

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

STARRED QUESTION NO:150
ANSWERED ON:01.12.2011
PRODUCTION OF FERTILIZERS
Singh Shri Ravneet

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

- (a) whether the fertilizer industry has failed to attract investments in the sector over a period of time;
- (b) if so, the reasons therefor;
- (c) whether the Government has formulated any price policy for sale of fertilizers;
- (d) if so, the details thereof; and
- (e) the target set for production of fertilizers in the next five years alongwith the steps being taken to achieve it?

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): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (e) OF LOK SABHA STARRED QUESTION NO. 150 TO BE ANSWERED ON 1.12.2011 REGARDING PRODUCTION OF FERTILIZERS.

(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 is 90% dependent on imports of raw materials and Potassic fertilizers are 100% dependent on imports. Hence, no new investment in P&K sector except in SSP fertilizers is expected.

The Government announced the Nutrient Based Subsidy (NBS) policy w.e.f. 1-4- 2010 for decontrolled Phosphatic & Potassic fertilizers after considering all the issues relating to agriculture productivity, balanced fertilization and growth of indigenous fertilizer industry and examining all options for rationalization of existing fertilizer subsidy regime. As regards, Nutrient Based Subsidy (NBS) for urea sector is concerned, 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 Chaudhary, Member Planning Commission to examine the proposal for introduction of NBS in urea, including various options therefor, and make suitable recommendations. The Committee constituted under the Chairmanship of Dr. Saumitra Chaudhary, Member Planning Commission has submitted the report on Nutrient Based Subsidy in Urea sector which was discussed by the Group of Ministers in its meeting held on 5th August 2011 and directed that the proposal on Nutrient Based Subsidy (NBS) for Urea as recommended by the Committee be placed before the Cabinet Committee on Economic Affairs (CCEA) for consideration alongwith the observations of Minister of Chemicals & Fertilizers and directions of CCEA sought. The draft note for the CCEA has been circulated by the Department of Fertilizers for inter-Ministerial consultations.

Recently Government has decided to revive the eight closed plants of Fertilizer Corporation of India (FCIL) and Hindustan Corporation of Indis (HFCL) to further increase Urea production.