



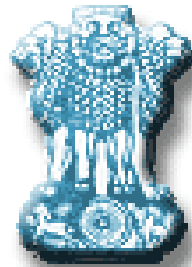
**STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS  
(2025-26)**

**(EIGHTEENTH LOK SABHA)**

**MINISTRY OF CHEMICALS AND FERTILIZERS  
(DEPARTMENT OF FERTILIZERS)**

**Action Taken by the Government on the Observations/Recommendations  
contained in the Sixth Report of the Standing Committee on Chemicals and  
Fertilizers (Eighteenth Lok Sabha) on 'Demands for Grants 2025-26' of the Ministry  
of Chemicals and Fertilizers (Department of Fertilizers)**

**SIXTEENTH REPORT**



**सत्यमेव जयते**

**LOK SABHA SECRETARIAT**

**NEW DELHI**

***FEBRUARY, 2026/ MAGHA, 1947 (SAKA)***

**SIXTEENTH REPORT**

**STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS  
(2025-26)**

**(EIGHTEENTH LOK SABHA)**

**MINISTRY OF CHEMICALS AND FERTILIZERS  
(DEPARTMENT OF FERTILIZERS)**

**Action Taken by the Government on the Observations/Recommendations  
contained in the Sixth Report of the Standing Committee on Chemicals and  
Fertilizers (Eighteenth Lok Sabha) on 'Demands for Grants 2025-26' of the  
Ministry of Chemicals and Fertilizers (Department of Fertilizers)**

*Presented to Lok Sabha on 10 February, 2026*

*Laid in Rajya Sabha on 10 February, 2026*



**LOK SABHA SECRETARIAT  
NEW DELHI**

***FEBRUARY, 2026/ MAGHA, 1947 (SAKA)***

## CONTENTS

		<b>PAGE</b>
Composition of the Committee (2025-26)		(iv)
Introduction		(v)
Chapter-I	Report	<b>1</b>
Chapter-II	Observations/Recommendations which have been accepted by the Government	
Chapter-III	Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies	
Chapter-IV	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee which require reiteration	
Chapter-V	Observations / Recommendations in respect of which the final replies of the Government are still awaited	
<b>APPENDICES</b>		
I	Minutes of Sitting of the Standing Committee on Chemicals and Fertilizers (2025-26) held on 06 <sup>th</sup> January, 2026.	
II	Analysis of Action Taken by the Government on the Recommendations contained in the Sixth Report (18th Lok Sabha) of the Standing Committee on Chemicals and Fertilizers on 'Demands for Grants 2025-26' of the Ministry of Chemicals and Fertilizers (Department of Fertilizers).	

**COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS AND  
FERTILIZERS  
(2025-2026)**

**Shri Azad Kirti Jha - Chairperson**

**MEMBERS  
LOK SABHA**

2. Shri Brijmohan Agrawal
3. Shri Ajay Bhatt
4. Shri Robert Bruce C.
5. Shri Bharatsinhji Shankarji Dabhi
6. Smt. Kriti Devi Debbarman
7. Dr. Kalyan Vaijinathrao Kale
8. Shri Malvinder Singh Kang
9. Shri Babu Singh Kushwaha
10. Shri Utkarsh Verma Madhur
11. Shri Praveen Patel
12. Dr. Sambit Patra
13. Shri Balram Naik Porika
14. Shri Sachithanantham R.
15. Shri Eatala Rajender
16. Shri Rajesh Ranjan
17. Shri Daggumalla Prasada Rao
18. Shri Tharaniventhan M.S.
19. Shri Nalin Soren
20. Dr. Ricky Andrew J. Syngkon
21. Shri Shivmangal Singh Tomar

**RAJYA SABHA**

22. Shri Naresh Bansal
23. Shri Subhash Barala
24. Dr. Bhagwat Karad
25. Shri Rwngrwa Narzary
26. Shri Subhash Chandra Bose Pilli
27. Shri Arun Singh
28. Shri Akhilesh Prasad Singh
29. Shri Tejveer Singh
30. Shri G.K. Vasani
31. Vacant

**SECRETARIAT**

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

## INTRODUCTION

I, the Chairperson, Standing Committee on Chemicals and Fertilizers (2025-26) having been authorized by the Committee, do present on their behalf this Sixteenth Report on Action taken by the Government on the Observations/Recommendations of the Committee contained in their Sixth Report (Eighteenth Lok Sabha) on 'Demands for Grants 2025-26' pertaining to the Ministry of Chemicals and Fertilizers (Department of Fertilizers).

2. The Sixth Report was presented to Lok Sabha and also laid in Rajya Sabha on 19<sup>th</sup> March, 2025. The Department of Fertilizers, Ministry of Chemicals and Fertilizers furnished their replies on 18<sup>th</sup> June, 2025 indicating Action Taken on the Observations/Recommendations contained in the Sixth Report. The Committee considered and adopted the Draft Report at their Sitting held on 06<sup>th</sup> January, 2026.

3. An analysis of the Action Taken by the Government on the Observations/Recommendations contained in the Sixth Report (Eighteenth 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;  
06 January, 2026  
16 Pausa, 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 Sixth Report (18<sup>th</sup> Lok Sabha) of the Committee on Demands for Grants (2025-26), pertaining to the Ministry of Chemicals & Fertilizers (Department of Fertilizers).

1.2 The Sixth Report was presented to Lok Sabha and laid in Rajya Sabha on 19.03.2025. It contained 20 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. 1,2,3,4,5, 6,7,10,14,15,16,17,19 and 20  
(Total =14)

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.8,11 and 13  
(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. 9,12 and 18  
(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:

Nil  
(Total-00)

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. 9**

#### **Ensuring Balanced Fertilizer Supply and Sustainable Soil Health**

1.5 Highlighting the severe shortage of NPK 10:26:26 in West Bengal and the need for stricter compliance from fertilizer companies, the Committee recommended as under: -

“The Committee during interaction with farmers of West Bengal during the study visit in January 2025, observed a significant and alarming shortfall in the supply of NPK 10:26:26, a fertilizer crucial for potato cultivation in the state. As the second-largest potato producer in India, with 4.96 lakh hectares under cultivation and an estimated production of 127 lakh MT in 2023-24, West Bengal has a critical demand for NPK 10:26:26 due to its suitability for the region’s acidic soils. However, despite an approved requirement of 4.50 Lakh MT in 2023-24, only 2.27 Lakh MT was supplied. The situation has worsened in 2024-25, with only 1.33 Lakh MT provided till December 2024 against an approved requirement of 5.05 Lakh MT. This persistent shortage has forced farmers to substitute NPK 10:26:26 with other NP grades, leading to a sharp rise in cultivation costs. The cost per bigha has escalated from ₹2,530 (using NPK 10:26:26) to as high as ₹3,400 (using NP 20:20:0:13) or ₹3,348 (using NPK 16:16:16). This increased financial burden is directly impacting farmer profitability and the overall agricultural economy of the region. Additionally, the Committee noted that certain companies routinely fail to supply their allocated quantity of NPK 10:26:26 during the peak season, causing severe market disruptions and hampering farmer access. To address this issue, the Committee strongly recommends that the Department of Fertilizers enforce strict compliance mechanisms to ensure companies fulfill their allocated supply commitments, well in advance, particularly during the peak season to enable timely supply to the Farmers. Companies failing to meet their obligations should face appropriate penalties, while those ensuring timely supply should be incentivized. Furthermore, to reduce dependency on specific fertilizer grades, the Department should actively support research and development in region-specific soil nutrition management and promote the use of bio-fertilizers and customized fertilizers tailored to States’ agro-climatic conditions. It is also imperative that the Department ensures equitable and timely distribution of fertilizers by implementing a robust monitoring system to track supply and address any disruptions or delays promptly besides addressing the issue of insufficient availability of Rake Points all over the Country. Given that West Bengal has

two functional ports, efforts should also be made to leverage these facilities for improved fertilizer import and distribution, thereby reducing logistical delays and costs. The Committee further stresses that the Department of Fertilizers must prioritize the supply of fertilizers based on the specific soil requirements of each state and the cropping patterns, rather than continuing with the traditional approach that has led to an over-reliance on urea. The excessive use of nitrogen due to the overuse of urea has resulted in the consistent decline of the ideal NPK ratio of 4:2:1, leading to soil degradation and reduced long-term agricultural productivity. A more balanced approach to fertilizer distribution, aligned with scientific soil testing and regional crop needs, is essential to restore soil health and ensure sustainable agricultural practices. The Committee strongly recommend that the Department of Fertilizers to take immediate action on these aspects to safeguard farmer interests, stabilize fertilizer availability, and support sustainable agricultural growth across the country.”

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: -

“The Cabinet Committee on Economic Affairs (CCEA has approved the “PM Programme for Restoration, Awareness Generation, Nourishment, and Amelioration of Mother-Earth (PM-PRANAM)” on 28th June, 2023. The initiative aims to complement the efforts initiated by States/UTs to save the health of Mother Earth by promoting sustainable and balanced use of fertilizers, adopting alternate fertilizers, promoting organic & natural farming etc.

Under PM-PRANAM, 14 states have shown a reduction of 15.14 LMT in consumption of chemical fertilizers during FY 2023-24 as compared to the average consumption of previous 3 financial years.

DoF ensures availability of fertilizers against the requirement. On the basis of requirement sufficient/ adequate quantities of fertilizers are allocated to States by issuing monthly supply plan and continuously monitors the availability.

Before the commencement of each cropping season, Department of Agriculture and Farmers Welfare (DA&FW), in consultation with all the State Governments, assesses the state-wise& month-wise requirement of fertilizers viz. Urea, DAP, MOP and NPKS. This requirement is assessed taking into account the projected gross cropped area, irrigated area, last three seasons’ consumption pattern and crop wise recommended dose of fertilizers as per soil health fertility status etc.

On the basis of requirement projected, Department of Fertilizers allocates adequate quantities of fertilizers to States by issuing monthly supply plan and continuously monitors the availability. The movement of all major subsidized fertilizers is monitored throughout the country by an on-

line web based monitoring system called integrated Fertilizer Monitoring System (iFMS). In this regard, requirement, availability, sales and closing stock of NPKS in the State of West Bengal during the Rabi 2024-25 season (From 01.10.2024 to 31.03.2025) is 7.00 LMT, 9.95 LMT, 6.96 LMT and 2.99 LMT respectively. Accordingly, the availability of fertilizers has remained adequate in state of West Bengal.

It is pertinent to mention that DA&FW has never provided the grade-wise requirement of NPKS fertilizers for any State during earlier seasons. However, during ongoing Kharif 2025, DA&FW has provided the specific requirement of NPK 10:26:26 for the State of West Bengal in Kharif 2025 season. Accordingly, the concerned fertilizer companies have been given necessary directions for taking action as appropriate. Further, D/o Fertilizers open new rake points on the requests of State Governments by taking due approval of their operational status from Ministry of Railways.

Government has approved the Market Development Assistance (MDA) @ Rs.1500/MT to promote Fermented Organic Manure (FOM)/ Liquid Fermented Organic Manure (LFOM)/ Phosphate Rich Organic Manure (PROM), produced by Compressed Bio Gas (CBG)/Bio-Gas plants under GOBARdhan scheme with total outlay of Rs.1451.84 Crore (FY2023-24to2025-26), which includes a corpus of Rs.360 Crore for research gap funding, etc.

These initiatives of the Government are expected to address the imbalanced use of chemical fertilizers thereby reducing overuse of chemical fertilizers.”

### **OBSERVATION/RECOMMENDATION OF THE COMMITTEE**

**1.7 The Committee note the steps taken by the Government under PM-PRANAM and monitoring of fertilizer availability through iFMS. Though data has been provided regarding the availability of NPKS in West Bengal during the Rabi 2024-25 season, the specific issue of the severe shortfall of NPK 10:26:26 during the peak potato cultivation season which led to farmers incurring higher costs by using substitute fertilizers has not been adequately addressed. The Committee are particularly concerned over the silence of the Department on the specific recommendation regarding enforcement of a compliance mechanism by penalizing companies failing to supply the allocated quantities. Merely issuing "necessary directions" to companies without a robust penalty framework for non-compliance does not ensure accountability. The Committee, therefore, reiterate their recommendation that the Department should enforce strict**

**compliance mechanisms with provision for penalties for companies failing to meet their supply obligations and incentivize those ensuring timely supply. The Committee also desire that the Department should ensure that the specific requirement of NPK 10:26:26 for West Bengal, is timely met to avoid any distress to the farmers. Similar steps should be taken to fulfill the specific grade-wise fertilizer requirements of other States based on scientific assessment of soil type, climatic conditions and crops cultivated**

### **RECOMMENDATION SL. No. 12**

#### **Direct Benefit Transfer**

1.8 Expressing concern over the identification of beneficiaries under the DBT system and the potential for diversion of fertilizers, the Committee recommended as under: -

“The Committee finds it concerning that buyer identification under the Direct Benefit Transfer (DBT) in Fertilizer Subsidy Scheme is established only through Aadhaar authentication on a ‘no denial basis,’ without a well-defined mechanism to ascertain the actual beneficiary. As a result, subsidized fertilizers, particularly urea, are susceptible to diversion for stocking, black-marketing, and use in industrial sectors such as resin/adhesives, plastics/foams, textiles/leather, and paper/pulp industries. It is apparent that different syndicates might be functional in this field to benefit from the shortcomings of the DBT system in place allowing purchase of subsidized fertilizers in connivance of implementing agencies creating shortages and black-marketing. The current provision, which allows each beneficiary to purchase up to 50 bags per month, further exacerbates this issue, contributing to demand-supply gaps and increasing the subsidy burden on the exchequer. The Committee observe that the Integrated Fertilizer Management System (iFMS) Portal has identified approximately 18.7 crore unique buyers identified till date under the DBT system and 6.25 crore buyers have availed the fertilizer subsidy till January, 2025 which contradicts the farmer population when compared with the PM-KISAN database of Department of Agriculture & Farmers Welfare(DA&FW), which records 9.8 crore farmers, highlighting the need for further scrutiny of genuine beneficiaries. The Committee, therefore, appreciates the initiative to explore the use of the PM-KISAN database and integration of the Farmers’ Registry with the digital platform of Department of Fertilizers and desire that all necessary measures shall be taken for early integration of the iFMS platform with the Farmers’ Registry incorporating landholding, cropping patterns, and soil health data besides broadening the Direct Cash Transfer Scheme to select districts of different regions to correctly understand the fertilizer purchase behaviors of the farmers for a comprehensive understanding of the constraints in the DBT. In light of these concerns, the Committee strongly

recommends expediting the integration of Aadhaar authentication with a comprehensive Farmer's Registry to ensure better targeting of fertilizer subsidies and prevent unauthorized buyers from exploiting the system. Furthermore, necessary modifications should be made to the DBT system to ensure that benefits percolate directly to both landowners and landless farmers who cultivate leased land."

1.9 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: -

"DoF is engaged with DA&FW to integrate the Farmers' data with IFMS. The updation of Farmer's Registry is underway by Agristack. 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."

#### **OBSERVATION/RECOMMENDATION OF THE COMMITTEE**

**1.10 The Committee find the response of the Department to be lacking in specific details. While the Committee are aware that the Department is engaged with DA&FW for integrating the Farmers' data with iFMS, the reply does not provide any concrete timeline for the completion of this integration. The Committee are also dismayed to note that the Government has not responded to the specific recommendation regarding broadening the Direct Cash Transfer Scheme to select Districts of different regions to understand the fertilizer purchase behaviors of farmers and constraints in the DBT system. The Committee opine that in the absence of a pilot study on Direct Cash Transfer and without fixing the loopholes in the present adhaar based identification" no denial" policy, the issues of diversion and leakage of subsidy cannot be effectively addressed. The Committee, therefore, reiterate their recommendation that the Department, in coordination with the DA&FW, should expedite updation of the Farmers' Registry Agristack and its integration with the iFMS with a definite timeline and initiate more pilot projects to study Direct Cash Transfer in other select districts to move towards a more transparent and efficient subsidy regime.**

## RECOMMENDATION SL. No. 18

### Focus on Revival and Modernization of Fertilizer Plants:

1.11 Highlighting the financial distress of Fertilizer PSUs and the need for their revival, the Committee recommended as under: -

“The Committee examined the loan liabilities of fertilizer PSUs and found significant financial distress. MFL owes ₹1,486.3 crore, FACT ₹3,443.59 crore, and BVFCL ₹572.75 crore in government loans. Ageing plants and high-interest burdens on these PSUs risk debt traps. The Committee recommends financial restructuring, including loan-to-equity conversion, interest write-offs, and installment-based repayment plans. Additionally, the Government should explore subsidized credit access and a working capital guarantee scheme to ease financial strain on these PSUs. Given the outdated infrastructure, reassessment of PSU assets, particularly land holdings, is crucial. The Committee desires that the Government should make escalated efforts so that these PSUs remain financially viable to ensure fertilizer sufficiency.”

1.12 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: -

“The loan details of BVFCL, FACT and MFL are as following:

1. **Brahmaputra Valley Fertilizer Corporation Limited (BVFCL)**

**GOI Loans as on 31/03/2024**

Particulars	Amount (Rs. in Crores)
Total Principal	572.75
Total Interest	Interest free

The CCEA in its meeting held on 21.05.2015 on financial restructuring of Brahmaputra Valley Fertilizer Corporation Limited has approved the conversion of Gol loan as Interest free loan and on attaining profit the company will service the Gol loan.

2. **The Fertilizers and Chemicals Travancore Limited (FACT)**

Details of Govt. of India loan, year-wise sanctioned to FACT are given below:

<b>S. No.</b>	<b>Year</b>	<b>Amount (Rs. in Crores)</b>
1.	2005-06	40.00
2.	2006-07	30.00
3.	2007-08	15.00
4.	2008-09	13.00
5.	2009-10	34.00
6.	2010-11	89.99
7.	2011-12	60.74
8.	2015-16	1000.00
<b>Total</b>		<b>1282.73</b>

The plan loan of Rs.1000.00 Crore released by the Government of India in 2016 along with the earlier loan and interest outstanding, has been converted into a single loan carrying interest @ 13.50% per annum with one-year moratorium for payment of interest. The loan amount was reconciled and loan outstanding has been arrived at Rs.1770.48 Crore as on 31.03.2017.

The total loan outstanding including interest as on 31.03.2024 is Rs.3443.59 crores.

### 3. Madras Fertilizers Limited

#### GOI Loans as on 31/03/2024:

<b>Particulars</b>	<b>Amount (Rs. in Crores)</b>
Total Principal	554.24
Total Interest	848.38

MFL had submitted a financial restructuring proposal for consideration. Meanwhile, the New Public Sector Enterprise (PSE) Policy for *Atmanirbhar Bharat*, as notified by the Ministry of Finance, Department of Investment and Public Asset Management, vide OM No. 3/3/2020-DIPAM-II-B (E), dated 04.02.2021, was introduced. MFL has to submit the revised proposal for financial restructuring.”

## **OBSERVATION/RECOMMENDATION OF THE COMMITTEE**

**1.13 The Committee observe that the Department has merely furnished the details of the outstanding loans and interest liabilities of the Fertilizer PSUs without offering any concrete solution for their financial restructuring. The increased loan burden due to high interest rates leading FACT into a precarious financial situation and MFL pending loan re-structuring proposal consequent to policy changes is apparent from the submission. The Committee are therefore dismayed to note that the Government has not responded to the specific suggestions regarding loan-to-equity conversion, interest write-offs, and working capital guarantee schemes to make these PSUs financially viable. The Committee feel that merely stating the loan status or citing policy changes will not resolve the deepening financial crisis of these PSUs, which are crucial for the country's fertilizer security. The Committee, therefore, reiterate their recommendation that the Government must take immediate and proactive steps for the financial restructuring of FACT and MFL, including waiver of penal interest and conversion of loans into equity, to save them from a debt trap and ensure their sustainable operation.**

## CHAPTER II

### OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### RECOMMENDATION SL. NO. 1

##### Fertilizer Planning and vision ahead

2.1 The Committee observe that the Government though facilitates Indian fertilizer companies to sign agreements, Memorandum of Understanding (MoU) and establish joint ventures with fertilizer companies in resource rich countries to ensure sufficiency of raw materials/intermediates/finished fertilizers, no efforts have been made towards entering into mining lease agreements with raw material resource rich for either extraction, exploration or for refining or for production and India is yet to sign such an agreement till date. The Department of Fertilizers is currently facilitating discussions for MoU between and Indian Fertilizer PSU (M/s FACT) and a Togolese fertilizer company (M/s SNPT) as well as discussions between M/s Rastriya Chemical & Fertilizers Ltd (RFCL) and M/s Atlantic Mineral SARL, Mauritania for supply of Rock Phosphate. The Committee, desire that planned time-lines may be drawn for materialization of the discussions underway for MoUs with the two foreign companies for supply of required raw materials and explore all available options to facilitate other Indian fertilizer companies to sign agreements, Memorandum of Understanding (MoU), establish joint ventures with fertilizer companies in resource rich countries to ensure sufficiency of raw materials/intermediates/finished fertilizers besides exploring options of entering into mining lease agreements with resource rich countries to spruce up the domestic needs and emerge a major producer in the field of fertilizers.

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:

“The Department of Fertilizers is committed to enhance global cooperation in fertilizer sector by facilitating Indian fertilizer companies to sign agreements, Memorandum of Understanding (MoU) and establish joint ventures with fertilizer companies in resource rich countries. These efforts are aimed at ensuring the adequate and uninterrupted supply of essential raw materials, intermediates, and finished fertilizers required to meet the domestic demand. Additionally, the Department recognizes the importance of diversifying supply sources and is actively supporting and facilitating Indian fertilizer companies

in exploring opportunities for entering into mining lease agreements in resource-rich countries.

In line with this objective, Indian Fertilizer PSU, M/s FACT has signed a long-term agreement with M/s SNPT, Togo for the procurement of Rock Phosphate. This agreement entails an annual supply of approximately 240,000 MT (non-binding) of Rock Phosphate over a period of three years. Additionally, Department of Fertilizers is expediting ongoing discussions between M/s Rastriya Chemical & Fertilizers Ltd (RFCL) and M/s Atlantic Mineral SARL, Mauritania, for a similar supply arrangement of Rock Phosphate. These agreements are finalized and signed once both the Indian and foreign company comes to mutually acceptable arrangements after thorough discussions and deliberations on the issues/observations/concerns of each side. Further, these agreements are Company-to-Company (C-2-C) and thus, finalizing a fixed timeline would be difficult. However, D/o Fertilizers along with M/o External Affairs has been trying to facilitate the early resolutions of each side concerns/observation and signing of Agreements at the earliest. With these efforts, the agreements between M/s FACT and M/s. SNPT, Togo and the agreement between M/s. RCF and M/s. Atlantic Mineral SARL, Mauritania for the procurement of Rock Phosphate have been entered into.”

## **RECOMMENDATION SL. NO. 2**

**2.3 The Committee observe that out of the seven mining leases of Rock Phosphate only six are presently working in the Country, in which mining is being done through the conventional open cast method used for comparatively shallow mining. It is intriguing that Country lacks cutting edge drilling and solution mining technology and skilled manpower for drilling and exploration for long, and import dependence nothing has been done to address this area except for bringing a policy incorporating phosphate, potash and Glauconite (Potassic mineral) under “The Mines & Minerals (Development and Regulation) Amendment (MMDR) Act, 2023”. Despite all these factors, concerted efforts are not being made to either explore new locations for exploration within the Country or upgrade technology, equipment and train manpower to exploration, mining and use of by-products of other industries in place of fertilizers. Without introducing physical measures, and pumping in Government, Public and Private investment, the goal of achieving self-sufficiency in the field of fertilizers is difficult to achieve. The Committee, therefore, recommend that escalated efforts are made in the field of attaining technological advancements, producing skilled manpower and exploring new mining locations for extraction of essential ingredients required in fertilizer production through Government, Public and Private investment besides exploring use of steel slag, waste from**

**power plants and by-products of other industries in place of fertilizers for meeting agricultural needs of the Country.**

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:

“Department of Fertilizers in consultation of M/o Mines will attain technological advancements, producing skilled manpower and exploring new mining locations for extraction of essential ingredients required in fertilizer production through Government, Public and Private investment.

Further, India is import dependent in raw materials of both phosphatic and potassic fertilizers. The Government of India has actively engaged with countries rich in fertilizer raw materials and facilitated the establishment of several Long-Term Agreements (LTAs) between Indian companies and foreign companies in fertilizer rich countries. Additionally, the Indian fertilizer companies have also formed Joint Ventures (JVs) in fertilizer-rich nations, such as Oman India Fertilizers Company (OMIFCO) in Oman, Industries Chimiques Du Senegal (ICS) in Senegal, and Jordan India Fertilizers Company (JIFCO) in Jordan to ensure a steady supply of raw materials, intermediates and finished fertilizers and strengthen cooperation in the global fertilizer sector.

Potash and Glaucosite (Potassic mineral) have been classified as Critical and Strategic Minerals under “The Mines & Minerals (Development and Regulation) 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:

Amendment (MMDR) Act, 2023” by Ministry of Mines which aims to enhance domestic production and achieve self-sufficiency in critical minerals. MMDR Act, 1957 ensure that critical minerals are produced, processed, and recycled by catalyzing investments from governments and the private sector across the full value chain, emphasizing the importance of sustainable and responsible mineral management practices. The Central Government has also commenced the auction of mineral blocks for critical & strategic minerals as per provisions of MMDR Act, 1957. As on 10.12.2024, Ministry of Mines have successfully auctioned 5 mineral blocks of Glaucosite (Potassic mineral).

The country has 7 mining leases for Rock Phosphate. However, most of the reserves are low grade reserves and needs beneficiation. Currently, only 6 mines are operational and are using the conventional opencast method for shallow deposits. Potash deposits in India are deep-seated, requiring either conventional underground mining or solution mining, where water or brine dissolves the potash for extraction. There are many challenges involved in mining such as resource loss due to water inflow dissolving minerals, roof

collapse leading to expensive maintenance, operational complexities, lack of skilled labour and technology etc.”

### **RECOMMENDATION SI. NO. 3**

**2.5** The Committee understand that the position of preferential allotment of mineral mines in favour of fertilizer PSUs for exploration of raw materials required within the Country has changed after 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. As such, the fertilizer companies are left to participate in the auction process to acquire any new mines. The Committee feel that since the Fertilizer PSUs play a major role in the production of fertilizers for the Country, they may be given preference in allotment of mineral mines as they hold the infrastructure and the expertise for serving the sector for more than half the century. The Committee, desire that the Department of Fertilizers should accordingly impress upon the Ministry of Mines to consider giving preference to fertilizer PSUs besides guiding Fertilizer PSUs to actively participate in auction of mines.

**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:

“Department of Fertilizer has taken up the matter of preferential allotment to fertilizer PSUs with Ministry of Mines. M/o Mines has informed that Section 17A of ‘The Mines and Minerals (Development and Regulation) (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.”

### **RECOMMENDATION SI. NO. 4**

**2.7** The Committee observe that coal gasification-based fertilizer plants use coal as the primary feedstock, where coal is gasified to produce synthesis gas (syngas) containing hydrogen and carbon monoxide, utilizing hydrogen for ammonia production whereas natural gas-based plants use methane as feedstock, converting it into hydrogen through steam methane reforming (SMR) for ammonia synthesis. Though coal-based plants are less energy-efficient with higher capital cost as compared to natural gas-based based

plants, they have lower operating costs due to the stable and lower price of coal, making them competitive. Conversely, natural gas-based plants have lower capital costs but higher operating expenses due to the volatile and higher cost of natural gas. Furthermore, the efficiency of coal increases on gasification and proven all over the world with US, China and Australia leading in a big way. The Committee feels that coal gasification accepted world over offers a strategic solution towards achieving self-sufficiency in view of the huge coal reserves within the Country and removing import dependence on natural gas. The Committee, therefore, recommend that coal-gasification may be promoted in a big way so as to fully exploit the domestically available coal-reserves and the government policies may be accordingly tweaked in a manner to suit the coal-gasification plants.

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:

“As per inputs received from Ministry of Coal on the above observations, the policy initiatives undertaken by them to promote Coal Gasification are as under: -

- i. **National Coal Gasification Mission**: M/o Coal aims to achieve coal gasification and liquefaction of 100 MT of coal by 2030.
- ii. **Incentives in Commercial Coal Auctions**: - A 50% rebate in the revenue share for coal used in gasification has been introduced in commercial coal block auctions, provided that at least 10% of the total coal production is used for gasification purposes.
- iii. **New Sub-sector for Syngas Production**: In 2022, a new sub-sector, "*Production of Syngas leading to coal gasification*," was created under the Non-Regulated Sector (NRS) linkage auctions to support this initiative.
- iv. **Equity Investment Approval**: On January 24, 2024, the CCEA approved CIL equity investment exceeding the 50% limit in its joint ventures with GAIL and BHEL for setting up coal gasification projects.
- v. **Financial Assistance**: On January 24, 2024, the Cabinet approved an outlay of 8.500 crore as financial assistance for promoting coal and lignite gasification projects. The scheme towards financial incentives is grouped under 3 categories:
  - a. **Category I (for Government PSU or JV of PSU)** A total outlay of ₹4050 crore, with a maximum allocation of ₹1,350 crore per project or 15% of capex, whichever is lower.
  - b. **Category II (for Private Sector & Government PSU)**: A total outlay of ₹ 3850 crore, with a maximum allocation of ₹1000 crore per project or 15% of capex, whichever is lower.

- c. **Category III (for Demonstration projects and/or Small-scale product-based plants):** A total outlay of ₹ 600 crore, with a maximum allocation of ₹ 100 crore per project or 15% of capex, whichever is lower.

vi. As of now, the list of Selected Applicants is annexed below:-

Particulars	Company	End Product
<b>Category-I</b>	Bharat Coal Gasification and Chemicals Ltd.	Ammonium Nitrate
	CIL - GAIL JV Project	Synthetic Natural Gas (SNG)
	CIL Project	Synthetic Natural Gas (SNG)
<b>Category-II</b>	Jindal Steel & Power Ltd.	Direct Reduced Iron (DRI)
	Greta Energy Ltd.	Direct Reduced Iron (DRI)
	New Era Cleantech Solution Pvt. Ltd.	Ammonium Nitrate & Hydrogen
<b>Category-III</b>	New Era Cleantech Solution Pvt. Ltd.	Ethanol

- vii. **Long Term Coal Supply to Gasification Projects:-** On December 16, 2024, the Government has allowed coal auction to gasification projects under the NRS auction with a floor price at the notified price of the regulated sector, for the projects commissioning within the next seven years.
- viii. Through various policy initiatives and financial support, significant progress is being made to establish coal gasification as a cleaner use of coal in India's energy landscape and industrial sectors. These efforts will enhance energy security, foster economic growth, and contribute to a more sustainable future for the country.
- ix. Further, as Department of Fertilizers is concerned, 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 under implementation TFL project has been envisaged for utilizing the abundantly available domestic coal for Urea production. 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.

## **RECOMMENDATION SI. NO. 5**

### **Examination of Demands for Grants No. 6**

**2.9** The Committee note that the Department of Fertilizers (DoF) had projected an outlay of Rs. 1,84,704.63crore for its various schemes and other requirements during the year 2025-26. However, this outlay has been reduced by 7.38% to Rs. 1,71,082.44 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. On further scrutiny, it has been found that the BE allocation for Major Head 2401 Nutrient Based Subsidy Policy which includes payments for both indigenous and imported P&K Fertilizers has been reduced by Rs. 6665 Crore which is 11.97 % less 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 and subsidy support to Indian Shipping Companies the BE allocation has been reduced by Rs. 6954.06 Crore which is 5.4% less than the projected requirement. On the reduction in allocation the Department has contended that the budget proposals are sent to M/o Finance in September-October of every year are just an estimate of the expenditure to be incurred on Fertilizer subsidy, which is estimated on factors like previous year's consumption, rate of gas and other commodities etc. The actual requirement of funds is assessed based on the actual consumption and rates of commodities and accordingly additional funds are sought from M/o Finance during the FY, as and when required. Further, the funds provided by M/o Finance at BE stage are increased by them at RE stage and by the means of supplementary as per the requirement of the D/o Fertilizers. The Committee are however, dismayed to note 9.64% reduction in the allocation at BE stage for 2025-26 from the proposed budget despite the fact that the Department of Fertilizers has utilized 94%of the funds against RE 2024-25 and contended to likely utilize the remaining funds during remaining period. It is definite that curtailment of allocation will impact the smooth execution of the different subsidy schemes, the Committee, therefore, stress that the Department seeks stepping of the funds at RE stage so that the subsidy schemes meant for the farmers for their agricultural requirements do not suffer.

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:

“The estimation of Budget for subsidy depends upon several factors like the price of international Gas price etc. As recommended by the Committee, the Department will seek additional funds at RE 2025-26 Stage depending upon the requirements so as to ensure that there is no impact on the release of subsidy payments.”

### **RECOMMENDATION SI. NO. 6**

#### **Under-utilization of funds / Targets and Achievements**

2.11 On scrutiny of utilization of funds under different components of the schemes, underutilization to tune of 20% under Indigenous PK, 12% under Imported PK, 14.76% under indigenous Urea and 59.57% under Market Development Assistance (MDA) has been observed during 2024-25, as on date. As for targets and shortfall their achievement, it has been observed that under Urea against the target of 239.49 LMT only 232 LMT has been achieved during the year 2024-25 with a shortfall 3.13% and under P&K against the target of 210.79 LMT only 159.62 LMT has been achieved with a shortfall 24.28%. It has been observed that production target under Urea is likely to be achieved whereas target under P&K may not be achieved. The low production of urea has been attributed to technical/operational issues and (ii) due to selling out of Nagarjuna Fertilizers and Chemicals Limited leading to non-supply of Urea and shortfall in of P&K production has been attributed to price volatility and geopolitical constraints besides Companies being free to import /produce fertilizer raw materials, intermediaries and finished fertilizers as per their market dynamics under Open General License (OGL). The Committee, therefore, desire that the Department should make all efforts in utilizing the full allocations under the various heads in a planned manner and see that the targets laid are duly achieved in all circumstances. In order to achieve their targets under the NBS, the Committee impress upon the Department to accordingly tweak the NBS policy to address the constraints mentioned.

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:

“The position of utilization of funds as given in the Recommendation was as on 17/01/2025. The Department has, however, utilized 100% of the funds at the close of FY 2024-25 in respect of Indigenous P&K , Imported P&K,

Indigenous Urea, Imported Urea Schemes and 98.67% in respect of MDA Scheme.

In case of Phosphatic and Potassic (P & K) fertilizers, under existing NBS Policy, subsidy is applicable uniformly across all fertilizer companies i.e. importers/manufacturers for making available subsidized fertilizers available to the farmers. For Kharif, 2025 Cabinet has approved subsidy of Rs 37,216.15 crores and subsidy on all fertilizer grades including SSP has increased. Further, to boost domestic production of SSP all units whose unit-wise production capacity is below 50,000 MT continue under the scheme and freight subsidy continues to be extended on SSP on pilot basis. In past one year, 3 new SSP manufacturing units have been included and permission for capacity enhancement was granted to 6 SSP plants under the NBS.”

#### **RECOMMENDATION SI. NO. 7**

#### **Re-appropriation/Surrender of Funds**

**2.13 The Committee observe re-appropriation to the tune of Rs. 666.50 crore under Urea Subsidy Scheme attributed to lesser imports than the anticipated requirement at BE stage, Rs. 55 Crore under Market Development Assistance (MDA) for the reason of lesser number of claims at BE stage and Rs .96 Crore under the Secretariat Expenditure due to vacancies in Gazetted and Non-gazetted posts in the Department specifically need further scrutiny. Re-appropriation under Urea Subsidy to the tune of Rs. 666.50 crore because of lesser imports at BE and recoveries of Rs. 3980 crore in BE 2024-25 along with recoveries of Rs. 2980 Crore during 2025-26 for higher imports in anticipation is disturbing. The Committee observe apparent gaps in inputs, assessments and demand for imports *vis-à-vis* indigenous production. The Committee, therefore, recommend that the strategy for assessing the requirements in combination with production targets and imports may be tweaked to avoid such recurrences. The Committee also desire that the Ministry should impress upon the Department of Personnel and Training for filling up of the Gazetted and Non-Gazetted vacancies in the Department of Fertilizers for their seamless functioning, at the earliest.**

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:

“In order to meet the demand of Urea from the indigenous production and to reduce the dependency of Imported Urea, additional funds were required under the Indigenous Urea scheme, which were Re-appropriated from the Imported Urea Scheme.

The recoveries in Imported urea Scheme were estimated on Pool Issue Price(PIP) value @ ₹ 4974/MT as per the anticipation of 80 LMT import of Urea

for the year 2024-25 and 60 LMT for the year 2025-26. These recoveries are budgeted recoveries and actual recoveries vary upon the actual quantity of Imported Urea.

The Department regularly reports the vacancies of Gazetted and Non-Gazetted posts to DoPT as and when they arise. The Department has been consistently following up with the Department of Personnel and Training (DoPT) to expedite the filling of the the vacant Gazetted and Non-Gazetted posts in the Department of Fertilizers and reminders are also sent to DoPT in case the vacancies are not filled timely, highlighting the impact of vacant positions on the efficiency and operations of the Department. Thus, this Department sends regular communication / reminders to DoPT for filling the vacant posts to ensure smooth functioning of the Department.”

### **RECOMMENDATION SI. NO. 10**

#### **Strengthening Fertilizer Security**

**2.15 The recent shortfall in supply of P&K fertilizers, particularly Di-Ammonium Phosphate (DAP), has exposed critical weaknesses in India’s fertilizer supply chain. During examination of Demands for Grants, the Department stated that the crisis was aggravated by geopolitical disruptions, price volatility, and the reluctance of private players to import DAP when international prices surged. This led to an extreme shortage, causing severe distress in the agricultural sector. Despite widespread reports in newspapers and evident ground realities, the Department of Fertilizers did not acknowledge the severity of the situation. The government’s eventual response—a special package of ₹3,500 per MT beyond NBS rates, initially applicable from 01.04.2024 to 31.12.2024 and later extended to 31.03.2025—was a delayed measure. By the time it was implemented, the entire country was already reeling under the crisis, and farmers were struggling without access to essential fertilizers. This response appeared more like post-operative dressing rather than a proactive policy intervention. To prevent such crises in the future, The Committee strongly recommends that the government must explore establishment of a Fertilizer Crisis Early Warning System (FCEWS) or a similar mechanism which would act as think-tank to predict shortages and take preemptive action. The Committee also recommends that strategic reserves of essential fertilizers should be maintained to ensure supply continuity. Additionally, the Nutrient-Based Subsidy (NBS) framework must be revised to include real-time market-linked adjustments, ensuring that subsidies automatically adjust (increase/decrease) to the fluctuations of the international prices crossing a certain threshold. Private players should be mandated to import a minimum**

**quantity of NPK/DAP based on projected demand, with penalties for non-compliance, to prevent hoarding or reluctance to import during price surges. Furthermore, The Committee are of the opinion that the Government must prioritize domestic fertilizer production by encouraging the establishment of Phosphatic Fertilizer Plants through incentives and public-private partnerships, reducing India's dependence on imports.**

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:

“Government has made provisions for advantage/disadvantage on upward/downward trend in the international prices of imported and domestically produced DAP and imported TSP to the importers/Manufacturers beyond the NBS rates for Kharif 2025 (01.04.2025 to 30.09.2025).

To prioritize domestic fertilizer production, measures proposed both by public and private enterprises are as under:

- i. RCF, Thal is setting up a new DAP/NPK plant with a capacity of 1200 MTPD. The proposed plant has capability to produce various grades of NPK including DAP thereby augmenting domestic production. Completion is expected by January 2027. After completion of this project, RCF's NPK production capacity will increase from @ 6LMT to 10 LMT per annum.
- ii. FACT, Kochi has planned a new 1650 MTPD NPK Plant at Cochin, Ambalamedu at a cost Rs 411 Crore. With the completion of this project, Company can enhance fertilizer production capacity from 1 Million MT to 1.5 Million MT per year.
- iii. CIL will get from Senegal around 2 LMT of Rock Phosphate. This will help in strengthening CIL's backward integration and will ensure long term supply security of the key raw material. CIL is strengthening its Phosphoric acid capacities by augmenting its captive production and leveraging its overseas partnerships in Tunisia and South Africa.
- iv. PPL's installed capacity of phosphoric acid plant at Paradeep to increase from 0.30 million MT to 0.50 million MT in FY 2023-24 with an investment of about 450 crores.

The Department has constituted a Fertilizer Management Task Force on 26.07.2024 to perform following functions:

- a) Expediting the timely procurement of fertilizers to meet the requirement of the States.
- b) Planning for promotion of the usage of Alternate fertilizers viz. NPKS, SSP, Urea+SSP& Nano fertilizers in the States and monitoring its execution.

- c) Monitoring the State specific demand & supply of fertilizers on priority basis.”

#### **RECOMMENDATION SI. NO. 14**

**2.17 Market Development Assistance (MDA) and Research & Development under** 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:

#### **MDA**

**14. The Scheme Market Development Assistance (MDA) @ Rs. 1500/MT to promote organic fertilizers, viz., FOM/LFOM/PROM produced at plants under GOBARdhan initiative covering different Biogas/CBG support schemes/programmes of different stakeholder Ministries/Departments i.e., (i) Sustainable Alternative Towards Affordable Transportation (SATAT) scheme of Ministry of Petroleum & Natural Gas (MoPNG); (ii) ‘Waste to Energy’ programme of Ministry of New & Renewable Energy (MNRE); (iii) Swachh Bharat Mission (Rural) of the Department of Drinking Water & Sanitation (DDWS) has been introduced with total outlay of Rs. 1451.84 Crore for FY 2023-24 to 2025-26 which includes a corpus of Rs. 360 Crore for research gap funding. The under-performance in the scheme has been attributed to delay in incorporation of the Scheme under the Public Financial Management System(PFMS) for administrative reasons at the end of FY 2023-24. The Department have admitted to the possibility of fully utilizing the funds in the event of receipt of claims from the registered companies. It has further been pointed out that the Department of Fertilizers is continuously working towards promotion of organic fertilizers by enhancing the ease of doing business of CBG/BG plants. Numerous meetings have been organized with all stakeholders to explore ways to increase participation of CBG/BG plants. It is expected that in the coming year more funds will be utilized. The Committee, are of the view that the scheme launched with the corpus of 1451.84 crores including funds for research has been under-utilised for various reasons and the Ministry of Finance accordingly curtailed the budget provisions during the years. A very less expenditure has been incurred on the scheme as a whole till date with only one more year i.e. 2025-26 available to accomplish the goal. The Committee, therefore, desire that the Department should strength their coordination mechanism among the various stake holders and arrive at time-lines to achieve targets during the year besides avoiding March rush by scattering the expenditure on proposals throughout the year with fixing a 60% slab for the total targets to be achieved by the end of six months during a financial year so that the remained 40% of target to be achieved can be easily planned in the remaining period of that year. The Department**

**should instead of waiting for the bills for re-imburement from the Companies should adopt the policy of obtaining them through the departmental intervention.**

2.18 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:

“Department of Fertilizers is taking all possible steps to resolve the issue being faced by CBG/BG plants from registration of CBG/BG plants in iFMS to disbursement of MDA. Based on the feedbacks received from various stakeholders in physical/VC meetings, the Standard Operating Procedure(s) (SOPs) have been revised to streamline the MDA disbursement process.

The project on promoting FOM and LFOM is being implemented by ICAR through 125 Krishi Vigyan Kendras (KVKs) across five ATARIs, covering 12 States/UTs.

These 125 KVKs are collaborating with nearby CBG plants to ensure farmers have access to information about FOM/LFOM and to facilitate the availability of FOM for awareness and demonstration activities.

DoF vide letter dated 31.01.2025, has issued guidelines for conduct of camps/Kisan Sangosh this, requiring each chemical fertilizer company to conduct extensive field level interaction with farmers, local farmer coops ratives, farmers’ SHGs, panchayats etc. every month by holding day camps/Kisan Sangosh this. Fertilizer Companies conducted approx. 4000 PM- Kisan Sangosh this on Pan India level (1.2.2025 to 31.03.2025).

D/o Fertilizers has entrusted HURL and RCF with responsibility of conducting survey for feedback from CBG operators. 67 face to face interviews conducted with CBG operators during first fortnight of January 2025.

Four full working day’s MDA workshops where held in DoF, Attended by 32 CBGs, Technical issues where addresses on spot.

Budget allocated for the FY 2025-26 in respects of Market Development as Assistance (MDA) scheme to promote organic fertilizer as under:

<b>S.No.</b>	<b>Components</b>	<b>BE-2025-26 (Rs. in Crore)</b>
1.	MDA	100.00
2.	R&D	50.00
3.	<b>Total</b>	<b>150.00</b>

There are two components of the Scheme called MDA (Policy for Promotion of Organic Fertilizers) with total budget outlay of Rs. 1451.84 Crore for F.Y. 2023-24 to 2025-26. These are:

- a. Research and Development for Organic fertilizers- Rs. 360 Crore (for F.Y. 2023-24 to 2025-26).
- b. MDA @ Rs. 1500/MT on sale of FOM/LFOM/PROM to the farmers through PoS- Rs. 1091.84 Crore (for F.Y. 2023-24 to 2025-26).

Further, it is to state that for R & D activities, the funds are transferred as per the requirement and approval of the Competent Authority to the Nodal Agency i.e. PDIL from the budget allocated for Research and Development for Organic fertilizers. As regards fund releases to the fertilizer companies/ firms against their MDA claims, such payment are released based upon receipt of claims from the concerned firms/companies in line with extant policy guidelines.

The details of amount released for R&D and demonstration activities and funds released against MDA claims during the last 2 years is as under:"

Year	Amount released for R&D and Demonstration activities	Amount of subsidy released as MDA
2023-24	0.25 Cr.	-
2024-25	4.57 Cr.	28.00 Cr.

### RECOMMENDATION SI. NO. 15

#### Nano Fertilizers

**2.19** The Committee are pleased to note that increase in the crop yield on combination Nano Urea for foliar application with conventional urea as basal dose by 1.65% to 14.82%, with the highest yield improvement observed in peas (6.14% to 14.82%) and the lowest in sugarcane (1.65% to 4%). It is good to learn that the Government of India has notified the specifications of Nano nitrogen under the Fertilizer Control Order, 1985. Nano Urea produced by IFFCO (4% Nitrogen), Zuari Farm Hub Limited (8% Nitrogen), Coromandel International Limited (12% Nitrogen), and Ray Nano & Research Centre (4.4% Nitrogen) have been approved by the Department of Agriculture & Farmers Welfare (DA&FW). Recently, Nano Urea Plus produced by IFFCO, containing 16% Nitrogen, has also been notified by the DA&FW. Further, on commencement of commercial production by M/s Rashtriya Chemicals & Fertilizers Limited (RCF), Trombay Plant and M/s National Fertilizer Limited, Nangal, Punjab plant will increase the production capacity beyond 27.62 crore bottles (500ml each). The farmers can benefit with increased crop yield on adoption of combined application of Nano Urea with conventional Urea. On the other hand, the total production capacity of Nano DAP of 7.64 crore bottles per year, with four operational plants is expected to increase with additional commissioning of two more plants in the

**future. Field trials on Nano DAP have revealed that its use for seed treatment and foliar application could potentially reduce the requirement for conventional granular DAP. The Committee, therefore, recommend that the Department of Fertilizers should expand Nano Urea and Nano DAP production capacities by ensuring timely establishment of the units envisaged in future. The Committee further desire that an SOP on the knowledge about the use of the nano urea products with different nitrogen concentrations and use of nano DAP along with the application strategy of both the fertilizers may be widely percolated among farmers through pamphlets and the electronic and print media as also through KisanVikas Kendra (KVK).**

2.20 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 and Nano DAP Plants.

Fertilizer companies have informed that three Nano Urea plants with production capacity of 17 crores bottles will be setup by 2025-26. Fertilizer companies have also informed that two Nano DAP plants with production capacity of 12 crores bottles will be setup by 2025-26. In order to promote the use of Nano Fertilizers amongst the farmers in rural areas, the following steps have been taken:

- i. Government of India has pursued with the states on use of Nano fertilizer at various forums. In the Zonal conference for assessment of fertilizers for Kharif 2024 season, held from 5th February to 9th February, 2024, Department of Agriculture and Farmers Welfare (DA&FW) requested the State Governments to promote the use of nano fertilizer in their states through their extension machinery.
- ii. DA&FW during the Rabi, 2024-25 season assessed the requirement of Nano Urea and Nano DAP. DA&FW vide letter dated 3rd July, 2023 informed all the State Govt. / UTS /ICAR institutes to include FCO approved application of Nano-fertilizers as critical inputs in the cafeteria of interventions for demonstrations (Cluster Demonstrations/ Block Demonstrations/ Cluster Front Line Demonstrations/ Front Line Demonstrations) to be conducted under NFSM/ NMEO as per SAUs/ ICARs recommended package of practices.
- iii. Use of Nano Urea is promoted through different activities such as awareness camps, webinars, nukkadnataks, field demonstrations, KisanSammelans and films in regional languages etc.
- iv. Nano Urea and Nano DAP are made available at Pradhan MantriKisanSamridhiKendras (PMKSKs) by concerned companies.
- v. Nano Urea has been included under monthly supply plan issued by Department of Fertilizers regularly.

- vi. ICAR through Indian Institute of Soil Science, Bhopal recently organized National Campaign on “Efficient and Balanced Use of Fertilizer (including Nano-fertilizers)”.
- vii. For ease in application and utilization of Nano fertilizers like Nano Urea through foliar application, initiatives such as innovative spraying options like 'Kisan Drones' and distribution of battery operated sprayers at retail points are undertaken. For this purpose, pilot training and custom hiring spraying services through Village Level Entrepreneurs are actively promoted.
- viii. DoF in collaboration with fertilizer companies has initiated a MahaAbhiyan for adoption of Nano DAP in all 15 agro-climatic zones of the country through consultations and field level demonstrations. Further, DoF in collaboration with fertilizer companies has also launched campaign for field level demonstrations and awareness programs of Nano Urea plus in 100 districts of the country.”

### **RECOMMENDATION SI. NO. 16**

#### **Expand Research on Long-Term Impact of Nano Fertilizers**

**2.21 The Committee observed that the ICAR study (2024-2026) on "Effect of Nano Urea and DAP and Popularization of Its Use in Crop Production" is assessing Crop growth, phenology, and yield; Soil health parameters; Nutrient uptake and quality of produce. The Committee recommends that the Department should consider funding additional multi-location and multi-crop trials to study the long-term impact on soil fertility and ecosystem sustainability. The Committee is of the view that there is a greater need for monitoring, adoption besides addressing farmer concerns to simplify the methods of Nano Urea/ Nano DAP usage. The Committee, therefore, recommends that the Department should conduct regular surveys in collaboration with State Agricultural Universities and KVKs to collect farmer feedback on Nano Urea's performance. Concerns regarding cost-effectiveness, application methods, and long-term sustainability should be systematically addressed through policy interventions.**

2.22 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 recommendations of the committee have been noted for compliance.”

## **RECOMMENDATION SI. NO. 17**

### **Scale Up Drone-Based Spraying Technology**

**2.23** Regarding the distribution of drones to villages, the Committee noted that the Namo Drone Didi Scheme, administered by the Department of Agriculture & Farmers Welfare (DA&FW), is a Central Sector Scheme aiming provision of 15,000 drones to Women Self-Help Groups (SHGs) over three years (2023-24 to 2025-26). The objective is to create sustainable business and livelihood opportunities in rural areas. Under this initiative, the Department of Fertilizers, through fertilizer companies, has facilitated the distribution of 1,094 drones to Namo Drone Didis, including 500 drones as part of a pilot program. However, the overall assessment of drone availability in villages falls under the purview of the DA&FW, which is responsible for nationwide implementation. Given the significant benefits of drone technology in agriculture—such as precision farming, reduced water consumption (from 65-200 liters per acre to ultra-low volumes), and lower labor costs, drone-based farming needs to be introduced in the 6,40,000 villages across the Country requiring a large number of drones for coverage. However, the Committee observed that the implementation at the grassroots level remains significantly behind the target. To bridge this gap, the Committee recommends that the Department of Fertilizers, the Department of Agriculture & Farmers Welfare, and the Ministry of Civil Aviation should work collaboratively to assess the demand and ensure the expedited deployment of drones to villages. Additionally, the Department of Fertilizers should coordinate with DA&FW to ensure the widespread availability and training for drone-assisted Nano Urea application, enabling farmers to maximize the benefits of this technology.

2.24 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 administered by the Department of Agriculture & Farmers Welfare (DA&FW). Therefore, the recommendation of the committee regarding deployment of drones in villages falls under purview of DA&FW. DA&FW vide their OM dated 3rd March, 2025 have allocated 14,500 drones for 29 states to be delivered in 2025-26. Under the Namo Drone Didi Scheme, the training is included in the package of drone supplies. “

## **RECOMMENDATION SI. NO. 19**

**2.25** The Committee observe that with a view to Strengthening Revenue

**Generation & Competitiveness, it is necessary that Department of Fertilizers explore the feasibility of diversification of PSUs into specialty fertilizers i.e., Nano Urea, Nano DAP, other similar products and bio-fertilizers, organic fertilizers to reduce dependency on urea and traditional fertilizers thereby reducing the subsidy burden on the exchequer. The PSUs may also identify potential international markets and the Department should incentivize PSUs to enhance exports, reducing reliance on domestic subsidies. As part of Backward Integration Initiative, the Department should encourage PSUs to invest in raw material sourcing (e.g., phosphoric acid, potash) to reduce import dependency and mitigate international price volatility. The Department should also expedite the implementation of Nano Urea and Nano DAP projects by NFL and RCF to improve fertilizer efficiency and reduce costs.**

2.26 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:

“RCF have signed a MoU with IFFCO on 27.07.2021, to use IFFCO's proprietary Nano Urea Technology for setting up a Nano Urea manufacturing plant at RCF. Subsequent upon signing of MoU with IFFCO, RCF has initiated action for setting up a new Nano Urea (Liquid) Fertilizer Plant. For the said plant, RCF have received MoEF&CC Environment Clearance on 11th August 2023 and the Consent to Operate (CTO) issued by Maharashtra Pollution Control Board (MPCB) on 6th January 2025. RCF submitted its application on 18.03.2025 to DA&FW and DoF for obtaining approval of Nano fertilizer under FCO 1985. Accordingly, DoF vide OM dated 25.03.2025 requested DA&FW to consider the RCF request.

NFL has informed that it is implementing a new high-tech nano urea project with higher nitrogen content. However, the time line cannot be confirmed yet.”

#### **RECOMMENDATION SI. NO. 20**

2.27 The Committee observed that despite the presence of a Government nominated Director at the board level of Fertilizer PSUs, their financial condition has continued to deteriorate over time. This underscores the need for a more robust monitoring framework. In view of the financial status of these PSUs under the Department, the Committee recommends for establishment of an independent financial monitoring mechanism in the form of a “Fertilizer PSU Monitoring Authority” to systematically track their financial health and implement early intervention strategies. Additionally, the Committee

**emphasizes the need to strengthen Performance-Linked Incentives to enhance profitability and operational efficiency.**

2.28 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:

“Department of Fertilizers periodically monitors the physical/financial performance of the PSUs under their control through Quarterly Review Meetings, Production Planning Meetings, Distribution and Movement Meetings and by appointing Directors on the Board of the respective PSUs for regular monitoring of the functioning. Monthly and Quarterly reports are submitted by PSUs. Further, with respect to recommendation of the Committee regarding the establishment of an independent financial mechanism in the form of a "Fertilizer PSU Monitoring Authority", a considered view will be taken by the Department, as appropriate.”

**CHAPTER III**  
**OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT**  
**DESIRE TO PURSUE IN VIEW OF THE GOVERNMENTS REPLIES**

**RECOMMENDATION SI. NO. 8**

**Revision in Grades of NPKS fertilizers**

**3.1** The Committee are happy to note that NBS policy formulated to meet the objective of promoting balance use of fertilizers, the Department of Fertilizers has helped in improving productivity in the farm land and multi-nutrient deficiency of the soil resulting increase in major crop yield per hectare from 1930 Kg/hectare in 2010-11 to 2233 Kg/hectare in 2017-18, an increase of 16% over a period of 7 years. This significantly proves that the NPKS fertilizers have been able to address the multi-deficiency of soil of various regions. The revision of grades of NPKS is done on the basis of appraisal of need by the Indian Council for Agricultural Research (ICAR), the DA&FW decides the inclusion/revision of grades of NPKS fertilizers in FCO. As a result, the number of grades under NBS has increased from 22 grades in 2021 to 28 grades at present. 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. The issue of low effectiveness of the grade of NPKS provided to the Southern States of India and West Bengal requiring immediate intervention, cropped up in the discussions during the Study Visit of the Committee in January 2025 putting additional supplements burden on the farmers for crop yield. Against the requirement of NPK 10:26:26, other NPKS fertilizers are being provided to the Farmers of West Bengal. The Committee, therefore, recommend that the Department of Fertilizers impress upon ICAR to assess the grade of NPKS requirement of these regions and recommend the required grade of fertilizers to the Department of Agriculture and Farmers Welfare, to address the soil deficiency concerns there.

**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:

“DoF ensures availability of fertilizers against the requirement. On the basis of requirement sufficient/ adequate quantities of fertilizers are allocated to States by issuing monthly supply plan and continuously monitors the availability.

Before the commencement of each cropping season, Department of Agriculture and Farmers Welfare (DA&FW), in consultation with all the State Governments, assesses the state-wise & month-wise requirement of fertilizers viz. Urea, DAP, MOP and NPKS. This requirement is assessed taking into account the projected gross cropped area, irrigated area, last three seasons' consumption pattern and crop wise recommended dose of fertilizers as per soil health fertility status etc.

On the basis of requirement projected, Department of Fertilizers allocates adequate quantities of fertilizers to States by issuing monthly supply plan and continuously monitors the availability. The movement of all major subsidized fertilizers is monitored throughout the country by an on-line web based monitoring system called integrated Fertilizer Monitoring System (iFMS).

It is pertinent to mention that DA&FW has never provided the grade-wise requirement of NPKS fertilizers for any State during earlier seasons. However, during ongoing Kharif 2025, DA&FW has provided the specific requirement of NPK 10:26:26 for the State of West Bengal in Kharif 2025 season. Accordingly, the concerned fertilizer companies have been given necessary directions for taking action as appropriate. Further, D/o Fertilizers open new rake points on the requests of State Governments by taking due approval of their operational status from Ministry of Railways.”

### **RECOMMENDATION SI. NO. 11**

#### **Continuation of Urea Subsidy Scheme**

**3.3 The Committee are aware that the Cabinet has approved continuation of NBS scheme till 31.03.2026 or till further review based on appraisal by Expenditure Finance Committee(EFC) on one hand whereas the continuation of the existing Urea Subsidy Scheme 01.04.2025 to 31.03.2026 is pending with the Department of Expenditure for taking up the appraisal of the EFC. Keeping in view the importance of urea in food-grain production of the**

**Country, it is necessary that the Urea Subsidy Scheme continued further. The Committee, therefore, desire that the appraisal of the EFC may be expedited for placing the Scheme for final decision of the Cabinet on extension beyond 31<sup>st</sup> March, 2025.**

**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:**

“The Expenditure Finance Committee (EFC) note for the continuation of the Urea Subsidy Scheme for a period of one year beyond 31.03.2025 i.e. 01.04.2025 to 31.03.2026 has been sent to the Department of Expenditure on **25.03.2025**. However, Department of Expenditure has allowed payment of urea bills (Indigenous & Imported) on provisional basis for the period upto

30/06/2025 or till finalization of the recommendation of the EFC on continuation of Urea Subsidy Scheme for Financial Year 2025-26, whichever is earlier vide their OM No. 6(12)/PFC-I/2024 dated 04th April 2025 and 05th May 2025.”

### **RECOMMENDATION SI. NO. 13**

#### **Strengthening Fraud Detection and Capping Fertilizer Purchases to Prevent Diversion**

**3.5** The committee are aware that a ceiling of 50 bags per month per buyer has been imposed to regulate subsidized fertilizer distribution. The Committee have been informed that the Department is in discussions with DA&FW to link farmer landholding data via APIs (UFSI) to the iFMS platform, which would facilitate customized purchase limits. However, the Committee is of the view that pooling of fertilizer purchases among farmers is common. The Committee therefore recommends that the Department should introduce a dynamic purchase cap based on landholding size (once integrated with Farmer’s Registry) rather than a blanket limit. This will ensure that genuine farmers are not disadvantaged while preventing excessive accumulation by non-genuine buyers. Additionally, the existing system detects suspicious buyers based on sales data but does not specify how irregularities are investigated or resolved. Also, the Department currently relies on monthly data reports, which may delay action against fraudulent transactions. As such, the Committee recommends that the Department may explore the possibility of implementing AI-based predictive analytics in the iFMS to flag unusual purchase patterns in real time, allowing immediate intervention. This will enhance the efficiency of detecting and preventing subsidy misuse.

**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 dynamic cap on purchase limit requires identification of the beneficiary and the entitlement of the beneficiary based on the land holding and other parameters such as soil health and cropping pattern etc. DoF is engaged with DA&FW to integrate the Farmers’ data with IFMS. The updation of Farmer’s Registry is underway by Agristack. 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.

As and when the farmers registry is completed and data is shared by DA&FW, further necessary action will be taken. Department will explore the feasibility of deployment of AI based predictive analytics in the iFMS to flag unusual purchase patterns.”

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

**RECOMMENDATION SI. NO. 9**

**Ensuring Balanced Fertilizer Supply and Sustainable Soil Health**

4.1 The Committee during interaction with farmers of West Bengal during the study visit in January 2025, observed a significant and alarming shortfall in the supply of NPK 10:26:26, a fertilizer crucial for potato cultivation in the state. As the second-largest potato producer in India, with 4.96 lakh hectares under cultivation and an estimated production of 127 lakh MT in 2023-24, West Bengal has a critical demand for NPK 10:26:26 due to its suitability for the region's acidic soils. However, despite an approved requirement of 4.50 Lakh MT in 2023-24, only 2.27 Lakh MT was supplied. The situation has worsened in 2024-25, with only 1.33 Lakh MT provided till December 2024 against an approved requirement of 5.05 Lakh MT. This persistent shortage has forced farmers to substitute NPK 10:26:26 with other NP grades, leading to a sharp rise in cultivation costs. The cost per bigha has escalated from ₹2,530 (using NPK 10:26:26) to as high as ₹3,400 (using NP 20:20:0:13) or ₹3,348 (using NPK 16:16:16). This increased financial burden is directly impacting farmer profitability and the overall agricultural economy of the region. Additionally, the Committee noted that certain companies routinely fail to supply their allocated quantity of NPK 10:26:26 during the peak season, causing severe market disruptions and hampering farmer access. To address this issue, the Committee strongly recommends that the Department of Fertilizers enforce strict compliance mechanisms to ensure companies fulfill their allocated supply commitments, well in advance, particularly during the peak season to enable timely supply to the Farmers. Companies failing to meet their obligations should face appropriate penalties, while those ensuring timely supply should be incentivized. Furthermore, to reduce dependency on specific fertilizer grades, the Department should actively support research and development in region-specific soil nutrition management and promote the use of bio-fertilizers and customized fertilizers tailored to States' agro-climatic conditions. It is also imperative that the Department ensures equitable and timely distribution of fertilizers by implementing a robust monitoring system to track supply and address any disruptions or delays promptly besides addressing the issue of in-sufficient availability of Rake Points all over the Country. Given that West Bengal has two functional ports, efforts should also be made to leverage these facilities for improved fertilizer import and

**distribution, thereby reducing logistical delays and costs. The Committee further stresses that the Department of Fertilizers must prioritize the supply of fertilizers based on the specific soil requirements of each state and the cropping patterns, rather than continuing with the traditional approach that has led to an over-reliance on urea. The excessive use of nitrogen due to the overuse of urea has resulted in the consistent decline of the ideal NPK ratio of 4:2:1, leading to soil degradation and reduced long-term agricultural productivity. A more balanced approach to fertilizer distribution, aligned with scientific soil testing and regional crop needs, is essential to restore soil health and ensure sustainable agricultural practices. The Committee strongly recommend that the Department of Fertilizers to take immediate action on these aspects to safeguard farmer interests, stabilize fertilizer availability, and support sustainable agricultural growth across the country.**

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:

“The Cabinet Committee on Economic Affairs (CCEA has approved the “PM Programme for Restoration, Awareness Generation, Nourishment, and Amelioration of Mother-Earth (PM-PRANAM)” on 28th June, 2023. The initiative aims to complement the efforts initiated by States/UTs to save the health of Mother Earth by promoting sustainable and balanced use of fertilizers, adopting alternate fertilizers, promoting organic & natural farming etc.

Under PM-PRANAM, 14 states have shown a reduction of 15.14 LMT in consumption of chemical fertilizers during FY 2023-24 as compared to the average consumption of previous 3 financial years.

DoF ensures availability of fertilizers against the requirement. On the basis of requirement sufficient/ adequate quantities of fertilizers are allocated to States by issuing monthly supply plan and continuously monitors the availability.

Before the commencement of each cropping season, Department of Agriculture and Farmers Welfare (DA&FW), in consultation with all the State Governments, assesses the state-wise & month-wise requirement of fertilizers viz. Urea, DAP, MOP and NPKS. This requirement is assessed taking into account the projected gross cropped area, irrigated area, last three seasons' consumption pattern and crop wise recommended dose of fertilizers as per soil health fertility status etc.

On the basis of requirement projected, Department of Fertilizers allocates adequate quantities of fertilizers to States by issuing monthly supply plan and continuously monitors the availability. The movement of all major subsidized fertilizers is monitored throughout the country by an on-line web based monitoring system called integrated Fertilizer Monitoring System (iFMS). In

this regard, requirement, availability, sales and closing stock of NPKS in the State of West Bengal during the Rabi 2024-25 season (From 01.10.2024 to 31.03.2025) is 7.00 LMT, 9.95 LMT, 6.96 LMT and 2.99 LMT respectively. Accordingly, the availability of fertilizers has remained adequate in state of West Bengal.

It is pertinent to mention that DA&FW has never provided the grade-wise requirement of NPKS fertilizers for any State during earlier seasons. However, during ongoing Kharif 2025, DA&FW has provided the specific requirement of NPK 10:26:26 for the State of West Bengal in Kharif 2025 season. Accordingly, the concerned fertilizer companies have been given necessary directions for taking action as appropriate. Further, D/o Fertilizers open new rake points on the requests of State Governments by taking due approval of their operational status from Ministry of Railways.

Government has approved the Market Development Assistance (MDA) @ Rs.1500/MT to promote Fermented Organic Manure (FOM)/ Liquid Fermented Organic Manure (LFOM)/ Phosphate Rich Organic Manure (PROM), produced by Compressed Bio Gas (CBG)/Bio-Gas plants under GOBARdhan scheme with total outlay of Rs.1451.84 Crore (FY2023-24to2025-26), which includes a corpus of Rs.360 Crore for research gap funding, etc.

These initiatives of the Government are expected to address the imbalanced use of chemical fertilizers thereby reducing over use of chemical fertilizers.”

#### **Comments of the Committee**

[Please see Para No: 1.7 of Chapter – I of the Report]

### **RECOMMENDATION SI. NO. 12**

#### **Direct Benefit Transfer**

**4.3 The Committee finds it concerning that buyer identification under the Direct Benefit Transfer (DBT) in Fertilizer Subsidy Scheme is established only through Aadhaar authentication on a ‘no denial basis,’ without a well-defined mechanism to ascertain the actual beneficiary. As a result, subsidized fertilizers, particularly urea, are susceptible to diversion for stocking, black-marketing, and use in industrial sectors such as resin/adhesives, plastics/foams, textiles/leather, and paper/pulp industries. It is apparent that different syndicates might be functional in this field to benefit from the shortcomings of the DBT system in place allowing purchase of subsidized fertilizers in connivance of implementing agencies creating shortages and black-marketing. The current provision, which allows each beneficiary to purchase up to 50 bags per month, further exacerbates this issue, contributing**

to demand-supply gaps and increasing the subsidy burden on the exchequer. The Committee observe that the Integrated Fertilizer Management System (iFMS) Portal has identified approximately 18.7 crore unique buyers identified till date under the DBT system and 6.25 crore buyers have availed the fertilizer subsidy till January, 2025 which contradicts the farmer population when compared with the PM-KISAN database of Department of Agriculture & Farmers Welfare(DA&FW), which records 9.8 crore farmers, highlighting the need for further scrutiny of genuine beneficiaries. The Committee, therefore, appreciates the initiative to explore the use of the PM-KISAN database and integration of the Farmers' Registry with the digital platform of Department of Fertilizers and desire that all necessary measures shall be taken for early integration of the iFMS platform with the Farmers' Registry incorporating landholding, cropping patterns, and soil health data besides broadening the Direct Cash Transfer Scheme to select districts of different regions to correctly understand the fertilizer purchase behaviors of the farmers for a comprehensive understanding of the constraints in the DBT. In light of these concerns, the Committee strongly recommends expediting the integration of Aadhaar authentication with a comprehensive Farmer's Registry to ensure better targeting of fertilizer subsidies and prevent unauthorized buyers from exploiting the system. Furthermore, necessary modifications should be made to the DBT system to ensure that benefits percolate directly to both landowners and landless farmers who cultivate leased land.

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:

“DoF is engaged with DA&FW to integrate the Farmers' data with IFMS. The updation of Farmer's Registry is underway by Agristack. 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.”

#### **Comments of the Committee**

[Please see Para No:1.10 of Chapter – I of the Report]

### **RECOMMENDATION SI. NO. 18**

#### **Focus on Revival and Modernization of Fertilizer Plants:**

4.5 The Committee examined the loan liabilities of fertilizer PSUs and found significant financial distress. MFL owes ₹1,486.3 crore, FACT ₹3,443.59 crore, and BVFCL ₹572.75 crore in government loans. Ageing plants and high-interest

burdens on these PSUs risk debt traps. The Committee recommends financial restructuring, including loan-to-equity conversion, interest write-offs, and installment-based repayment plans. Additionally, the Government should explore subsidized credit access and a working capital guarantee scheme to ease financial strain on these PSUs. Given the outdated infrastructure, reassessment of PSU assets, particularly land holdings, is crucial. The Committee desires that the Government should make escalated efforts so that these PSUs remain financially viable to ensure fertilizer sufficiency.

4.6 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 loan details of BVFCL, FACT and MFL are as following:

**2. Brahmaputra Valley Fertilizer Corporation Limited (BVFCL)**

**GOI Loans as on 31/03/2024**

<b>Particulars</b>	<b>Amount (Rs. in Crores)</b>
Total Principal	572.75
Total Interest	Interest free

The CCEA in its meeting held on 21.05.2015 on financial restructuring of Brahmaputra Valley Fertilizer Corporation Limited has approved the conversion of Gol loan as Interest free loan and on attaining profit the company will service the Gol loan.

**3. The Fertilizers and Chemicals Travancore Limited (FACT)**

Details of Govt. of India loan, year-wise sanctioned to FACT are given below:

<b>S. No.</b>	<b>Year</b>	<b>Amount (Rs. in Crores)</b>
1.	2005-06	40.00
2.	2006-07	30.00
3.	2007-08	15.00
4.	2008-09	13.00
5.	2009-10	34.00
6.	2010-11	89.99
7.	2011-12	60.74
8.	2015-16	1000.00
<b>Total</b>		<b>1282.73</b>

The plan loan of Rs.1000.00 Crore released by the Government of India in 2016 along with the earlier loan and interest outstanding, has been converted into a single loan carrying interest @ 13.50% per annum with one-year moratorium for

payment of interest. The loan amount was reconciled and loan outstanding has been arrived at Rs.1770.48 Crore as on 31.03.2017.

The total loan outstanding including interest as on 31.03.2024 is Rs.3443.59 crores.

4. **Madras Fertilizers Limited**

**GOI Loans as on 31/03/2024:**

Particulars	Amount (Rs. in Crores)
Total Principal	554.24
Total Interest	848.38

MFL had submitted a financial restructuring proposal for consideration. Meanwhile, the New Public Sector Enterprise (PSE) Policy for *Atmanirbhar Bharat*, as notified by the Ministry of Finance, Department of Investment and Public Asset Management, *vide* OM No. 3/3/2020-DIPAM-II-B (E), dated 04.02.2021, was introduced. MFL has to submit the revised proposal for financial restructuring.”

**Comments of the Committee**

[Please see Para No:1.13 of Chapter – I of the Report]

**CHAPTER V**

**OBSERVATIONS/RECOMMENS IN RESPECT OF WHICH THE FINAL REPLIES  
OF THE GOVERNMENT ARE STILL AWAITED**

**-NIL-**

**New Delhi;  
06 JANUARY, 2026  
16 PAUSA, 1947 (Saka)**

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

**STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS BRANCH**

**(2025-26)**

**Minutes of the Ninth Sitting of the Committee**

The Committee sat on Tuesday, the 06<sup>th</sup> January, 2026 from 1100 hrs. to 1130 hrs. in Committee Room 'B', Parliament House Annexe (PHA), New Delhi.

**PRESENT**

**Shri Azad Kirti Jha– Chairperson**

**LOK SABHA MEMBERS**

2. Shri Brijmohan Agrawal
3. Shri Ajay Bhatt
4. Shri Robert Bruce C.
5. Shri Bharatsinhji Shankarji Dabhi
6. Dr. Kalyan Vaijinathrao Kale
7. Shri Malvinder Singh Kang
8. Shri Praveen Patel
9. Dr. Sambit Patra
10. Shri Balram Naik Porika
11. Shri Sachithannatham R.
12. Shri Eatala Rajender
13. Shri Rajesh Ranjan
14. Shri Daggumalla Prasada Rao
15. Shri Shivmangal Singh Tomar

**RAJYA SABHA MEMBERS**

16. Shri Subhash Barala
17. Shri Rwngrwa Narzary
18. Shri Subhash Chandra Bose Pilli
19. Shri Akhilesh Prasad Singh
20. Shri Tejveer Singh
21. Shri G.K. Vasani

## SECRETARIAT

- |    |                      |   |                  |
|----|----------------------|---|------------------|
| 4. | Smt. Maya Lingi      | - | Joint Secretary  |
| 5. | Ms. Miranda Ingudam  | - | Director         |
| 6. | Shri Kulvinder Singh | - | Deputy Secretary |
| 7. | Shri Abhishek Kumar  | - | Deputy Director  |

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. Sixteenth Report (18th Lok Sabha) on Action Taken by the Government on the Observation/Recommendation contained in the Sixth Report of the Standing Committee on Chemicals and Fertilizers on 'Demands for Grants (2025-26)' pertaining to the Department of Fertilizers, Ministry of Chemicals and Fertilizers.

- |      |      |      |      |      |      |
|------|------|------|------|------|------|
| ii.  | XXXX | XXXX | XXXX | XXXX | XXXX |
| iii. | XXXX | XXXX | XXXX | XXXX | XXXX |
| iv.  | XXXX | 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 draft Reports were adopted by the Committee without any amendment.

5. The Committee then authorized the Chairperson to finalize the Reports and present/lay the Reports in both the Houses of Parliament in the budget session of Parliament.

***The Committee then adjourned.***

## APPENDIX II

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SIXTH REPORT (EIGHTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2025-26) ON DEMANDS FOR GRANTS (2025-26) PERTAINING TO THE MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF FERTILIZERS)

	Total No. of Recommendations:	20
I.	Observations/Recommendations which have been accepted by the Government: (Recommendation Para Nos. 1, 2, 3, 4, 5, 6, 7, 10, 14, 15, 16, 17, 19 and 20)	14
	Percentage of Total:	70%
II.	Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies: (Recommendation Para No. 8, 11 and 13)	03
	Percentage of Total:	15%
III.	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee which require reiteration: (Recommendation Para No. 9, 12 and 18)	03
	Percentage of Total:	15%
IV.	Observations/Recommendations in respect of which the final replies of the Government are still awaited: -NIL-	00
	Percentage of Total:	0%