

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

UNSTARRED QUESTION NO:174

ANSWERED ON:24.02.2015

NEW INVESTMENT POLICY

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

(a) whether the Government proposes to introduce New Investment Policy (NIP)/urea policy for expansion of existing plants and set up new plants to increase production of fertilizer;

(b) if so, the salient features of the NIP to facilitate investment in the urea sector;

(c) whether the Government has made assessment on the requirement of various fertilizers for domestic consumption in the country by the end of 2020 and if so, the detail thereof.

(d) whether the domestic fertilizer companies in the public, private and co-operative sectors would be able to meet the above demand and if so, the details thereof; and

(e) whether there is a huge gap among the production, demand and supply of urea and chemical fertilizers in the country and if so, the detail thereof, fertilizer-wise?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI HANSRAJ GANGARAM AHIR)

(a): Yes, Madam.

(b): Salient features of New Investment Policy (NIP) - 2012 (as amended on 7<sup>th</sup> 1 October, 2014) are as follows -

# The policy supports gas based plants only.

# It has a structure of a flexible floor and ceiling price calculated at delivered price of gas from US\$ 6.5 to US\$ 14/mmbtu.

# The floor price has been determined at a Return on Equity (RoE) of 12% and the ceiling price at a RoE of 20%.

# For Greenfield/Revival and Brownfield Projects, the floor and ceiling shall increase in tandem with increase in delivered gas price i.e. every US\$ 0.1/mmbtu increase in delivered gas price will increase the floor and ceiling by US\$ 2/MT upto delivered gas price of US\$ 14/mmbtu.

# Beyond delivered gas price of US\$ 14/mmbtu, only floor will be increased.

# For Revamp Projects, floor and ceiling have been linked to delivered gas price of US\$ 7.5/mmbtu and floor and ceiling shall increase by US\$ 2.2/MT for every increase in delivered gas price of 0.1/mmbtu.

# It supports revival of closed units.

# It encourages investment by Indian industry for Joint Ventures abroad in resource rich countries.

# The policy incentivizes units to produce urea in granulated or coated/fortified form to improve the efficiency in the use of urea with additional amount of US\$ 10/MT allowed in floor and ceiling prices.

# For units in North Eastern states, the special dispensation regarding gas price that is being extended by GOI/State Governments will be available to any new investment. Suitable adjustments will be made to applicable floor and ceiling price in case the delivered price (after allowing for special dispensation) falls below US\$ 6.5 per mmbtu, subject to approval of Ministry of Finance.

# The policy is applicable to all units whose production starts within five years from the date of notification and has dispensation of guaranteed buy back for eight years from date of start of production.

(c): Yes, Madam. The requirement of the various fertilizers in the country from 2015-16 to 2019-20 are as follows:-

Figure `000` UTS

Years	Urea	DAP	SSP	NP/NPKs	MOP	Others	Total
2015-16	32858	12212	5513	11142	4643	1000	67368
2016-17	33677	12413	5948	11420	4793	1000	69251
2017-18	33754	12764	6476	11841	4934	1025	70793
2018-19	34536	12950	6626	12318	5048	1025	72603
2019-20	35307	13014	7096	12799	5086	1050	74352

(d): The Greenfield/Brownfield project under NIP-2012 and amendment thereof, will enhance the production of domestic urea. However it may be stated that the demand-supply gap is fulfilled by import, as per demand of urea.

So far as P&K fertilizers is concerned, the total demand of P&K fertilizers is met from majority from imported sources, either in form of finished products or raw materials as the country has no known source of potash and only 7% of Phosphatic requirement is met from rock phosphate available in the states of Rajasthan and Madhya Pradesh.

(e): The details of the production of urea, DAP and complex fertilizers are as follows: -

Production	< Figures in 000 MT>		
Year	Urea	DAP	Complex
2013-14	22715.4	3611.0	6913.0
2014-Jan. 2015	19229.3	2763.5	6713.7

The details of the demand and supply of urea, DAP, MOP and NPK are as follows:-

< Figures in 000 MT>							
Fertilizers	Requirement	Availability	Sales	Requirement	Availability	Sales	
(2013-14)	(2014-Jan, 2015)						
Urea	3169015	3067523	30454.20	2797857	25857.97	25701.67	
DAP	10985.67	7290.44	690304	8957.13	6836.04	6397.86	
MOP	3513.32	2332.37	2192.25	2665.27	271511	2286.90	
NPK	10735.57	7963.46	7515.98	8847.76	7220.28	6919.83	