

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:2393
ANSWERED ON:10.03.2011
NEW INVESTMENT POLICY
Tirkey Shri Manohar

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

- (a) whether the Government is contemplating to formulate a new investment policy in the fertilizers` sector;
- (b) if so, the details thereof;
- (c) the extent to which the aforesaid policy is tikeiy to bridge the gap between the consumption and domestic production; and
- (d) the time by which the said policy is likely to be implemented?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a) to (d) The Government has notified on 4th September 2008 a New Investment policy for urea sector which is based on IPP benchmark and has been finalized in consultation with the industry. The policy aims at revamp, expansion, revival of existing urea units and setting up of Greenfield/Brownfield projects. The policy is likely to substantially bridge the gap in next five years between the consumption and domestic production subject to confirmed and adequate availability of gas at reasonable prices. The fertilizer Industry has responded positively towards the New Investment Policy by initiating investment decision for revamp of existing capacities. The fertilizer units like IFFCO-Aonla - I & II, IFFCO-Phulpur- I & II, Chambal Fertilizers and Chemicals Limited (CFCL) - Gadepan - I&II, Nagarjuna Fertilizers and Chemicals Limited (NFCL) -Kakinada - I & II and the unit of Tata Chemicals Limited - Babrala have informed regarding availability of additional production of urea after revamp. The expansion and setting up of new plants did not fructify as the companies have been regularly requesting the Government for either firm allocation of gas at predetermined fixed prices from domestic gas sources or insulate industry from any additional liability arising due to increase in delivered price of gas by correspondingly increasing the floor prices in the absence of any commitment on allocation of natural gas at fixed prices. The constraints indicated are under examination in the Department of Fertilizers and a proposal for amendments in the New Investment Policy notified on 4th September 2008 with various options is under consideration of a Committee constituted under the Chairmanship of Dr. Sumitra Chaudhari, Member, Planning Commission, as recommended by the Group of Ministers(GoM).