

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

UNSTARRED QUESTION NO:1482

ANSWERED ON:22.03.2012

INVESTMENT POLICY ON UREA

Kumar Shri Vishwa Mohan; Owaisi Shri Asaduddin; Patil Shri A.T. Nana; Ponnam Shri Prabhakar; Singh Shri Brij Bhushan Sharan; Sugumar Shri K.

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

- (a) whether the Government's 2008 investment policy to boost urea production has failed to attract investment;
- (b) if so, the reasons therefor;
- (c) whether the Committee of Secretaries was set up in 2011 under the Chairmanship of a Member of the Planning Commission;
- (d) if so, whether the Committee has suggested incentive to set up Greenfield and Brownfield projects as well as expansion of existing plants and facilities and to set up new plants in order to increase the production;
- (e) if so, the action taken on the recommendations of the said Committee;
- (f) whether the Government has prepared any action plan for new investment policy on urea and subsidy being provided to urea producing units;
- (g) if so, the details thereof; and
- (h) the likely impact on prices of urea, subsidy bill and the manner in which the said policy is likely to be beneficial after its implementation?

**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)&(b): The Government had 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. However, due to lack of commitment on availability of domestic natural gas by the Government at a pre-determined price formula, no Expansion/Brownfield plants could fructify. In addition the Greenfield units were supposed to go through bidding route for determination of Urea price from these units. It was felt that to encourage investment in Greenfield urea projects, they should be treated in line with Brownfield/Expansion units and have to be brought into the ambit of the IPP regime. The companies interested in new investments in Urea sector have been regularly requesting the Government for either firm allocation of gas at predetermined fixed prices from domestic gas sources or to protect the industry from any additional liability arising due to increase in the delivered price of gas by correspondingly providing adequate protection at the floor prices.

(c) Yes, Sir. The proposal to amend the New Investment Policy notified by the DOF on 4th September 2008 was discussed in the meeting of Group of Ministers (GoM) held on 5th January 2011. GoM directed to constitute a Committee under chairmanship of Dr. Saumitra Chaudhuri, Member Planning Commission with Secretary(Fertilizers), Secretary (Expenditure), Secretary(DAC) and Secretary(Petroleum) as members.

(d)to(h): The Group of Ministers(GoM) constituted to review the fertilizer policy, in its meeting held on 24th February 2012, considered the proposal of the above Committee, suggestions of Department of Fertilizers and issue raised by the industry. GoM decided that the proposal for New Investment Policy – 2012 in urea sector suggested by the Committee under Dr. Saumitra Chaudhuri, Member Planning Commission, as modified by the Department of Fertilizers, be placed before the Cabinet Committee on Economic Affairs (CCEA) subject to certain stipulations. The proposal is under consideration of Department of Fertilizers.