Committee on Chemicals and Fertilizers regarding reduction of GST on micronutrients and raw materials was taken to the 53rd GST Council for consideration. The GST Council has referred the matter to GoM on Rate Rationalisation for a holistic view.

(e) & (f): The data on production and demand of all fertilizers from year 2022-23 is attached at **Annexure-A and Annexure-B**, respectively. Whenever, there is a gap between demand and production of fertilizer, the same is met through import of fertilizers.

The Government has taken following steps for making country self reliant in P&K fertilizers:

- (i) Based on examination of requests received, permission are granted to the fertilizer companies for increasing their manufacturing capacity which are under NBS and for induction of new P&K companies & their fertilizer products under NBS, with a view to boost manufacturing and make country self-reliant in fertilizer production.
- (ii) Potash derived from Molasses (PDM) which is 100% indigenously manufactured fertilizer has been notified under Nutrient based subsidy (NBS) regime w.e.f 13.10.2021.

With regards to Urea, the Government had announced New Investment Policy (NIP) 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 the policy 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 at present. 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. 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 LMTPA as compared to the production during 2014-15 annually. These steps together have facilitated increase of Urea production from level of 225 LMT per annum during 2014-15 to a record Urea Production at 314.09 LMT during 2023-24.

- (g): The Government is recommending soil test based balanced and integrated nutrient management through conjunctive use of both inorganic and organic sources (manure, bio-fertilizers etc.) of plant nutrients to reduce the use of chemical fertilizers preventing deterioration of soil health, environment and contamination of groundwater. In addition, split application and placement of fertilizers, use of slow releasing N-

fertilizers and nitrification inhibitors, growing leguminous crops and use of Resource Conservation Technologies (RCTs) are also advocated. Indian Council of Agricultural Research imparts training, organizes front-line demonstrations and undertakes public campaigns to educate farmers on all these aspects. In order to promote use of organic sources of fertilizers, Government has developed several technologies and carried out technology dissemination activities. Several organic waste recycling and enrichment technologies have been developed. In order to enhance bio-fertilizer use, ICAR has developed improved and efficient strains of bio-fertilizers specific to different crops and soil types. Liquid Bio-fertilizer technology with higher shelf-life has also been developed. These are available for use by farmers and other stakeholders. The ICAR also imparts training to educate farmers and provide technical backstopping to Governmental schemes in this regard.

The Government has also approved Market Development Assistance @ ₹1,500/MT to promote organic fertilizers, produced at plants under umbrella Galvanizing Organic Bio-Agro Resources Dhan (GOBARdhan) initiative covering different Biogas/CBG support schemes/programmes of stakeholder Ministries/Departments such as Sustainable Alternative Towards Affordable Transportation (SATAT) scheme of Ministry of Petroleum & Natural Gas (MoP&NG), 'Waste to Energy' programme of Ministry of New & Renewable Energy (MNRE), Swachh Bharat Mission (Grameen) of Department of Drinking Water & Sanitation (DDWS), etc. Also, for promotion of organic and bio-fertilizers, Government has requested all fertilizer marketing companies to arrange for mandatory off-take of Fermented Organic Manure (FOM) and other organic & bio-fertilizer with chemical fertilizer as a "Basket Approach" to ensure balanced and Integrated Nutrient Management for the Crops.

Annexure-A

**Annexure referred to in reply to part (e) and (f) of Lok Sabha Unstarred Question
No. 1910 for answer on 02.08.2024**

YEAR-WISE PRODUCTION OF ALL FERTILIZERS

Production (LMT)							(Fig. in
YEAR	Urea	A/S	DAP	Complex	SSP	TSP	Total Fertilizers
2022-23	284.94	7.45	43.47	92.95	56.44	0.04	485.29
2023-24	314.07	6.37	42.93	95.48	44.44	0.04	503.35
2024-25 (upto June 2024)	75.62	1.44	10.00	25.16	13.09	0.00	125.31

Annexure- B

**Annexure referred to in reply to part (e) and (f) of Lok Sabha Unstarred Question
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DEMANDS FROM ALL ACROSS INDIA 2022-23 TO 2023-24 & KHARIF 2024 (UPTO JUNE 24)					(in LMT)
SI No.	Fertilizer	2022-23	2023-24	2024-25 (Up to June, 2024)	
1	UREA	359.19	356.08	78.06	
2	DAP	114.20	110.18	29.29	
3	MOP	34.17	27.62	4.77	
4	NPKS	120.69	126.31	33.01	
