

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

UNSTARRED QUESTION NO:2508
ANSWERED ON:08.12.2011
INVESTMENT IN FERTILIZER SECTOR
Dharmshi Shri Babar Gajanan

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

- (a) whether there has been no fresh investment in the fertilizer sector since the last decade;
- (b) if so, the reasons therefor;
- (c) whether various anomalies in the existing investment policy resulted in decline in fresh investment in the fertilizer sector;
- (d) if so, the steps taken by the Government to address these anomalies and to make investment policy fully recognize the transportation costs and provide for full gas price compensation instead of artificially fixing floor and ceiling prices based on assumed capital cost figures; and
- (e) the time by which the decision is likely to be taken by the Government in this regard?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION
AND MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a) to (e): The Government has notified on 4th September 2008, a new investment policy for urea sector to attract the much required investment in this sector. The policy has resulted in increase of indigenous Urea production by approximately two million tonnes through revamp of existing plants. No new investments under Expansion, Revival & Greenfield plants were materialised.

In order to attract new investments in urea sector, the Group of Ministers (GoM) constituted to review the fertilizer policy has decided in its meeting held on 5th January 2011 to constitute a Committee under the Chairmanship of Dr. Saumitra Chaudhuri, Member Planning Commission to examine the issues relating to investment policy and amendments proposed therein, and make appropriate recommendations. The Committee had several meeting and the report is being finalised soon. For P&K fertilizers, the phosphatic sector are 90% dependent on imports of raw material and Potassic fertilizers are 100% dependent on imports. Hence, no new investment in P&K sector except in SSP fertilisers is expected.