09

STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS
(2024-25)

(EIGHTEENTH LOK SABHA)

MINISTRY OF CHEMICALS AND FERTILIZERS

(DEPARTMENT OF FERTILIZERS)

Action Taken by the Government on the Observations/Recommendations contained in the Third Report of the Standing Committee on Chemicals and Fertilizers (Eighteenth Lok Sabha) on 'Demands for Grants 2024-25' of the Ministry of Chemicals and Fertilizers (Department of Fertilizers)

NINTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

AUGUST, 2025/ SHRAVAN, 1947 (SAKA)

CC&F NO. 189

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Presented to Lok Sabha on 20 August, 2025

Laid in Rajya Sabha on 20 August, 2025

सत्यमेव जयते

LOK SABHA SECRETARIAT

NEW DELHI

AUGUST, 2025/ SHRAVAN, 1947 (SAKA)

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COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2024-25)

Shri Azad Kirti Jha - Chairperson

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2. Shri Brijmohan Agrawal
3. Shri Ajay Bhatt
4. Shri Robert Bruce C.
5. Shri Bharatsinhji Shankarji Dabhi
6. Smt. Kriti Devi Debbarman
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13. Shri Balram Naik Porika
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15. Shri Eatala Rajender
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17. Shri Daggumalla Prasada Rao
18. Shri Tharaniventhan M.S.
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20. Dr. Ricky Andrew J. Syngkon
21. Shri Shivmangal Singh Tomar

RAJYA SABHA

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23. Dr. Bhagwat Karad*
24. Shri Subhash Chandra Bose Pilli
25. Shri Naresh Bansal[&]
26. Shri Sanjay Raut
27. Shri Meda Raghunadha Reddy
28. Dr. Kalpana Saini
29. Shri Arun Singh
30. Shri Akhilesh Prasad Singh
31. Shri Tejveer Singh

SECRETARIAT

1. Smt. Maya Lingi - Joint Secretary
2. Ms. Miranda Ingudam - Director
3. Shri Nagendra Suman - Deputy Secretary

INTRODUCTION

I, the Chairperson, Standing Committee on Chemicals and Fertilizers (2024-25) having been authorized by the Committee, do present on their behalf this Ninth Report on Action taken by the Government on the Observations/Recommendations of the Committee contained in their Third Report (Eighteenth Lok Sabha) on 'Demands for Grants 2024-25' pertaining to the Ministry of Chemicals and Fertilizers (Department of Fertilizers).

2. The Third Report was presented to Lok Sabha and also laid in Rajya Sabha on 16th December, 2024. The Department of Fertilizers, Ministry of Chemicals and Fertilizers furnished their replies on 13th March, 2025 indicating Action Taken on the Observations/Recommendations contained in the Third Report. The Committee considered and adopted the Draft Report at their Sitting held on 18th August, 2025.

3. An analysis of the Action Taken by the Government on the Observations/Recommendations contained in the Third Report (Seventeenth Lok Sabha) of the Committee is given in **Appendix-II.**

4. For ease of reference, Observations/Recommendations of the Committee have been printed in bold letters in the Report**.**

New Delhi;
18 August, 2025
27 Shravan, 1947 (Saka)

AZAD KIRTI JHA
CHAIRPERSON,
STANDING COMMITTEE ON
CHEMICALS AND FERTILIZERS.

CHAPTER – I

REPORT

This Report deals with the action taken by the Government on the Observations/Recommendations contained in the Third Report (18th Lok Sabha) of the Committee on 'Demands for Grants (2024-25).' pertaining to the Ministry of Chemicals & Fertilizers (Department of Fertilizers).

1.2 The Third Report was presented to Lok Sabha and laid in Rajya Sabha on 16.12.2024. It contained 14 Observations / Recommendations. Replies of the Government in respect of all the recommendations have been received and are categorized as follows:

(i) Observations/Recommendations which have been accepted by the Government:

Rec. Sl. No. 1,3,4,5, 9,11,12 and 13

(Total =08)

These may be included in Chapter II of the Draft Report.

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply:

Rec. Sl. No.8,10 and 14

(Total-03)

These may be included in Chapter III of the Draft Report.

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:

Rec. Sl. No. 2 and 6

(Total-02)

These may be included in Chapter IV of the Draft Report.

(iv) Observations/Recommendations in respect of which final replies of the Government are of interim nature:

Rec. Sl. No. 7

(Total-01)

These may be included in Chapter V of the Draft Report.

1.3 The Committee desire that the Action Taken Notes on the Observations / Recommendations contained in Chapter-I of this Report and the final replies in respect of Observations/Recommendations contained in Chapter IV for which interim reply has been furnished by the Ministry may be furnished to them at the earliest.

1.4 The Committee will now deal with some of their earlier Observations/Recommendations which either require reiteration or merit further comments.

RECOMMENDATION SL. No. 2

1.5 Stressing the need to consider the feasibility of acquisition of mining lease with raw material rich countries and placing Fertilizer Sector back in the 'Strategic Sector', the Committee recommended as under: -

"The Committee are dismayed to find that the position of preferential allotment of mineral mines in favour of fertilizer PSUs for exploration of raw materials changed with the recent notification of the Ministry of Mines incorporating phosphatic and potassic minerals in the list of "Critical and Strategic Minerals" opening them for auction to maximize revenue for the State necessitating fertilizer companies to participate in the auction process for acquisition of any new mines. Intriguingly while Fertilizer Sector was placed in the 'Non-Strategic Sector' necessitating disinvestment of the Fertilizer PSUs, other notified phosphatic and potassic minerals was placed in the list of "Critical and Strategic Minerals". The Committee find this apparently contradictory. Keeping in view the historical role of Fertilizer PSUs in the production of fertilizers for the Country, the Committee desire that they may be given preference in the allotment of mineral mines. The Department of Fertilizers should accordingly impress upon the Ministry of Mines for a preferential consideration of Fertilizer PSUs in auction of mines. The Committee further find that no significant progress has been made in signing mining lease agreements with the raw material rich countries for extraction for refining / manufacturing of fertilizers. The Committee expect the Government to actively consider the feasibility of acquisition of mining lease with raw material rich Countries. The Committee further stress on the utmost need of the hour for consideration of placing Fertilizer Sector back in the 'Strategic Sector' giving due importance to the strategic role that the Sector plays in ensuring food security to the Nation."

REPLY OF THE GOVERNMENT

1.6 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under: -

"D/o Fertilizer has taken the matter with M/o Mines and M/o Mines has informed that Glauconite, Phosphate and Potash were notified as `Critical and Strategic Minerals' under Part-D of First Schedule to the MMDR Act through the MMDR Amendment Act, 2023 with effect from 17.08.2023. For the 'Critical and Strategic Minerals', the Central Government is empowered to conduct their auction for grant of mineral concessions. The fertilizer minerals are critical for ensuring food security of the country and at present the demand for these minerals is being mostly met from imports. It was observed that many States were not notifying fertilizer mineral blocks for auction. Therefore, with an objective of increasing production of these minerals, the Central Government has placed fertilizer minerals under 'Critical and Strategic Minerals' category. As regards allotment of mines in favor of PSUs, Section 17A of the MMDR Act provides for reservation of areas in favor of PSUs. The said provision continues and is equally applicable for 'Critical and Strategic Minerals' as well. However, the reservation of any area in favor of a PSU depends on several factors such the capability of the PSU for mine development and the consent of the State Government for allocation of mine to PSU through reservation route.

A D.O. letter dated 24.03.2021 from the Hon'ble Minister (C&F) to Hon'ble Minister of Finance was sent requesting for inclusion of "Fertilizer" among the strategic sector in the New Public Sector Enterprises Policy for Atmanirbhar Bharat. Further, the Department of Fertilizers vide DO letter dated 09.04.2022 also referred the matter to DIPAM for inclusion of Fertilizer sector in the Strategic Sector.

In response, Secretary, DIPAM vide DO letter dated 19.04.2022 informed that while approving New PSE policy, Cabinet has considered the justification given by DIPAM for keeping the 'Fertilizer' as Non-Strategic Sector. The comments of DIPAM given in the Inter-Ministerial Consultation (Annexure-II of the Cabinet Note) is reproduced below:

“There are many private fertilizer manufacturers in the country. CPSEs account for only 25% and 11% of urea and non-urea fertilizers respectively. Most of the CPSEs are running in losses and their continuation neither justifies fiscal prudence nor address the criteria applied for strategic sectors. Therefore, there is no justification for keeping the ‘Fertilizer’ sector in strategic sectors. In view of this, fertilizer has not been categorized as strategic sector. However, ‘in-principle’ approval from the CCEA for strategic disinvestment of a specific PSE will be obtained from time to time, on a case-to-case basis. The timing for specific transactions will, however, be contingent, inter alia, on the considerations of appropriate sequencing, sectoral trends, administrative feasibility, investors’ interest, etc.”

Department of Fertilizers supports and facilitates Indian fertilizer companies for exploring the opportunities of entering into mining lease agreement with the raw material rich countries for extraction for refining / manufacturing of fertilizers.”

OBSERVATION/RECOMMENDATION OF THE COMMITTEE

1.7 One of the aspects of the Committee's recommendation dealt with securing mining lease agreements with raw material rich countries in order to attain self-sufficiency in the field of fertilizers. In this regard, the Department of Fertilizers have contended that the Department was supporting and facilitating Indian fertilizer companies in exploring opportunities for entering into mining lease agreements with raw material-rich countries for extraction, refining, and manufacturing of fertilizers. However, the Committee finds that not much progress has been made in this direction. While India and Togolese fertilizer companies are reportedly finalizing a Memorandum of Understanding (MoU) for the supply of Rock Phosphate to India and Rashtriya Chemicals and Fertilizers Limited (RCF) is exploring the possibility of sourcing the required grade of Rock Phosphate from Mauritania, much more needs to be done in terms of proactively exploring and securing long-term mining lease agreements directly with resource-rich countries. The Committee, therefore, reiterate their recommendation to impress upon the Government to support and facilitate the Indian Fertilizer Companies both public and private in their

endeavors to obtain mining lease agreements with raw material rich countries rather than sub contractual agreements with foreign fertilizer companies.

The other aspect of the recommendation laid emphasis on the importance of placing fertilizer sector in the 'Strategic Sector' giving due importance of its role in ensuring food security to the Nation. In response, the Department have merely conveyed about the previous efforts made during the year 2022 and the communication by the Secretary DIPAM in April, 2022 about decision of the Cabinet on placing Fertilizers in the Non-Strategic Sector in the New Public Sector Enterprise (PSE) Policy on the basis of justification made by DIPAM. The Committee express concern on the visible response of the Department of Fertilizer of simply communicating the efforts made and decisions taken previously without taking fresh initiative to place the concern of the Committee with the Government on the crucial role of the sector in the nation's agricultural sustainability. The delay in acknowledging strategic necessity undermines national preparedness in the face of global supply disruptions and escalating input costs The Committee, therefore, stresses upon the need for placing the Fertilizer Sector in the 'Strategic Sector', in view of its pivotal role in ensuring food security of the Nation.

RECOMMENDATION SL. No. 6

Commissioning of New Plants and Production Linked Incentive (PLI) Scheme to boost Nano Urea Production

1.9 Highlighting the need to boost the production of Nano Urea and other Nano-Fertilizers, the Committee recommended as under: -

"The Committee note that the production capacity of 27.62 crore bottles of nano urea by (07) Nano Urea Units may further be enhanced to 54.22 crore once 12 (twelve) more plants slated for commissioning by 2025-26 are completed. Further, Fertilizer PSU M/s Rashtriya Chemicals & Fertilizers Limited (RCF) and M/S National Fertilizer Limited (NFL) are due for commercial production of Nano Urea by December 2025 at Trombay Plant and Nangal, Punjab Plant subsequently. The Committee appreciate the steps to boost Nano Urea production and hope that the Department will gear up their mechanism in the right perspective to achieve the time-lines set for completion of the projects and initiation of commercial production. The Committee are, however, disheartened to find that the Department does not currently administer any PLI Scheme despite the earlier recommendation of the Committee made in their 39th Report, 17th Lok Sabha for implementation of a PLI Scheme for production of Nano Urea and other Nano-Fertilizer for boosting production and availability of Nano Fertilizers. The Committee, therefore, reiterate their earlier recommendation in this regard."

REPLY OF THE GOVERMENT

1.10 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under: -

"The Government of India is not directly involved in setting up of Nano Urea Plants. As of now, there is no PLI scheme administered by Department of Fertilizers for production of Nano Urea and other Nano-Fertilizer. However, Department of Fertilizers (DoF) is actively encouraging entrepreneurs to establish Nano Fertilizer Projects."

OBSERVATION/RECOMMENDATION OF THE COMMITTEE

1.11 The Committee find that though the Government of India may not be directly involved in setting up of Nano Urea Plants, one of the prime function of the Department of Fertilizers include planning, promotion and development of Fertilizer Industry. The Department, therefore, cannot shy away from their responsibility. The Committee in their recommendation had firstly desired that the Department may work out a mechanism to achieve the time-lines set for completion of the ongoing Nano Urea Projects for timely initiation of commercial production and secondly, introduce a Production Linked Incentive Scheme (PLI) for incentivizing production of Nano Urea and other Nano-Fertilizers for boosting production and availability of Nano Fertilizers. The Committee therefore are dismayed to note that the Department instead of giving assurance to persuade the Fertilizer

Companies to complete their Nano Urea Plants and start production in time, have merely denied their involvement in setting up of Nano Urea Plants and also stated that no PLI Scheme has been put in place for Nano Urea and other Nano Fertilizers. The Committee, therefore, takes a very strong view and reiterate their recommendation that the Department should persuade the Fertilizer Companies to finalize their Nano Fertilizer Projects as per their timelines and introduce a PLI Scheme for incentivizing production in the field of Nano Urea and other Nano-Fertilizers so as to boost production as well as attract investment in Nano Fertilizers by the Fertilizer Companies.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

(Recommendation No. 1)

Fertilizer Planning and vision

2.1 The Committee observe that the Department of Fertilizers has the important mandate of achieving fertilizer security for sustainable agricultural growth of the nation. Statedly, the Mission of the Department is to ensure adequate and timely availability of quality fertilizers at affordable prices in each cropping season to the 140 million farmers across the country through planned production, imports and timely distribution of fertilizers and attaining self sufficiency in urea production. The Committee find that admittedly a number of steps have been taken by the Department to promote growth of fertilizer industry *viz*. granting permissions to Fertilizer Companies for enhancing their manufacturing capacity; induction of new P & K Companies under Nutrient Based Subsidy (NBS) Promotion of Potash under NBS regime with effect from 13.10.2021; Freight Subsidy on Single Super Phosphate (SSP) since kharif 2022; etc. The Committee also find that in order to ensure sufficiency of raw materials/intermediates and finished fertilizers the Government facilitates Indian fertilizer companies to sign agreements, MoUs and establish joint ventures with fertilizer companies in resource rich countries. Accordingly, the Department of Fertilizers have initiated interactions with representatives from various countries viz. Togo, Nauru, Russia, Belarus etc. to explore potential agreements for the procurement of raw materials at competitive prices. For instance, India and Togoiese fertilizer Companies are finalizing a Memorandum of Understanding (MoU) for supply of Rock Phosphate to India; Rashtriya Chemicals and Fertilizers Limited (RCF) is exploring the possibility of supply of required grade of Rock phosphate from Mauritania to India.

The Committee observe that despite the laudable initiatives put in by the Government, the BE (2024-25) of the Department have allocated Rs. 18,500.00 Crore towards 'Payment for Imported P & K Fertilizers and Rs.22,634.00 Crore towards 'Payment for Import of Urea' totaling to a huge amount of Rs.41,134 Crore. The Committee are, therefore, constrained to observe that much more concerted efforts from the Government is called for urgently to achieve their stated Mission of Self Sufficiency in the Fertilizer Sector. To this end, the Committee impress upon the Department to review their Mission Plans holistically towards a stringent time bound achievement of their overall goal by putting in new Policies; tweaking their existing Policies; and corrective mechanisms to overcome extant constraints and challenges faced in this very important Sector which directly or indirectly impacts the whole population of the Country.

REPLY OF THE GOVERNMENT

2.2 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under: -

> “D/o Expenditure vide OM dated 01.02.2022 has apprised this Department that Cabinet has approved continuation of NBS scheme till 31.03.2026 or till further review.
>
> To reduce import dependence on fertilizer products, Government has taken measures to boost domestic production, Government has taken measures to increase the number of P&K fertilizers under NBS. As a result, the number of P&K fertilizers covered under NBS policy has increased from 22 grades in 2021 to 28 grades at present with a view to boost manufacturing and make country self-reliant in fertilizer production. The 06 new grades added are NPK 08-21-21, NPK 09-24-24, Potash Derived from Molasses(PDM) (0-0-14.5-0), NPK 11-30-14 fortified with Magnesium, Zinc, Boron and Sulphur, Urea-SSP Complex 5-15-0-10 and SSP 0-16-0-11 fortified with Magnesium, Zinc and Boron. Freight Subsidy on SSP, which is an indigenously manufactured fertilizer, is applicable since Kharif, 2022 to promote SSP usage for providing Phosphatic or 'P' nutrient to the soil. During the year 2024, total 05 companies have been inducted under NBS Scheme as manufacturers of Urea-SSP, 04 units have been inducted under NBS as manufacturers of PDM manufacturers and 3 units have been inducted under NBS as SSP manufacturers. In case of SSP, the country is self reliant to meet demand of SSP fertilizer with nil imports.
>
> The Government had announced New Investment Policy (NIP) – 2012 on 2nd January, 2013 and its amendment on 7th October, 2014 to facilitate fresh investment in the urea sector and to make India self-sufficient in the urea sector. Total 6 new urea units have been set up under NIP-2012 which includes 4 urea units set up through Joint Venture Companies (JVC) of nominated PSUs and 2 urea units set up by the private companies. The units set up through JVC are Ramagundam urea unit of Ramagundam Fertilizers and Chemicals Ltd (RFCL) in Telangana and 3 urea units namely Gorakhpur, Sindri and Barauni of Hindustan Urvarak & Rasayan Limited (HURL) in Uttar Pradesh, Jharkhand and Bihar, respectively. The units set

up by private companies are Panagarh urea unit of Matix Fertilizers and Chemicals Ltd. (Matix) in West Bengal; and Gadepan-III urea unit of Chambal Fertilizers and Chemicals Ltd. (CFCL) in Rajasthan. Each of these units has installed capacity of 12.7 Lakh Metric Tonne per annum (LMTPA). These units are highly energy efficient as they are based on latest technology. Therefore, these units have together added urea production of 76.2 LMTPA thereby total production urea production capacity (RAC) has increased from 207.54 LMTPA during 2014-15 to 283.74 LMTPA in 2023-24.

In addition, the Government also notified the New Urea Policy (NUP) – 2015 on 25th May, 2015 for the existing 25 gas-based urea units with one of the objectives of maximizing indigenous urea production and achieving energy efficiency. The NUP-2015 has led to additional production of urea by 50.8 LMTPA as compared to the production during 2014-15. The duration of New Urea Policy (NUP) – 2015 is until 31st March 2025. Thereafter, the energy norms for urea manufacturing units w.e.f. 1st April 2025 will be determined based on the recommendations of the Expert Group under NITI Aayog, which are currently under progress.

These steps together have facilitated the increase of Urea production from a level of 225 LMT per annum during 2014-15 to a record Urea Production at 314.07 LMT during 2023-24."

RECOMMENDATIONS Sl. No. 3

Examination of Demands for Grants

2.3 The Committee note that the Department of Fertilizers (DoF) had projected an outlay of Rs. 2,23,158.15 crore for the year 2024-25 which has been drastically reduced by 24.4% to Rs. 1,68,130.81 crore by the Ministry of Finance(MoF). The reduction has been made in both Nutrient Based Subsidy (NBS) Scheme and Urea Subsidy Scheme of the Department. Further, the Committee find that the BE allocation for Major Head 2401 Nutrient Based Subsidy Policy which includes payments for both indigenous and imported urea has been reduced by Rs. 40,302 Crore than the projected requirement. For Major Head 2852 Urea Subsidy (MH 2852-Industries) which include payment for both indigenous and imported urea, MDA subsidy, R&D for MDA, DBT in Fertilizer Subsidy, Subsidy support to Indian Shipping Companies etc has been reduced by 14,72.92 Crore. The Committee has been apprised that the budget proposals sent to M/o Finance in September-October of every year is an estimate of the expenditure to be incurred on Fertilizer subsidy which depends on factors like previous year's consumption, rate of gas and other commodities etc. Admittedly, actual requirement of funds is assessed based on actual consumption and rates of commodities and accordingly, additional funds are sought from M/o Finance during the FY, as and when required at RE stage or as supplementary grants. The Committee, however, find that 14% reduction in the budgetary allocation for 2024-25 in comparison to the actual expenditure during 2023-24 stands in contradiction to this submission of the Department. Keeping in view the importance of accurate budget estimates for expenditure of the Department and also the fact that curtailment of allocation will definitely impact the smooth execution of different subsidy schemes, the Committee stress that the Department take adequate steps for more accurate budget estimates and also timely seeking of funds at RE stage so that the subsidy schemes meant for farmers do not suffer. The Committee urge the Department to project its demands of fund requirement for payment of subsidies in respect of Urea and P&K fertilizers (both indigenous and imported fertilizers) at BE/RE stage in a more convincing manner to get adequate allocations to ensure timely payment of subsidy.

REPLY OF THE GOVERNMENT

2.4 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under: -

"The scheme-wise Budget Estimates(BE), Revised Estimates (RE), Final Allocation and Actual Expenditure(AE) in the scheme during 2023-24 and 204-25 are as under:-

(Rs. in crore)

Scheme	**2023-24**				**2024-25**		
	BE	RE	Final Allocation	AE	BE	RE	Actual upto 07.03.2025
P&K	44000.00	60300	65200	65199.56	45000.00	52310	49881.24
Urea	135063.18	132121	130221	130220.94	122974.00	122307.5	119428.72
MDA					100.00	35	18.62

The BE is finalized by the Budget Division, Ministry of Finance, after discussions with the Department of Fertilizers after taking into considerations the past trends and assessment on various parameters. The Budget requirements for the year are subsequently reviewed by the Ministry of Finance at RE Stage in October-November based on actual expenditure and accordingly budget allocation is enhanced on re-assessment of various parameters. The Finance Ministry further review the budget requirements after the Revised Estimates and provide additional fund through supplementary grant, as evident from the table above. Thus, the Department is getting adequate budget allocation to ensure timely payment of subsidy".

RECOMMENDATIONS Sl. No. 4

Recoveries and Carry over Liabilities

2.5. **The Committee are surprised to find recoveries to the tune of Rs. 3980 Crore during the year 2023-24 that have occurred due to expenditure incurred @ Rs. 4974/PMT on anticipated urea import. Admittedly, recoveries cannot be avoided since import of Urea is controlled and all expenses have been incurred from the Subsidy head of account. The Committee also find placement of an unrealistic anticipated requirement of urea to the tune of 80 LMT to which the Department clarified that it was based on the month-wise assessment of inputs from Departments of Agriculture and Farmers Welfare (DA&FW) of the State Governments. It has further been clarified that the actual import of Urea depends upon the gap of Demand and indigenous production. The Committee observe apparent gaps in acquiring inputs, assessments and demand for imports *vis-à-vis* indigenous production figures and do not find the explanation rendered by the Department to be convincing. The Committee, therefore, recommend that the extant strategy for raising anticipated requirement for urea import based on inputs from the DA&WF and indigenous production capacity need a review for requisite restructuring to avoid excess imports and avoidable unnecessary burden on the exchequer. The Committee are, however, happy to note that there is no carry-over liability in respect of Indigenous Urea. The carry-over liabilities in respect of Indigenous P&K and Imported P&K; and imported urea stood at Rs.3726 Crore and Rs. 881 Crore as on 01.04.2024 which may be due to balance claims that could not be settled due to various reasons. The Committee desire that responsibility may be fixed for recurrent carry over liabilities and concrete measures may be introduced to ensure timely settlement of claims besides clearing all the pending carry-over liabilities within the current fiscal.**

REPLY OF THE GOVERNMENT

2.6 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under: -

> "Carry over liabilities in respect of Indigenous P&K and Imported P&K as on 01.04.2024 was Rs. 3726 Crore and for Imported Urea the figure was Rs. 881 Crore. Most of the claims have been settled. The remaining ones are under process and are likely to be paid in the remaining period of the financial year.
> In most of the instances, complete bills with requisite documents from the fertilizers companies to process the claims were missing. As measures to ensure on time settlement of claims and residual bills, advisories have been issued to companies for timely submission of claims, complete in all respect. Deadlines are also mentioned for strict compliance and are being followed.
>
> The detail of carry over liabilities in respect of indigenous Urea as on date is NIL. "

RECOMMENDATIONS Sl. No. 5

Continuation of Urea Subsidy Scheme

2.7. The Committee note that a proposal for continuation of Urea Subsidy Scheme over the 15th Finance Commission Cycle, until 31st March 2025, was submitted for appraisal by the Expenditure Finance Committee (EFC) which approved the Scheme for one year until March 2022. The Committee find that subsequently, the proposal to continue the Scheme till 31st March 2026 was however approved by CCEA only upto 31st March, 2025 causing a lot of anxiety among the farmers as well as urea suppliers. Keeping in view the essentiality of urea in meeting the food-grain production of the Country, the Committee observe that the Subsidy Scheme for urea need to be continued further. The Committee were apprised that the proposal for extension of urea subsidy from 1st April, 2025 to 31st March, 2026, was in Inter-Ministerial Consultation (IMC) Stage. The Committee desire that the process of issue of extension Orders of the Urea Subsidy Scheme may be expedited so that extension of the present Urea subsidy beyond 31st March, 2025 may be issued before the date.

REPLY OF THE GOVERMENT

2.8 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under:

> "Vide OM dated 15th January, 2025, a Note for Expenditure Finance Committee (EFC) for Continuation of Urea Subsidy Scheme beyond 31.03.2025 for a period of one year w.e.f. 01.04.2025 to 31.03.2025 has been sent to Department of Expenditure for taking up the appraisal of the Scheme for its continuance from 01.04.2025 till 31.03.2026".

RECOMMENDATIONS Sl. No. 9

DIRECT BENEFIT TRANSFER (DBT)

2.9 The Committee find that the Department has been implementing DBT in fertilizers on PAN India basis since 2018 which entails 100 percent payment of subsidy to fertilizer manufacturing companies on the basis of actual sales through POS machines by the retailer to the beneficiary. The Committee, however, find it strange that buyer identification is established only through Adhaar authentication on 'no denial basis' and therefore the actual beneficiary is not defined. Furthermore, each beneficiary is authorized a quota of 50 bags per month obviating scope for leakage of fertilizers especially urea hands for hoarding, black-marketing and for other industrial purposes such as resin/ adhesives, plastic/foams, textile/leather industry, paper/pulp industry etc. The Committee find that apparently this lacuna not only stands in the way of bringing down the burden of urea subsidy on the exchequer, but also poses as a major factor behind demand and supply gaps of Urea or other NPK fertilizers sold through PoS. The Committee, therefore, appreciates the steps taken to explore possibility of using the PM-KISAN database which culminated from a suggestion from DA&FW to implement a pilot Direct Cash Transfer project in selected Districts based on their Data on Farmers' Registration as maintained by them. The DoF has asked DA&FW to develop a module for entitlement using land, cropping pattern, soil health data of the farmer during July, 2024. The Committee are also of the considered view that the drawbacks of the Direct Benefit Transfer (DBT) system *viz* network issues faced during Aadhar based authentication in hilly and remote areas leading to delays in disbursement of DBT should be addressed. To the end, the Committee desire that necessary changes designed to ensure percolation of the benefit direct to farmers without undue delays and harassment in the process.

REPLY OF THE GOVERNMENT

2.10 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under: -

> "Fertilizers are declared as an essential commodity under the Essential Commodities Act, 1955 and notified under Fertilizer Control Order, 1985. State Governments are empowered to take action against persons involved in black-marketing, hoarding and smuggling as per provisions of EC Act. Any complaint received at Department of Fertilizers level regarding black marketing/over-pricing of fertilizers is sent to concerned State Government to take appropriate action under Essential Commodities Act, 1955 and Fertilizer Control Order, 1985.
>
> The Department has not received any complaint from any State Government regarding network issues faced during Aadhaar based authentication in Hilly and Remote areas.
>
> In the beginning, when DBT in fertilizers was implemented, there was issue of Aadhaar implementation in some areas. Therefore, as per the provisions of Aadhar Act, non-Aadhaar sale via EPIC (Electors Photo Identity Card) and Kisan Credit Card (KCC) was considered for identity of farmers to smooth the process of sale of fertilizers under DBT project in the cases of J&K and Assam where Aadhar was not available. Gradually, as informed by the Cabinet Secretariat vide DO dated 05.10.2023, Aadhar saturation for adult population was estimated at 100%.
>
> Aadhaar based DBT system enables accurate, real-time and cost-effective identification, authentication and de-duplication of beneficiaries with the robust UIDAI system in place. Department of Fertilizers has enabled 100% Aadhar based authentication of beneficiaries w.e.f. 01.01.2024 as per the instructions of DBT Mission, Cabinet Secretariat. Beneficiaries are being identified based on biometric authentication as well as OTP based Aadhar authentication. This helps in removing delays and harassment (if any) in the process of percolation of benefits of subsidized fertilizers to the farmers".

RECOMMENDATIONS Sl. No. 11

2.11 The Committee was apprised that the reduction in imports of fertilizers was to be attributed to geopolitical reasons and cost parameters. The Committee feel that fertilizer shortage caused by external supply shocks warrants a deeper review of the existing subsidies and pricing policy. For instance the Committee find price cap of ₹27,000, coupled with an additional subsidy of ₹21,911, has rendered imports unviable as the actual landing cost of importing DAP reportedly exceeds the combined amount of the maximum retail price (MRP) and the subsidy. The Committee, therefore, observe that the existing pricing and subsidy policies are apparently prone to external shocks and market inefficiencies often leading to acute shortages of DAP and other essential fertilizers. The Committee, therefore, recommend a thorough relook into the existing pricing and subsidy policies of fertilizers so that the subsidy benefits to farmers do not hinder the smooth supply of fertilizers. Notably, reforms in the pricing and subsidy policies should strive to increase domestic availability via less restrictive imports, reduction in diversion, increased production efficiency, and reduced overuse of urea. To this extent, the Committee desire that the recommendation given in the Economic Survey 2015-16 on increasing domestic availability via less restrictive imports ("decanalisation") and providing benefits directly to farmers using JAM ((Jan Dhan Aadhaar Mobile) or similar mechanisms where the subsidy benefits are directly provided to the farmers may also be considered so as to ensure that any mechanism providing direct benefits to farmers is inclusive and accessible to all farmers.

REPLY OF THE GOVERNMENT

2.12 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under

> "Government has implemented Nutrient Based Subsidy (NBS) Policy w.e.f. 1.4.2010. Under the policy, a fixed amount of subsidy, decided on annual/bi-annual basis, is provided to manufacturer / importer on subsidized P&K fertilizers depending on their nutrient content i.e. Nitrogen (N), Phosphorus (P), Potassium (K) and Sulphur (S) to improve availability of fertilizers to farmers. Import of P&K fertilizers is decontrolled and companies are free to import / produce fertilizer raw materials, intermediaries and finished fertilizers as per their business dynamics. In view of price volatility in international prices of key fertilizers and raw materials, the Government has subsumed fluctuations, if any, while fixing NBS rates for P&K fertilizers bi-annually.
>
> In wake of recent geopolitical crisis which led to major disruption in supply of fertilizers, pro-active steps were taken in Kharif 2024 to ensure smooth availability of P&K fertilizers to the farmers. In July 2024, the Government took immediate measures to ensure regular imports through a one-time special package on DAP beyond the NBS rates for the period from 01.04.2024 till 31.12.2024 @ 3,500 per MT which has now been extended

till 31.03.2025 to ensure sustainable availability of DAP at affordable price to the farmers.

The Government had announced New Investment Policy (NIP) – 2012 on 2nd January, 2013 and its amendment on 7th October, 2014 to facilitate fresh investment in the urea sector and to make India self-sufficient in the urea sector. Total 6 new urea units have been set up under NIP-2012 which includes 4 urea units set up through Joint Venture Companies (JVC) of nominated PSUs and 2 urea units set up by the private companies. The units set up through JVC are Ramagundam urea unit of Ramagundam Fertilizers and Chemicals Ltd (RFCL) in Telangana and 3 urea units namely Gorakhpur, Sindri and Barauni of Hindustan Urvarak & Rasayan Limited (HURL) in Uttar Pradesh, Jharkhand and Bihar, respectively. The units set up by private companies are Panagarh urea unit of Matix Fertilizers and Chemicals Ltd. (Matix) in West Bengal; and Gadepan-III urea unit of Chambal Fertilizers and Chemicals Ltd. (CFCL) in Rajasthan. Each of these units has installed capacity of 12.7 Lakh Metric Tonne per annum (LMTPA). These units are highly energy efficient as they are based on latest technology. Therefore, these units have together added urea production of 76.2 LMTPA thereby total production urea production capacity (RAC) has increased from 207.54 LMTPA during 2014-15 to 283.74 LMTPA in 2023-24.

In addition, the Government also notified the New Urea Policy (NUP) – 2015 on 25th May, 2015 for the existing 25 gas-based urea units with one of the objectives of maximizing indigenous urea production and achieving energy efficiency. The NUP-2015 has led to additional production of urea by 50.8 LMTPA as compared to the production during 2014-15. The duration of New Urea Policy (NUP) – 2015 is until 31st March 2025. Thereafter, the energy norms for urea manufacturing units w.e.f. 1st April 2025 will be determined based on the recommendations of the Expert Group under NITI Aayog, which are currently under consideration.

These steps together have facilitated the increase of Urea production from a level of 225 LMT per annum during 2014-15 to a record Urea Production at 314.07 LMT during 2023-24.

Fertilizer is declared as an essential commodity and is notified under Fertilizer Control Order, 1985 and Fertilizer (Movement Control) Order, 1973. State Governments are adequately empowered under FCO to stop diversion of fertilizers for non-agriculture purposes and to take punitive action against any person / Fertilizer company involved in black marketing/smuggling/diversion of fertilizers violating the provisions of Essential Commodities Act, 1955 and Fertilizer Control Order 1985(FCO).

Any complaint received at Department of Fertilizer level regarding diversion of urea is sent to concerned State government, to take appropriate action under Essential Commodities Act, 1955 and Fertilizer Control Order, 1985.

Department of Fertilizers (DoF) is engaged with Department of Agriculture and Farmer Welfare (DA & FW) to integrate the Farmers' data with iFMS. It has been agreed by DA&FW that Agristack will share the available data with DoF to facilitate integration between Agristack and iFMS data sets. Integration of the farmers data through Agristack with iFMS is dependent upon the timely sharing of data by DA & FW".

RECOMMENDATIONS Sl. No. 12

Tax variation on Raw materials/ Intermediates and Finished Fertilizers

2.13 The Committee are surprised to note that there appears to be a big variation in the GST levied on two raw materials used in production of fertilizer products. While all the other raw materials required in production attract 5% GST, Ammonia and Sulphuric Acid attract 18 % GST. The Committee find that Ammonia and Natural Gas are the major inputs required in production of Urea. Sulphuric Acid is the key ingredient in production of Ammonium Sulphate; Single Superphosphate and Triple Supper phosphate are essential for crop growth and are widely used in agriculture. Keeping in view the wide usage of these two essential raw materials in the fertilizer industry, the Committee desire that the Department to take appropriate action to bring down their GST rates to 5% which will in turn bring down input cost and give relief to the fertilizer industries, farmers and agricultural sector as a whole.

REPLY OF THE GOVERNMENT

2.14 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under

"D/o Fertilizer has taken up the matter with D/o Revenue for taking appropriate action with regard to tax variation on raw materials/Intermediates and finished fertilizers".

RECOMMENDATIONS Sl. No. 13

Reduce Dependency on Imported Inputs

2.15 The Committee find that on the issue of import dependence on the raw-materials used in the Fertilizer sector, the Department admitted to the fact that the Urea plants require hugely imported natural gas both as a feedstock and fuel. The Committee note that India has vast coal reserves including over one billion tonns of coal which could be utilized through coal gasification—a process that transforms coal into syngas. The Committee desire that feasibility of using this versatile gas to replace imported natural gas can be explored for a sustainable solution for fertilizer production industry. The Committee find that the Talcher project remains one of the pioneering example of using coal gasification to produce urea which has the potential to address the challenges of gas imports. The Committee are of the firm opinion that this technology can be a model for scaling up other urea, DAP, and NPK projects, helping make the sector more self-reliant (Atmanirbhar). The Committee is of the view that Talcher should be leveraged as a pilot for further technology upgrades, ensuring long-term cost efficiency and energy security. The Committee recommend that the Talcher Project execution may be expedited with strict time-lines and regular progress review.

REPLY OF THE GOVERNMENT

2.16 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under

> "Coal gasification technology is the process of converting Coal to produce syngas- a mixture consisting primarily of carbon monoxide (CO), Hydrogen (H_2). The syngas also contains some amount of carbon dioxide (CO_2) and methane (CH_4).
>
> The carbon monoxide is ultimately converted to carbon dioxide(CO_2) in synthesis section and exported for use in Urea Production. In the ammonia synthesis, the hydrogen reacts in the presence of a catalyst with nitrogen, generated from the air separation unit, to form ammonia.
>
> For manufacture of DAP/NPK, major raw materials required are Ammonia, Phosphoric acid and Muriate of Potash (MoP) as per the NPK grade to be

produced. The Ammonia required for manufacture of new DAP/NPK plants can be produced by setting up Coal gasification unit along with Air separation unit. The other raw materials such as phosphoric acid and Muriate of Potash shall have to be imported as these are not available domestically.

It may be noted that at this stage the Talcher project is still under execution and the process is yet to be commercially established. Also, Indian Coal has higher ash content and poses challenges in the Coal gasification process. As a result, it is opined that Indian Coal shall have to be blended with either imported coal or petroleum Coke (available from refineries) to bring down the ash content.

Government mandated revival of Talcher unit of M/s FCIL, located in Angul district, Odisha. Accordingly, a Joint Venture Company named M/s. Talcher Fertilizers Ltd. (TFL) has been incorporated for setting up Coal Gasification-based Ammonia Urea Plant of 12.7 LMTPA capacity, which is first of its kind in India.

The proposed TFL project has been envisaged for utilizing the abundantly available domestic coal for Urea production as it has emerged as the best possible option since the country is endowed with rich reserves of coal. On completion of the project, the production of urea in the country will increase by 12.7 LMTPA and will assist in maximizing the indigenous production of Urea and provide security in feedstock supply as coal would be sourced domestically and providing alternate route of urea production to diversify the feedstock risk in the sector.

The project has been affected due to Covid-19 Pandemic and subsequent disruptions. The project has further been impacted due to the pending issues of engineering, procurement, erection of equipment and deployment of manpower by M/s WECL. The overall progress as on 31stDecember, 2024 is 64.43 %.

The Department is continuously monitoring the progress of TFL project on regular basis. However from January, 2025 as a result of concerted efforts most of the challenges have been successfully resolved and the project is achieving acceleration".

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY

RECOMMENDATIONS Sl. No. 8

Availability of Drones for Application of Nano-Fertilizers

3.1 The Committee find that though the Scheme for distribution of 10 drones per village in more than 6 lakh villages of the Country pertains to the Ministry of Civil Aviation, the Namo Drone Didi (NDD) Scheme where target for provision of 15,000 drones to women members of Self Help Groups (SHGs) during 2023-24 to 2025-26, is being implemented by the DoF. Admittedly, the drone distribution is presently at the initial stage and as on 11th March, 2024 only 1094 drones have been distributed to women members of SHGs by the Fertilizer Companies. Further, Government of India has decided to distribute 3090 drones in the FY 2024-25 and remaining drones by the end of FY 2025-26 to the women members of SHGs. Keeping in view that availability of drones for spraying of nano fertilizers is essential for promotion of its use over conventional urea, the Committee stress upon the Department of Fertilizers to oversee the programme of drone distribution in totality and ensure that necessary coordination is made with the concerned agencies including the Ministry of Civil Aviation . The Committee further desire that efforts should be made for time bound achievements of targets fixed under the NDD Scheme. The Committee also desire Fertilizer PSUs be encouraged to provide funds for more Drone distribution from their Corporate Social Responsibility (CSR) Fund. The Committee, further recommend that the Department of Fertilizers should explore new and more affordable ways for spraying of nano fertilizers in agricultural fields so that small and marginal farmers can also accrue the benefits of nano-technology.

REPLY OF THE GOVERNMENT

3.2 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under

> "The 'Namo Drone Didi Scheme' is being administered by the Department of Agriculture & Farmers Welfare(DA&FW). DA&FW has constituted an Inter-Departmental Committee (later renamed as Implementation and Monitoring Committee of the Central Sector Scheme – 'NAMO DRONE DIDI') under the Chairmanship of Additional Secretary, D/o. Rural

Development, having representation from all Stakeholder Ministries/Departments including Department of Fertilizers.

As the Scheme is being administered by DA&FW, the responsibility for monitoring the scheme/co-ordination with concerned agencies and time bound achievement of the targets rest with them.

The Fertilizer companies only provided the initial supply of 1094 drones to women members of SHGs. The provision of remaining drones is being done by DA&FW.

At present, the usage of drones for spraying nano fertilizers has been observed to be the most efficient and effective option available. Drones ensure precise application, reduce wastage, and enhance productivity by covering larger areas in less time compared to traditional methods. Fertilizer companies have informed that drones enhance safety by minimizing risks from wild animals and hazardous field conditions. Spraying of Nano fertilizers through drones has emerged as a cost effective method. During the Viksit Bharat Sankalp Yatra, farmers had shown interest in adopting this new technology of spraying".

RECOMMENDATIONS Sl. No. 10

Di-Ammonium Phosphate (DAP) Demand – Supply Gap

3.3. The Committee are concerned to note the issue of the DAP crisis highlighted in the electronic media during November, 2024 reportedly compelling farmers to shell out Rs. 250 to Rs. 350/- beyond the MRP of Rs. 1350/50 Kg bag. The Department, however, contended that availability of DAP in the Country remained comfortable during the month of October 2024. Against the monthly requirement of 18.69 LMT of DAP assessed by Department of Agriculture & Farmers Welfare, the availability of DAP was 22.88 LMT. Further, the sales of DAP during October 2024 was only 11.48 LMT. The Committee observe that low sales of DAP itself, point towards veracity of the news report indicating that despite availability of stock, farmers faced problems in procurement. The Committee, therefore, strongly emphasize that the Department should review their supply and distribution mechanisms to ensure that the fertilizers reach at the allocated destinations in all the Districts of the States/UTs well I advance and not less than 15 days before the start of the Rabi and Kharif seasons. The Committee desire that supplies be spruced in the cropping seasons through buffer stock in States itself to obviate scope for such incidents in future.

REPLY OF THE GOVERNMENT

3.4 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under

> "India is dependent on imports of finished fertilizers such as Urea, DAP, MOP and raw materials like Rock Phosphate, Phosphoric Acid & Natural Gas for domestic production of Urea, DAP, NPK fertilizers. There have been challenges because of the geo political situation, viz. Red Sea crisis, due to which DAP and raw material shipments were rerouted via the Cape of Good Hope, resulting in longer voyage times and higher freight costs. Further, decline in DAP imports from certain sources and high volatility in prices also caused disruptions in the supply chain of fertilizers. In addition to it, there was reduction in exports to India from the major suppliers in the region.
>
> Despite these delays, Government of India has ensured continuous supply of Di-Ammonium Phosphate (DAP) in the country as per the requirement of these States. Further, the distribution of fertilizers within the State is done by the respective State Government. Any complaints regarding district-wise shortage raised by farmers are to be addressed by respective State Governments".

RECOMMENDATIONS Sl. No. 14

Focus on Revival and Modernization of Fertilizer Plants:

3.5 The Committee are pained to note that there is no proposal under consideration of the Government for revival of Durgapur and Haldia units of HFCL which are under handing over/surrender to Syama Prasad Mookerjee Port, Kolkata. The Committee find that essential resources like Damodar Valley Corporation, Eastern Coalfields Limited, and Bharat Coking Coal Limited are in close proximity to these units besides the logistical advantage of Shyama Prasad Mukherjee Port Trust and low-cost land availability from the State Government. The Committee are of the view that the revival of the Durgapur and Haldia plants through coal gasification offers a strategic solution to reduce India's dependency on imported natural gas, significantly easing the burden on the exchequer. The Committee, therefore, strongly recommends that the Department must reassess the potential for reviving the Durgapur and Haldia units with updated feasibility studies, given their strategic importance. The Committee feel that leveraging the technology being considered for the Talcher project revival, Durgapur and Haldia plants can utilize the abundant local coal reserves to produce syngas, serving as a sustainable feedstock for manufacturing urea, DAP, and NPK fertilizers. The Committee, therefore, observe that reviving these plants not only aligns with the vision of Atmanirbhar Bharat but also ensures cost efficiency, energy security, and regional economic development.

REPLY OF THE GOVERNMENT

3.6 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under

> "The Government of India mandated revival of Ramagundam (Telangana), Gorakhpur (Uttar Pradesh), Sindri (Jharkhand) and Talcher (Odisha) units of Fertilizer Corporation of India and Barauni (Bihar) unit of Hindustan Fertilizer Corporation Ltd. through Joint Venture Company of nominated PSUs for setting up new ammonia-urea plants of 12.7 LMTPA capacity each. The Ramagundam, Gorakhpur, Barauni and Sindri units have been commissioned and started urea production. These four plants have added 50.8 LMT of domestic production capacity in the country. Talcher unit isin execution phase. After operationalization of Talcher unit, a total of 63.5 LMTper annum of domestic production would be added leading to reduction of equivalent amount of import of urea in the country. In addition, there is a budget announcement in the budget of 2025-26 to set up a new fertilizer plant at Namrup, Assam with 12.7 LMTPA capacity.
>
> Any future revival of Durgapur and Haldia plant will depend upon the decision at appropriate level taking all relevant factors into consideration in view of the gap between domestic production and total demand of urea which is at present (2024-2025) is approximately 364.01 LMT. Also, the total consumption of Urea is 345.86 LMT till January, 2025".

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE WHICH REQUIRE REITERATION

RECOMMENDATIONS Sl. No. 2

4.1 The Committee are dismayed to find that the position of preferential allotment of mineral mines in favour of fertilizer PSUs for exploration of raw materials changed with the recent notification of the Ministry of Mines incorporating phosphatic and potassic minerals in the list of “Critical and Strategic Minerals” opening them for auction to maximize revenue for the State necessitating fertilizer companies to participate in the auction process for acquisition of any new mines. Intriguingly while Fertilizer Sector was placed in the ‘Non-Strategic Sector’ necessitating disinvestment of the Fertilizer PSUs, other notified phosphatic and potassic minerals was placed in the list of “Critical and Strategic Minerals”. The Committee find this apparently contradictory. Keeping in view the historical role of Fertilizer PSUs in the production of fertilizers for the Country, the Committee desire that they may be given preference in the allotment of mineral mines. The Department of Fertilizers should accordingly impress upon the Ministry of Mines for a preferential consideration of Fertilizer PSUs in auction of mines. The Committee further find that no significant progress has been made in signing mining lease agreements with the raw material rich countries for extraction for refining / manufacturing of fertilizers. The Committee expect the Government to actively consider the feasibility of acquisition of mining lease with raw material rich Countries. The Committee further stress on the utmost need of the hour for consideration of placing Fertilizer Sector back in the ‘Strategic Sector’ giving due importance to the strategic role that the Sector plays in ensuring food security to the Nation.

REPLY OF THE GOVERNMENT

4.2 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under

“D/o Fertilizer has taken the matter with M/o Mines and M/o Mines has informed that Glauconite, Phosphate and Potash were notified as `Critical and Strategic Minerals' under Part-D of First Schedule to the MMDR Act through the MMDR Amendment Act, 2023 with effect from 17.08.2023. For the 'Critical and Strategic Minerals', the Central Government is empowered to conduct their auction for grant of mineral concessions. The fertilizer minerals are critical for ensuring food security of the country and at present the demand for these minerals is being mostly met from imports. It was observed that many States were not notifying fertilizer mineral blocks for auction. Therefore, with an objective of increasing production of these minerals, the Central Government has placed fertilizer minerals under 'Critical and Strategic Minerals' category. As regards allotment of mines in favor of PSUs, Section 17A of the MMDR Act provides for reservation of areas in favor of PSUs. The said provision continues and is equally applicable for 'Critical and Strategic Minerals' as well. However, the reservation of any area in favor of a PSU depends on several factors such the capability of the PSU for mine development and the consent of the State Government for allocation of mine to PSU through reservation route.

A D.O. letter dated 24.03.2021 from the Hon’ble Minister (C&F) to Hon’ble Minister of Finance was sent requesting for inclusion of “Fertilizer” among the strategic sector in the New Public Sector Enterprises Policy for Atmanirbhar Bharat. Further, the Department of Fertilizers vide DO letter dated 09.04.2022 also referred the matter to DIPAM for inclusion of Fertilizer sector in the Strategic Sector.

In response, Secretary, DIPAM vide DO letter dated 19.04.2022 informed that while approving New PSE policy, Cabinet has considered the justification given by DIPAM for keeping the ‘Fertilizer’ as Non-Strategic Sector. The comments of DIPAM given in the Inter-Ministerial Consultation (Annexure-II of the Cabinet Note) is reproduced below:

“There are many private fertilizer manufacturers in the country. CPSEs account for only 25% and 11% of urea and non-urea fertilizers respectively. Most of the CPSEs are running in losses and their continuation neither justifies fiscal prudence nor address the criteria applied for strategic sectors. Therefore, there is no justification for keeping the ‘Fertilizer’ sector in strategic sectors. In view of this, fertilizer has not been categorized as strategic sector. However, ‘in-principle’ approval from the CCEA for strategic disinvestment of a specific PSE will be obtained from time to time, on a case-to-case basis. The timing for specific transactions will, however, be contingent, inter alia, on the considerations of appropriate sequencing, sectoral trends, administrative feasibility, investors' interest, etc."

Department of Fertilizers supports and facilitates Indian fertilizer companies for exploring the opportunities of entering into mining lease agreement with the raw material rich countries for extraction for refining / manufacturing of fertilizers".

COMMENTS OF THE COMMITTEE

(Please see Para No. 1.7 of Chapter – I of the Report)

RECOMMENDATIONS Sl. No. 6

Commissioning of New Plants and Production Linked Incentive (PLI) Scheme to boost Nano Urea Production

4.3 The Committee note that the production capacity of 27.62 crore bottles of nano urea by (07) Nano Urea Units may further be enhanced to 54.22 crore once 12 (twelve) more plants slated for commissioning by 2025-26 are completed. Further, Fertilizer PSU M/s Rashtriya Chemicals & Fertilizers Limited (RCF) and M/S National Fertilizer Limited (NFL) are due for commercial production of Nano Urea by December 2025 at Trombay Plant and Nangal, Punjab Plant subsequently. The Committee appreciate the steps to boost Nano Urea production and hope that the Department will gear up their mechanism in the right perspective to achieve the time-lines set for completion of the projects and initiation of commercial production. The Committee are, however, disheartened to find that the Department does not currently administer any PLI Scheme despite the earlier recommendation of the Committee made in their 39th Report, 17thLok Sabha for implementation of a PLI Scheme for production of Nano Urea and other Nano-Fertilizer for boosting production and availability of Nano Fertilizers. The Committee, therefore, reiterate their earlier recommendation in this regard.

REPLY OF THE GOVERMENT

4.4 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under

“The Government of India is not directly involved in setting up of Nano Urea Plants. As of now, there is no PLI scheme administered by Department of Fertilizers for production of Nano Urea and other Nano-Fertilizer. However, Department of Fertilizers (DoF) is actively encouraging entrepreneurs to establish Nano Fertilizer Projects.

COMMENTS OF THE COMMITTEE

(Please see Para No. 1.10 of Chapter – I of the Report)

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT ARE STILL AWAITED

RECOMMENDATIONS SI. No. 7

Dedicated funds for R&D in Nano-Technology for Nano-Fertilizer Efficacy augmentation

5.1 The Committee are of the firm opinion that nano-technology remains a promising field for developing innovative nano fertilizers to address the challenge of low or declining nutrient use efficiency (NUE) while minimizing the environmental footprint. The Committee had, therefore, in their 39th Report of 17thLok Sabha recommended for allocation of dedicated funds for nanotechnology research in fertilizer sector. The Committee find that while Rs.20 crore has been allocated in BE 2024-25 for R&D for MDA, there appears to be no dedicated R&D Fund allocation specifically for Nano Technology in Fertilizer Sector. While the Committee acknowledged the ongoing research efforts in this critical Sector by way of steps initiated on assessing the efficacy of the Nano Urea through research and field trials done by the Indian Council of Agricultural Research (ICAR). The Department of Agriculture & Farmers' Welfare (DA&FW) approves the product under Fertilizer Control Order (FCO)-1985 on the basis of the findings. The Committee are happy to note that the Department has assigned a study titled 'Effect of Nano Urea and DAP and popularization of its use in crop production' to ICAR which will evaluate the impact of Nano Urea and DAP on crop growth, soil health, and nutrient uptake across various agro-climatic zones in India. Furthermore, another study has been assigned to the National Productivity Council (NPC) for undertaking the study of Nano Urea to evaluate efficacy. The Committee hope the new studies will provide insights on the effects of the nano fertilizers on crop growth, its nutrient absorption in various agro-climatic zones in India, its utility and impact in comparison to conventional Urea so as to enable policy makers to come out with new strategies to popularize use of Nano Urea over convention urea amongst the farmers. The Committee desire that the findings of both the Studies may be furnished to the Committee as and when the Reports and Findings on these Studies are complete. Notwithstanding these studies, the Committee reiterate their earlier recommendation for dedicated funds for R&D in Nano-Technology in Fertilizer Sector. The Committee may be apprised of action taken in this regard.

REPLY OF THE GOVERNMENT

5.2 In their action taken reply to the afore-mentioned recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Fertilizers has stated as under

> "In context of the findings of the study of the nanotechnology research in fertilizer sector, the Department will ensure that the reports and findings from both studies would be shared with the Committee as soon as they are finalized.
>
> Furthermore, it may be mentioned that Fertilizer companies in India are driving significant R&D initiatives through self-funded efforts, particularly in the development and production of Nano Fertilizers. IFFCO has established a Nano DAP plant at Kalol with a capacity of 6 crore bottles (500 ml each) annually and plans two more plants at Paradeep and Kandla with similar capacities. Coromondal International Limited (CIL) has also set up a Nano DAP plant in Kakinada (70 lakh bottles of 1 litre each annually). IFFCO is also advancing Nano Zinc, and Nano Copper, with proposals reviewed and recommended under clause 20(D) of the Fertilizer Control Order (FCO).
>
> These investments demonstrate the fertilizer industry's commitment to innovation and sustainability through self-funded efforts in developing and producing Nano Fertilizers".

New Delhi;	**AZAD KIRTI JHA**
18 August, 2025	**CHAIRPERSON,**
27 Shravan, 1947 (Saka)	**STANDING COMMITTEE ON**
	CHEMICALS AND FERTILIZERS.

APPENDIX I

STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2024-25)
MINUTES OF THE TWENTY SIXTH SITTING

The Committee sat on Monday, the 18th August, 2025 from 1500 hrs. to 1700 hrs. in the Committee **Room '2', EPHA, New Delhi.**

PRESENT

SHRI AZAD KIRTI JHA - CHAIRPERSON

MEMBERS

LOK SABHA

2. Shri Brijmohan Agrawal
3. Shri Ajay Bhatt
4. Shri Robert Bruce C.
5. Shri Malvinder Singh Kang
6. Shri Babu Singh Kushwaha
7. Shri Utkarsh Verma Madhur
8. Shri Praveen Patel
9. Dr. Sambit Patra
10. Shri Balram Naik Porika
11. Shri Sachithanantham R.
12. Shri Eatala Rajender
13. Shri Nalin Soren
14. Dr. Ricky Andrew J. Syngkon

RAJYA SABHA

15. Shri Subhash Barala
16. Dr. Bhagwat Karad
17. Shri Subhash Chandra Bose Pilli
18. Shri Naresh Bansal
19. Shri Sanjay Raut
20. Shri Meda Raghunadha Reddy
21. Shri Arun Singh
22. Shri Tejveer Singh

SECRETARIAT

4. Smt. Maya Lingi - Joint Secretary
5. Ms. Miranda Ingudam - Director

6.	Shri Kulvinder Singh	-	Deputy Secretary
7.	Shri Nagendra Suman	-	Deputy Secretary
8.	Shri Panna Lal	-	Deputy Secretary
9.	Shri Abhishek Kumar	-	Deputy Director
10.	Ms. Neelam Bhave	-	Under Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. Thereafter, the Committee took up for consideration, the following Draft Reports:

(i) Ninth Report (18th Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Third Report (18th Lok Sabha) on 'Demands for Grants (2024-25)' pertaining to the Department of Fertilizers, Ministry of Chemicals and Fertilizers.

(ii)	XXXX	XXXX	XXXX	XXXX
(iii)	XXXX	XXXX	XXXX	XXXX
(iv)	XXXX	XXXX	XXXX	XXXX
(v)	XXXX	XXXX	XXXX	XXXX
(vi)	XXXX	XXXX	XXXX	XXXX
(vii)	XXXX	XXXX	XXXX	XXXX
(viii)	XXXX	XXXX	XXXX	XXXX

3. Giving an overview of the important Observations/Recommendations contained in the draft Reports, the Chairperson solicited the views/suggestions of the Members.

4. After some deliberations the Committee decided to Adopt five (05) Draft Reports *viz*, 03 ATRs and 02 subject Reports i.e, the Ninth, Tenth, Eleventh, Twelfth and Thirteenth draft Reports. The Committee then authorized the Chairperson to finalize the Reports and present/lay the Reports in the ongoing Session in both the Houses of Parliament.

5. The Committee decided to consider Draft Report No. Fifteenth and Sixteenth for adoption in the next Sitting of the Committee to be held on 19.08.2025 at 1600 hrs. onwards.

***The Committee then adjourned*.**

APPENDIX II

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRD REPORT (EIGHTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2024-25) ON 'DEMANDS FOR GRANTS (2024-25)' PERTAINING TO THE MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF FERTILIZERS)

	Total No. of Recommendations	14
I.	Observations/Recommendations which have been accepted by the Government: (Sl. Nos. 1, 3, 4, 5, 9,11,12 and 13)	08
	Percentage of Total:	57 %
II.	Observations/Recommendations which the Committee do not like to pursue in view of the Government's replies: (Sl. Nos. 8, 10 and 14)	03
	Percentage of Total:	22%
III.	Observations/Recommendations in respect of which the replies given by the Government have not been accepted by the Committee and which require reiteration: (Sl. Nos. 2 and 6)	02
	Percentage of Total:	14%
IV.	Observations/Recommendations in respect of which the final replies of the Government are still awaited: (Sl. Nos. 7)	10
	Percentage of Total:	7%