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**STANDING COMMITTEE ON
CHEMICALS AND FERTILIZERS**

(2025-26)

(EIGHTEENTH LOK SABHA)

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

DEMANDS FOR GRANTS

(2026-27)

TWENTY-FIRST REPORT



LOK SABHA SECRETARIAT

NEW DELHI

March, 2026/ Phalguna, 1947 (Saka)

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(DEPARTMENT OF FERTILIZERS)**

**DEMANDS FOR GRANTS
(2026-27)**

Presented to Lok Sabha on 13 March, 2026

Laid in Rajya Sabha on 13 March, 2026



**LOK SABHA SECRETARIAT
NEW DELHI**

MARCH, 2026/ PHALGUNA, 1947 (SAKA)

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**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 Debbarmann
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. Shri Shivmangal Singh Tomar
21. Vacant*

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. Vasan
31. Vacant

* Vacant *vice* Dr. Ricky Andrew J. Syngkon, MP(LS), passed away on 19.02.2026 *vide* LS Table Office Notification No.21/4(8)/2026/TO(B) dated 20.02.2026.

SECRETARIAT

- | | | | |
|----|----------------------|---|------------------|
| 1. | Smt. Maya Lingi | - | Joint Secretary |
| 2. | Ms. Miranda Ingudam | - | Director |
| 3. | Shri Kulvinder Singh | - | Deputy Secretary |
| 4. | 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 Twenty-First Report (Eighteenth Lok Sabha) on 'Demands for Grants (2026-27)' pertaining to the Ministry of Chemicals and Fertilizers, Department of Fertilizers,

2. The Committee considered the Demands for Grants (2026-27) pertaining to the Ministry of Chemicals and Fertilizers, Department of Fertilizers for the Financial Year 2026-27 which were laid on the Table of the House on 13th February, 2026. After obtaining the Budget documents and Explanatory Notes, the Committee took evidence of the representatives of the Ministry of Chemicals and Fertilizers, Department of Fertilizers on 25th February, 2026. The Committee considered and adopted the Report at their sitting held on 12th March, 2026.

3. The Committee wish to express their thanks to the Officers of the Ministry of Chemicals and Fertilizers, Department of Fertilizers, for tendering evidence and placing before the Committee all the requisite information sought for in connection with the examination of the subject.

4. The Committee also place on record their appreciation for the valuable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

5. For ease of reference and convenience, the Observations/ Recommendations of the Committee have been printed in bold letters in the body of the Report.

**New Delhi;
12 March, 2026
21 Phalgun, 1947(Saka)**

**Azad Kirti Jha
Chairperson,
Standing Committee on
Chemicals and Fertilizers.**

DRAFT REPORT PART- I

CHAPTER I

INTRODUCTION

1.1 India remains a largely agrarian economy, with nearly 46% of the population relying on agriculture and allied sectors for their livelihood. The sector contributes about 16% to the Country's GDP. Fertilizers play a vital role in boosting agricultural productivity by enriching soil health and supporting plant growth. Their widespread use was a key factor in the Green Revolution, which helped India achieve self-sufficiency in food grain production and even generate exportable surpluses. Recognizing their importance, the Government has consistently focused on increasing domestic production of nitrogenous and phosphatic fertilizers using local resources, while also minimizing dependence on imports. Ensuring timely and affordable access to fertilizers remains essential for sustaining agricultural growth and securing food security in the Country.

1.2 Over the past decade, the Government has implemented a range of initiatives to scale up fertilizer production and enhance nutrient use efficiency. Urea production in the country has increased from 239 LMT per annum during 2018-19 to 307 LMT of Urea during 2024-25. Similarly, Phosphatic and Potassic fertilizer domestic production in India has increased from 175 LMT per annum during 2018-19 to 214 LMT of P & K during 2024-25. Key schemes and policies such as the Urea Subsidy Scheme, New Urea Policy (2015), New Investment Policy (NIP) – 2012, New Urea Policy (NUP) - 2015, and the Nutrient-Based Subsidy (NBS) Scheme have driven this growth. At the same time, the Government is encouraging sustainable agricultural practices through the promotion of innovative and eco-friendly alternatives like Nano Urea, Nano DAP, and organic fertilizers. These measures are part of a broader policy thrust to ensure food security while maintaining soil health and long-term agricultural sustainability.

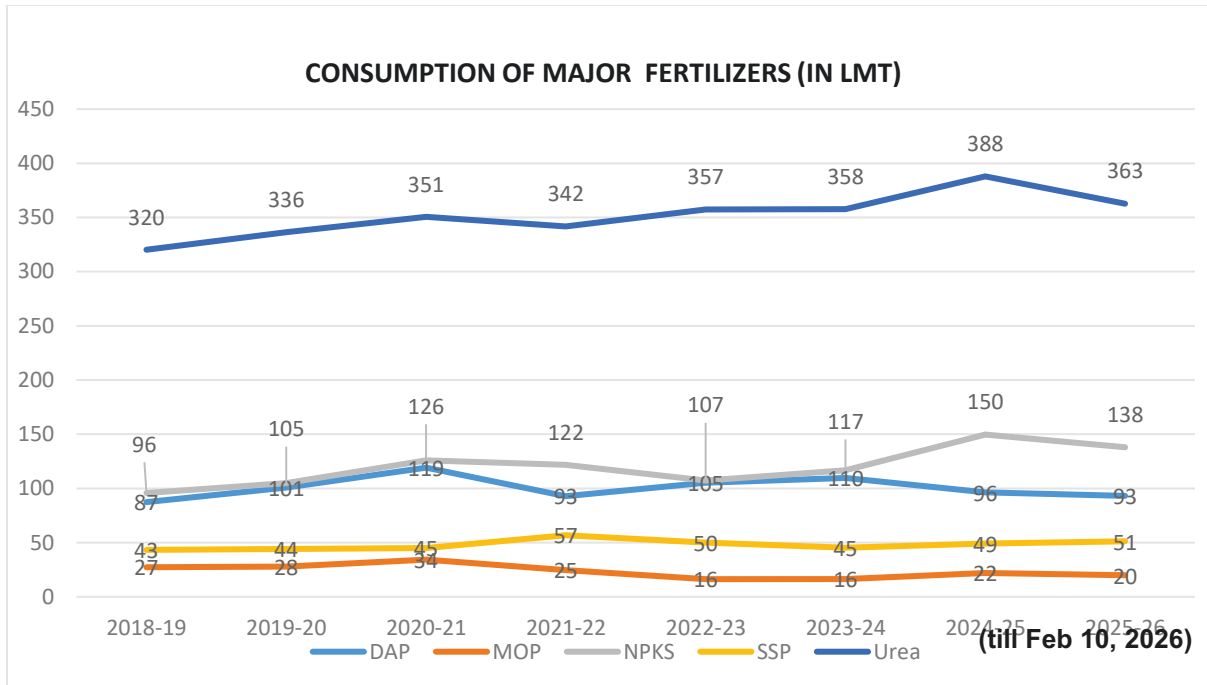


Figure 1: CONSUMPTION OF MAJOR FERTILIZERS (IN LMT) (till Feb 10, 2026)

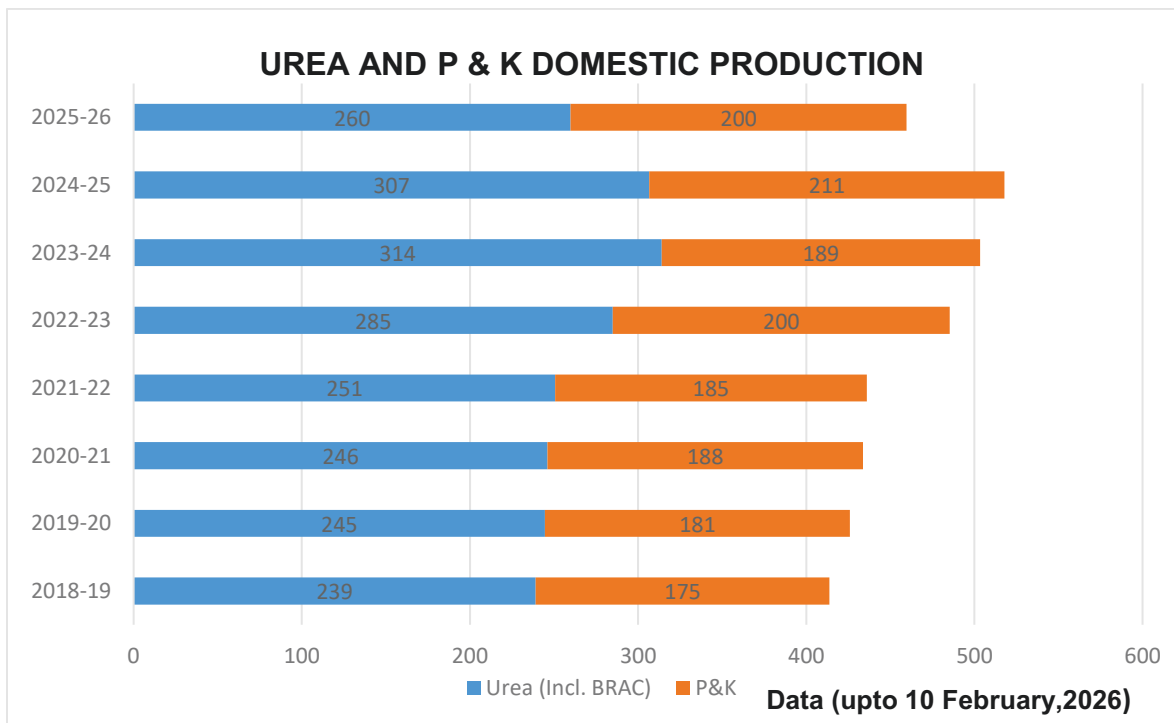


Figure 2: UREA AND P & K DOMESTIC PRODUCTION (till Feb 10, 2026)

Department of Fertilizers: An overview

1.3 Department of Fertilizers comes under the ambit of Ministry of Chemicals & Fertilizers. The main objective of Department of Fertilizers is to ensure adequate and timely availability of fertilizers at affordable price for maximizing agricultural production in the Country. The main functions include planning, promotion and development of the fertilizers industry, planning and monitoring of production, import and distribution of fertilizers and management of financial assistance by way of subsidy / concession for indigenous and imported fertilizers. List of subjects allotted to the Department of Fertilizers as per Government of India (Allocation of Business) Rules, 1961 amended from time to time are as under:

- i. Planning for fertilizer production including import of fertilizer through a designated canalising agency.
- ii. Allocation and supply linkages for movement and distribution of urea in terms of assessment made by the Department of Agriculture, Cooperation and Farmers Welfare
- iii. Administration of concession schemes and management of subsidy for controlled as well as decontrolled fertilizers including determination of retention price for urea, quantum of concession of decontrolled fertilizers costing of such fertilizers and pricing of Phosphatic and Potassic fertilizers.
- iv. Administration of the Fertilizers (Movement Control) Order, 1960.
- v. Administrative responsibility for fertilizer production units in the cooperative sector, namely, Indian Farmers' Cooperative Limited (IFFCO), Krishak Bharati Cooperative Limited (KRIBHCO).
- vi. Administrative responsibility for the Indian Potash Limited (IPL).

. 1.4 Department of Fertilizers has the following nine (09) Fertilizer Public Sector Undertaking (PSUs) under its administrative control:

- i. FCI Aravali Gypsum & Minerals India Limited (FAGMIL)
- ii. Brahmaputra Valley Fertilizer Corporation Limited (BVFCL)
- iii. The Fertilizer Corporation of India Limited (FCIL)
- iv. Project & Development India Limited (PDIL)
- v. Hindustan Fertilizer Corporation Limited (HFCL)
- vi. Rashtriya Chemicals and Fertilizers Limited (RCF)
- vii. National Fertilizers Limited (NFL)
- viii. The Fertilizers and Chemicals Travancore Limited (FACT)
- ix. Madras Fertilizers Limited (MFL)

Fertilizer composition

1.5 Fertilizers are materials used to provide plant with nutrients which are deficient in soils. It is a chemical product which is either mined or manufactured. Most of the fertilizers are extracted and purified from natural deposits in the earth. Materials such as sulphomag, Muriate of potash and triple super phosphate are all produced from naturally occurring minerals. Some materials, such as urea and ammonium nitrate are synthetic, but provide plants with the same nutrients that are found naturally in the soil. Fertilizers are inorganic materials with high analytical value and definite composition which can supply nutrients and trace elements, usually applied to the soil to encourage the growth of crops. Examples:

- i. Nitrogenous fertilizers (urea, ammonium sulfate)
- ii. Phosphate fertilizers (single/triple super phosphate)
- iii. Potassic fertilizers (muriate of potash); and
- iv. Macronutrients (Ca, Mg, O, C) and
- v. Micronutrients (Zn, Mn, Cu, Fe, Mo, S, etc.)

PROFILE OF UREA INDUSTRY

1.6 The Department of Fertilizers submitted that there are 33 gas-based urea units in the country with a total annual production capacity of 269.42 LMT (RAC). Government has undertaken various efforts during the last decade due to which the total all fertilizer production has increased from 385.39 LMT in 2014-15 to 517.89 LMT in 2024-25. The contribution of public sector to the total fertilizer production during 2024-25 stood at 16.98%, Cooperative sector at 25.66% and Private Sector at 57.36% respectively. Out of these, six units, namely CFCL-Gadepan-III, Matix-Panagarh, RFCL-Telangana, HURL-Gorakhpur, Barauni, and Sindri, have been established under the New Investment Policy (NIP) 2012. Additionally, Talcher Fertilizers Limited at Talcher, Odisha, and Assam Valley Fertilizer and Chemicals Company Limited at Namrup, Assam, each with an annual production capacity of 12.7 LMT, are currently under execution. The total urea production during 2024–25 was 306.67 LMT, while for 2025–26, it stands at 260.00 LMT up to 10.02.2026.

	PSU	Cooperatives	JV	Private	Total
No. of Units	9	6	4	14	33
Total RAC (LMT)	60.69	54.18	50.82	103.72	269.42

YEAR-WISE SUBSIDY OUTGO

1.7 During the oral evidence held on 25.02.2026, the Department of Fertilizers, during its presentation, apprised the Committee that the details of the subsidy outgo are categorized under two main heads, namely, Urea Subsidy and Subsidy on Phosphate & Potash (P & K) Fertilizers, as follows:

Year	Subsidy on P&K fertilizers	Subsidy on Urea	Total Subsidy Outgo
2015-16	21,938	54,600	76,538
2016-17	18,843	51,256	70,099

2017-18	22,244	46,953	69,197
2018-19	24,090	49,344	73,434
2019-20	26,368	57,099	83,467
2020-21	37,372	93,857	1,31,229
2021-22	52,770	1,04,870	1,57,640
2022-23	86,122	1,68,677	2,54,799
2023-24	65,200	1,30,221	1,95,421
2024-25	52,810	1,24,319	1,77,129
2025-26 (upto 10 th Feb, 2026)	58,825	1,28,716	1,87,541

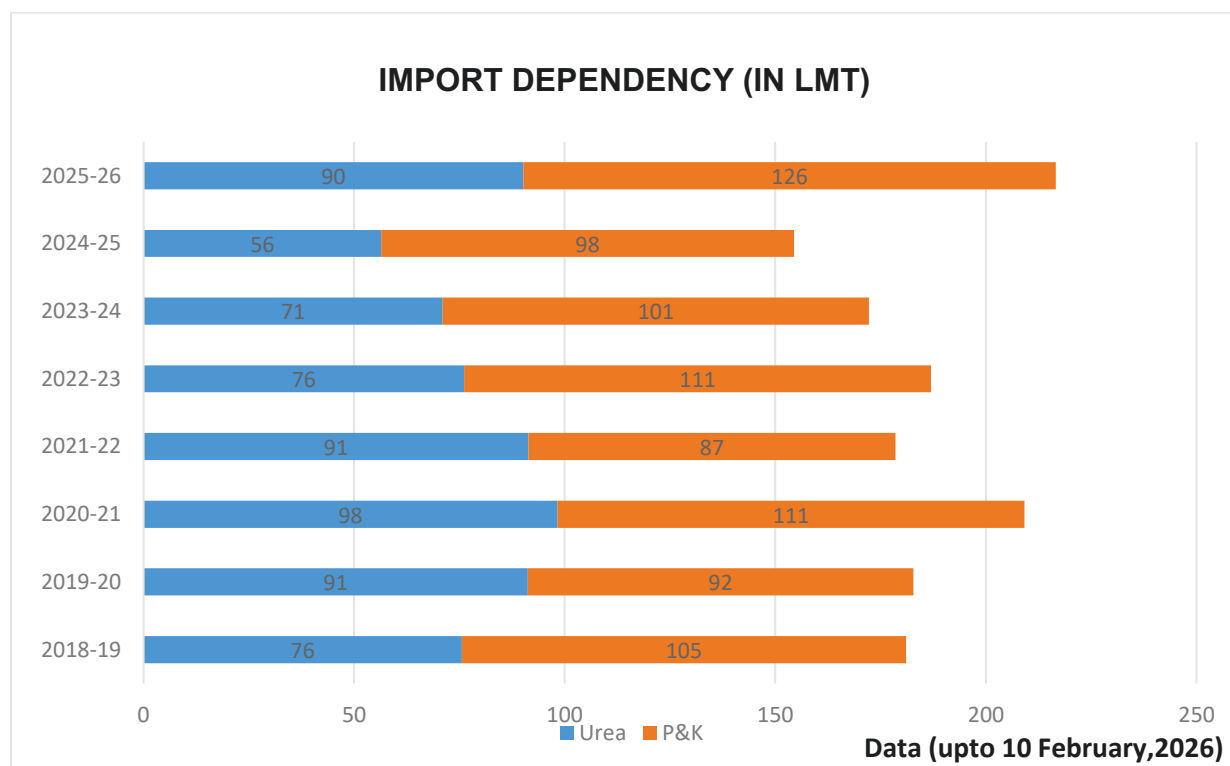
IMPORT DEPENDENCE TREND

1.8 The Committee were apprised of the trend in domestic urea production and imports over the past five years, which indicates a gradual decline in import dependence as domestic production capacity expanded. The import share has decreased from 28.5 per cent in 2020–21 to 15.5 per cent in 2024–25, reflecting a significant structural improvement largely attributable to the six new urea units established under the New Investment Policy (NIP) 2012. However, despite this improvement, production has remained stagnant at approximately 305–315 LMT against a consumption of around 390–400 LMT, resulting in continued substantial import volumes. Position of Production & Import of fertilizers:

Year	Domestic (LMT)	Import (LMT)	Import Share (%)
2020-21	246.05	98.28	28.5%
2021-22	250.72	91.35	26.7%

Year	Domestic (LMT)	Import (LMT)	Import Share (%)
2022-23	284.94	75.80	21.0%
2023-24	314.09	70.42	18.3%
2024-25	306.67	56.47	15.5%

1.9 Although, India is a major producer and also consumer of fertilizers, it faces a supply- demand imbalance in respect of its requirement. The import of urea for direct agriculture use is made on Government account to bridge the gap between assessed demand and indigenous production. India's dependency on import at present is to the extent of 25% of the requirement of Urea, 90% in case of Phosphates (either as raw material or finished fertilizers) and 100% in case of Potash. So, there is a strong need to ensure that the existing fertilizer manufacturing units function profitably and to revive the closed units so as to bridge the gap between the demand and availability of fertilizers in the Country.



CHAPTER – II
EXAMINATION OF DEMANDS FOR GRANTS No. 6

2.1 The Committee have been informed that the difference between proposed and approved budget break-up of the Department of Fertilizers for BE 2026-27 is as below:

SUMMARY OF BUDGET PROPOSALS BE 2026-27				
<i>(Rs. in crores)</i>				
Major Heads	Name of Scheme	Proposed BE 2026-27 (A)	Approved BE 2026-27 (B)	Difference (B-A)
3451	Sect. Economic Services	52.43	45.64	(-) 6.79
2401	Crop Husbandry			
	(i) Payment for Indigenous P&K Fertilizers	44,000.00	34,000.00	(-) 10,000.00
	(ii) Payment for Imported P&K Fertilizers	35,000.00	20,000.00	(-) 15,000.00
	Total 'NBS' (i) + (ii)	79,000.00	54,000.00	(-) 25,000.00
	Transfer to OI DF	-	3,000.00	3,000.00
2852	Industries			
	(i) Payment for Indigenous Urea	96,815.44	91,000.00	(-) 5,815.44
	(ii) Payment for Import of Urea	57,444.00	31,999.00	(-) 25,445.00
	Total Urea (i) +(ii)	1,54,259.44	1,22,999.00	(-) 31,260.44
	Transfer to OI DF	-	7,000.00	7,000.00
	(iii) Promotion of Organic Fertilizers- MDA	200.00	75.00	(-) 125.00
	(iv) R&D in Organic Fertilizers	50.00	15.00	(-) 35
	(v) DBT in Fertilizer subsidy	15.26	18.00	2.74

	/Fertilizer Subsidy Management System			
	(vi) Subsidy support to Indian shipping companies	0.00	1.00	(-) 1.00
	Total Organic Fert., R&D and Shipping Companies (iii)+(iv)+(v)	265.26	109.00	(-) 156.26
5475	Capital Outlay on other General Economic Services (Secretariat and DBT/Fertilizers Subsidy Management System)	28.03	8.89	(-) 19.14
	<u>Total (Gross)</u>	2,33,605.16	1,87,162.53	(-) 46,442.63
	Recovery (-)	(-) 6,218.00	(-) 16,218.00 Including OI DF	(-) 10,000.00
	<u>Total (Net)</u>	2,27,387.16	1,70,944.53	(-) 56,442.63

2.2 The Budget Proposals are sent to M/o Finance in the month of September-October every year for discussion in pre-budget meeting. The proposals are estimate of the expenditure to be incurred on Fertilizer subsidy based on factors like likely demand in the next Kharif/Rabi season, actual consumption of previous year, position of opening stock, cost of inputs (gas-prices), trends of international prices & foreign exchange fluctuations. The actual requirement of funds is assessed during the course of the year and accordingly, additional funds are sought from M/o Finance during the FY, at the RE stage. The budget provided by M/o Finance at BE stage is accordingly increased at RE stage by means of supplementary grants as per the requirement of the D/o Fertilizers. For the FY 2025-26, the projected BE was Rs.1,84,704.63 Crore, and the approved BE was Rs.1,84,082.44 Crore. However, with the increase of Budget at RE stage, the final budget during FY 2025-26 is Rs.2,15,148.63 Crore.

2.3 When enquired over the curtailment of the budgetary allocation of the Department of Fertilizers from Rs. 2,33,605.16 crore to Rs. 1,87,162.53 crore for FY 2026-27, resulting in a reduction of Rs. 46,442.63 crore (approximately 19.87%), it has

been submitted in the written replies that the BE is finalized by the Budget Division, Ministry of Finance, after discussions with the Ministry while taking into consideration the overall fiscal position and past trends and assessment on various parameters. The Additional requirement during the year are reviewed and re-assessed by the Ministry of Finance at RE stage in October-November based on trend of expenditure and the budget allocation is increased accordingly.

2.4 On specific query over the substantial reduction in both, MH-2401: Nutrient Based Subsidy Policy(NBS) and MH-2852- Industry: Urea Subsidy at initial stage, namely reduction in Indigenous P & K from Rs. 44,000 crore at the proposed stage to Rs. 34,000 crore at the approved stage involving a cut of Rs. 10,000 crore; in Imported P & K from Rs. 35,000 crore to Rs. 20,000 crore involving a cut of Rs. 15,000 crore; in Indigenous Urea from Rs. 96,815.44 crore to Rs. 91,000 crore involving a cut of Rs. 5,815.44 crore; and in Imported Urea from Rs. 57,444 crore to Rs. 31,999 crore involving a cut of Rs. 25,445 crore, it has been clarified by the Department of Fertilizers in the written replies that the BE is finalized by the Budget Division, Ministry of Finance, after discussions with the Ministry after taking into considerations the past trends and assessment on various parameters and is reviewed at RE stage for further enhancement, if required.

2.5 So far as the impact of the reduced allocation at the BE stage on the schemes/programmes, is concerned, it has been stated in the written replies that in case the allocations for fertilizer subsidy are not sufficient depending upon various parameters like natural gas prices, international prices of finished fertilizers and actual sale of different fertilizers, then supplementary grants are proposed followed by RE budget, when the allocations are reviewed and considered for revision by the Ministry of Finance.

2.6 When the Committee further sought to know the methodology and key assumptions adopted for estimating fertilizer subsidy requirements for 2026–27, including international price benchmarks, exchange rate assumptions, and consumption projections, the Department, in its written replies, has submitted that the Government introduced the Nutrient Based Subsidy policy for decontrolled Phosphatic and Potassic

fertilizers with effect from 01.04.2010. Under this policy, subsidy on Phosphatic and Potassic fertilizers is announced on an annual or bi-annual basis prior to the commencement of each financial year or cropping season. It has been stated that subsidy is notified for each primary nutrient, namely Nitrogen, Phosphorus, Potash and Sulphur, on a per kilogram basis, which is subsequently converted into subsidy per tonne depending upon the nutrient composition of individual fertilizer grades. An Inter Ministerial Committee under the Chairmanship of Secretary Fertilizers, with Joint Secretary level representatives from the Department of Agriculture and Farmers Welfare, Department of Expenditure, NITI Aayog and Department of Agricultural Research and Education, recommends the Nutrient Based Subsidy rates for various nutrients for consideration and approval of the Government. The Department has further informed that the fundamental principle underlying the fixation of subsidy rates is the assessment of international import prices of major fertilizers consumed in the country, namely Urea, Di Ammonium Phosphate, Muriate of Potash and Sulphur, based on annual or bi annual averages or prevailing prices. On the basis of these international prices, the delivered cost is worked out after factoring in the prevailing exchange rate. The Inter-Ministerial Committee also takes into account other relevant considerations such as domestic nutrient requirement, promotion of balanced fertilizer use, overall subsidy burden, and the maximum retail price of fertilizers while recommending the subsidy rates for different nutrients.

2.7 When asked about the steps taken to expand domestic production capacity of Phosphatic and Potassic fertilizers so as to offset the lower budgeted provision for imports, and whether any specific strategy exists to reduce import dependence by at least 50 percent over the medium term, the Department stated in its written reply that under the Nutrient Based Subsidy (NBS) Scheme (effective from 01.04.2010), P and K fertilizers are under Open General License, and companies are free to import or manufacture them based on commercial considerations. The Department further informed that domestic demand is projected to rise from about 246 LMT in 2024–25 to 305 LMT by 2035–36. To meet this demand, around 59.65 LMT of finished fertilizer capacity (DAP and NPK) and 44.21 LMT of intermediate capacity for Phosphoric and Sulphuric Acid are currently under construction and are expected to be commissioned

between 2028 and March 2030, which would help enhance domestic availability and reduce import dependence.

Company-wise and location-wise details of the proposed capacity expansions furnished by the Department are as under:

Sl. No.	Company Name	Location	Products
1.	Rashtriya Chemicals & Fertilizers Ltd	Thal, Maharashtra	DAP/NPK
2.	Fertilizers and Chemicals Travancore Ltd	Cochin, Kerala	DAP/NPK
3.	Coromandel International Ltd	Kakinada, Andhra Pradesh	DAP/NPK Phos. Acid & Sulphuric Acid
4.	Paradeep Phosphate Ltd	Paradeep, Odisha	DAP/NPK Phos. Acid & Sulphuric Acid
5.	Paradeep Phosphate Ltd	Mangalore, Karnataka	DAP/NPK Phos. Acid & Sulphuric Acid
6.	Narmada Bio-Chem Ltd	Dahej, Gujarat	DAP/NPK Phos. Acid
7.	Hindustan Urvarak and Rasayan Ltd.	Sindri, Jharkhand	NPK
8.	Hindustan Urvarak and Rasayan Ltd.	Barauni, Bihar	NPK
9.	Ostwal Group (Madhya Bharat Agro Products Ltd)	Dhule, Maharashtra	DAP/NPK Phos. Acid & Sulphuric Acid
10.	Ostwal Group (Madhya Bharat Agro Products Ltd, Unit-II)	Sagar, Madhya Pradesh	DAP/NPK Sulphuric Acid
11.	Ostwal Group (Krishana Phoschem)	Jhabua, Madhya Pradesh	DAP/NPK Sulphuric Acid

2.8 The representative of the Department of Fertilizers, during the evidence held on 25.02.2026, while clarifying the roadmap for securing the supply of potash fertilizers during the presentation on Demands for Grants No. 6, submitted as under:

“.....महोदय, हम कनाडा के साथ भी संपर्क में हैं। कनाडा के हाई लेवल डेलिगेशन आ रहे हैं। जीएसएफसी गुजरात ने वहाँ जो माइन्स ली हैं, हम उसे बड़ा ही पॉजिटिवली देख रहे हैं। टर्नेलाइट नामक कंपनी है, उन्होंने कनाडा के Saskatchewan स्टेट में 500 करोड़ रुपये इन्वेस्ट कर दिए हैं। वहाँ टोटल रिक्वायरमेंट का 40 प्रतिशत है। वहाँ इनएक्जॉस्टिबल माइन्स हैं और वे 1000 वर्षों तक भी खत्म नहीं होने वाली हैं।

..... It is in Canada. In Canada, there is GSFC, that is, Gujarat State Fertiliser Corporation and they have invested Rs. 500 crores. But there is some controversy in that, we will resolve that in the first week of March. So, this is what I wanted to say.”

2.9 The data of the budget proposed and actually allocated in Schemes during the last 3 years and FY 2026-27 is as below:

(Rs. in Crore)

Scheme	2023-24		2024-25		2025-26		2026-27	
	Proposed	BE Allocated	Proposed	BE Allocated	Proposed	BE Allocated	Proposed	BE Allocated
Ind. P&K	65,023.00	25,500.00	45,466.00	26,500.00	36,451.00	30,000.00	44,000.00	34,000.00
Imp. P&K	42,086.00	18,500.00	39,836.00	18,500.00	19,214.00	19,000.00	35,000.00	20,000.00
Ind. Urea	1,43,962.00	1,04,063.18	1,05,340.36	1,00,340.00	1,06,605.36	1,00,839.50	96,815.44	91,000.00
Imp. Urea	48,640.00	31,000.00	31,956.00	22,634.00	22,185.00	21,000.00	57,444.00	31,999.00
Promotion of Organic Fertilizers MDA subsidy	-	-	364.28	80.00	100.00	100.00	200.00	75.00
Promotion of Organic Fertilizers R&D Grants	--	--	120.00	20.00	50.00	50.00	50.00	15.00

2.10 An analysis of Demands for Grants 2026-27 i.e. percentage increase/decrease in various Heads over the last 3 years is as under:

(Rs. In crores)

	BE 2023-24	BE 2024-25	BE 2025-26	RE 2025-26	Scheme Allocation 2026-27 (BE)	% increase/decrease in BE 2026-27 over BE 2025-26
Indigenous P&K	25,500.00	26,500.00	30,000.00	35,000.00	34,000.00	13.33

	Imported P&K	18,500.00	18,500.00	19,000.00	25,000.00	20,000.00	5.26
	Indigenous Urea	1,04,063.18	1,00,340.00	1,00,839.50	89,989.50	91,000.00	(-) 9.75
	Imported Urea	31,000.00	22,634.00	21,000.00	51,972.00	31,999.00	53.38
	Promotion of Organic Fertilizers MDA subsidy*	-	80.00	100.00	100.00	75.00	(-) 25
	Promotion of Organic Fertilizers R&D	-	20.00	50.00	8.00	15.00	(-) 70.00

* Note: Scheme is being transferred to MoPNG. However, nominal Budget Provision has been made in D/o Fertilizers for carry over liabilities.

2.11 HEAD-WISE ALLOCATION BREAK-UP

I. **Secretariat Economic Service (Major Head 3451)** -A sum of Rs. 45.64 Crore has been allocated under the Head for Salaries and Non-Salary Expenditure under various heads for Secretariat Economic Services under Revenue and under **Capital Outlay on General Economic Services (Major Head 5475)** Rs. 8.89 Crore have been allocated for the Department of Fertilizers including the Pay and Accounts Office and Fertilizers Industry Coordination Committee (FICC) in the BE 2026-27.

II. Subsidy for Fertilizers

A. Scheme for Nutrient Based Subsidy (Major Head: 2401)

(Rs. in Crore)

Scheme for Nutrient Based Subsidy (2401)	BE 2025-26	BE 2026-27	% Change
A) Payment for Indigenous P & K	30000.00	34000.00	13.33
B)Payment for Imported P & K	19000.00	20000.00	5.26
Total	49000.00	54000.00	10.20

Rs. 54,000 Crore have been allocated for payment of P&K Fertilizers under NBS Scheme. In addition to above, there is provision of Rs. 3,000 Crore which is for transfer to Oil Industry Development Fund (OIDF) w.r.t. Indigenous

P&K. The same amount has been shown as Recoveries against 'Amount met from OI DF'.

B. Urea Subsidy (Major Head: 2852)

(Rs. in Crore)

<i>Urea Subsidy (Major Head: 2852)*</i>	BE 25-26	BE 26-27	% Change
A. Payment for Indigenous Urea	100839.50	91000.00	-9.76
B. Payment for Imported Urea	21000.00	31999.00	52.38
C. Market Development Assistance (MDA)	100.00	75.00	-25.00
D. R&D for MDA	50.00	15.00	-70.00
E. DBT	27.70	18.00	-35.02
F. Subsidy support to Indian shipping companies	1.50	1.00	-33.33
G. Transfer to OI DF	10000.00	7000.00	-30.00
Net Allocation	119038.70	130108.00	-1.45

In nutshell, the following is the major portion under **MH 2852**:

* Rs. 1,30,108 Crore have been allocated for Urea Subsidy which includes payment for Indigenous Urea and Imported Urea. In addition to above, there is provision of Rs. 7,000 Crore which is for transfer to **Oil Industry Development Fund (O I DF)**. The same amount has been shown as Recoveries against 'Amount met from OI DF'.

* Rs. 75 Crore for **Market Development Assistance** and Rs. 15 Crore for its R&D have been allocated under the scheme of MDA for GOBARdhan initiative for promotion of organic fertilizers.

* Rs. 26.89 Crore for **DBT** (Rs. 18.00 Crore under MH 2852 and Rs. 8.89 Crore under MH 5475 – capital expenditure) for implementing DBT/DCT in Fertilizer subsidy across India.

2.12 The Committee have been provided with the Budget Estimates, Revised Estimates, Final Allocation and Actual Expenditure figures for the last three years showing budgetary allocations, expenditure as per table given below:

(Rs. in Crores)

Year	BE	RE	Final Allocation	AE
2023-24	1,79,128.48	1,92,479.29	1,95,479.29*	1,95,466.65
2024-25	1,68,130.81	1,74,736.29	1,77,236.29**	1,77,224.16
2025-26	1,84,082.44	2,15,148.63	-	1,82,575.17***
2026-27	1,87,162.53	--		--

* 2023-24: Additional budget of Rs.3000 Crore was obtained over and above RE in the Supplementary Grant (2nd Batch) in Feb 2024

** 2024-25: Additional budget of Rs.2,500.00 Crore was obtained over and above RE in the Supplementary Grant (2nd Batch) in March 2025

*** Actual Expenditure (AE) 2025-26 is up to 27.01.2026.

Recoveries & Carry-Over Liabilities

(Rs. in Crores)

Recoveries	
P&K (MH 2401) - Amount met from OIDF	-3,000.00
Urea (MH 2852) - Amount met from OIDF	-7,000.00
Urea (MH 2852) - Deduct Recovery- Imported Urea	-4,218.00
Urea (MH 2852) - Deduct Recovery- Indigenous Urea	-2,000.00
Total Recoveries	-16,218.00

2.13 When enquired over the reasons for recoveries of Rs. 2000 Crore under indigenous urea and Rs. 4218 Crore under imported urea, the Department of Fertilizers

have stated in reply that The recovery on account of imported urea has been estimated to be Rs 4218 crore for import of 85 LMT (approx.) urea @ Pool Issue Price (PIP) Rs4974/MT. these recoveries are always budgeted in the demands for grants of Department of Fertilizer. The recovery on account of indigenous urea has been estimated to be Rs 2000 crore due to expected de-Escalation of concession rates of Urea plants during the 2026-27. These recoveries have been accounted for annually in the past; however, it is only from FY 2026–27 that they have been explicitly reflected as a budgeted recovery in the Budget Estimates.

2.14 When the Committee sought clarification regarding the provision of Rs. 10,000 crore under the Oil Industry Development Fund, the Department has submitted in its written replies that the provision has been made pursuant to a decision of the Ministry of Finance to meet part of the indigenous fertilizer subsidy from the OI DF Reserve Fund maintained by the Ministry of Petroleum and Natural Gas, in accordance with the prescribed accounting procedure. Accordingly, subsidy expenditure to the extent of Rs. 10,000 crore will be met from the OI DF under the Public Account of India. On being further asked why both the amount met from OI DF and the transfer to OI DF are shown as Rs. 10,000 crore, the Department has clarified that since both figures are equal, there is no net impact on subsidy outgo. Any excess of amount met over transfer would, however, affect the net subsidy outgo.

2.15 While submitting written replies with regard to the scheme-wise details of the plan outlays and expenditure during the last three years, the Department of Fertilizers have submitted the following information:

(Rs. in Crores)

Sl. No.	Scheme	2023-24			2024-25			2025-26			B.E. 2026-27
		BE	RE	Actual Exp.	BE	RE	Actual Exp.	BE	RE	Actual Exp. up to 27.01.2026	
1	Ind. P&K	25500.00	32370.00	36270.00	26500.00	33810.00	34010.00	30000.00	35000.00	32577.73	34000.00
2	Imp. P&K	18500.00	27930.00	28929.57	18500.00	18500.00	18800.00	19000.00	25000.00	23975.23	20000.00
3	Ind. Urea	104063.18	102121.00	102027.00	100340.00	101307.50	103319.50	100839.50	89989.50	88948.29	91000.00

4	Imp. Urea	31000.00	30000.00	28193.94	22634.00	21000.00	21000.00	21000.00	51972.00	36952.33	31999.00
5	MDA	-	5.00	0.00	80.00	35.00	28.00	100.00	100.00	70.42	75.00
6	R & D	-	1.00	0.25	20.00	10.00	4.56	50.00	8.00	3.87	15.00

Targets and Achievements

2.16 The Budget Head-wise target and achievement for the last 3 years furnished by the Department of Fertilizers in their written replies are given below:

(Rs. in crore)

S.No.	Name of the scheme	2023-24			2024-25			2025-26			% of achievement for the last three years	Target 2026-27
		Target	Achievement	Shortfall, indicating reasons	Target	Achievement indicating reasons	Shortfall	Target	Anticipated Achievement*	Expected Shortfall		
1	Urea Subsidy	1,30,221	1,30,220.94	0.06	1,22,319.50	1,24,319.50	-	1,41,961.50	1,10,228.59	-	92	1,22,999.00
2	Nutrient Based Subsidy Policy	65,200	65,199.57	0.43	52,810.00	52,810.00	-	60,000.00	48,689.63	-	97	54,000.00
3	MDA in Organic Fertilizers	5.00	-	5.00	28	28	-	100.00	67.18	-	68	75.00
4.	R&D in Organic Fertilizes	1.00	0.25	0.75	5	4.56	0.44	100.00	100.00	-	100	15.00

* as on 01.01.2026

2.17 On enquiry as to whether the unspent funds would be utilized during the remaining period of the current fiscal so as to avoid surrender and any consequent reduction in future allocations, the Department of Fertilizers has submitted in its written replies that any unspent or balance funds, if available, may be utilized through re appropriation to meet additional requirements, wherever necessary, so as to avoid surrender.

2.18 On further enquiry regarding the achievement levels under various schemes and the shortfall under the Market Development Assistance scheme, the Department has submitted that as on 20.02.2026, Rs. 82.19 crore, representing 82.19 percent of the allocation, has been released, and bills amounting to Rs. 38.44 crore are under

examination. It has expressed confidence that 100 percent utilization will be achieved by the end of FY 2025–26. The Department has also highlighted that expenditure under the scheme has increased from Rs. 28.00 crore in 2024–25 to Rs. 82.19 crore in 2025–26 as on 20.02.2026. With regard to improving utilization in FY 2026–27, it has been informed that, as per a decision taken under the Chairmanship of PS 2 to Hon'ble Prime Minister, the scheme is being transferred to the Ministry of Petroleum and Natural Gas, while the Department of Fertilizers will continue to support its promotion in coordination with the Ministry of Agriculture and Farmers Welfare.

Physical Production Targets and Achievements

2.19 Year wise targets, re-assessed capacity (i.e. recognized annual production capacity) and actual production of Fertilizers since 2022-23 are as under:

S.No.	Product	Year					
		2022-23		2023-24		2024-25	
		Tar.	Act.	Tar.	Act.	Tar.	Act.
1	Urea	317.00	284.94	308.70	314.09	316.78	306.67
2	DAP	45.08	43.46	40.30.	42.92	40.15.	37.69
3	NPKs *	104.75	100.39	114.31	101.84	117.00	121.05
4.	SSP	-	56.44	-	44.44	-	52.44
5.	MDA	No physical target is set for MDA Scheme					

* NPKs includes Complex + Ammonium Sulphate (AS)

2.20 The Department has submitted that substantial additional domestic production capacity has been created to reduce import dependence on urea. Under the New Investment Policy 2012 and its amendment, six new urea units of 12.7 LMTPA each have been commissioned, adding 76.2 LMTPA and increasing indigenous capacity from 207.54 LMTPA in 2014–15 to 283.74 LMTPA in 2023–24. Further, a 12.7 LMTPA greenfield urea plant at Talcher under Talcher Fertilizers Limited and a 12.7 LMTPA brownfield ammonia urea complex at Namrup, Assam, under Assam Valley Fertilizer and Chemical Company Limited, are presently under implementation. In addition, the

New Urea Policy 2015 has facilitated additional annual production of about 20 to 25 LMT over 2014–15 levels. As a result, urea production has increased from 225 LMT in 2014–15 to 314.07 LMT in 2023–24 and 306.67 LMT in 2024–25.

2.21 The Department has attributed the lower urea production in FY 2025–26 to the shutdown of both units of Nagarjuna Fertilizers and Chemicals Limited from 4 June 2024, and stated that stagnation in domestic urea output over the past three years is due to capacity constraints and periodic maintenance shutdowns. Regarding the shortfall in P and K fertilizer production, it has been submitted that inadequate domestic availability of key raw materials such as rock phosphate, potash and natural gas is the principal constraint. To address this, the Government is diversifying imports and entering into long term supply agreements with countries in West Asia, as well as Egypt and Morocco, for critical inputs like rock phosphate and phosphoric acid. It has also informed that 59.65 lakh metric tonnes per annum of finished fertilizer capacity and 44.21 lakh metric tonnes of intermediate capacity are under construction, expected to be commissioned between 2028 and March 2030.

Re-appropriation/Surrender of Funds

2.22 The Committee have been informed that the budget Head/Scheme-wise details of funds which could not be utilized and were re-appropriated in the Demand No. 6- Department of Fertilizers, for FY 2024-25 are as under:

Scheme/Component	Re-appropriated (Rs. in Crore)	Reasons
Secretariat Expenditure	1.65	Major savings are in 'Salaries' and 'Allowances' because some Gazetted and non-gazetted posts remained vacant.
Urea Subsidy Scheme	678.50	Quantity of import is lesser than anticipated at BE stage.
MDA scheme for promotion of Organic Fertilizers	62.00	Lesser number of bills were claimed than anticipated at BE stage.
R&D for MDA for Promotion of Organic Fertilizers	5.00	Lesser number of bills were claimed than anticipated at BE stage.

Subsidy Support to Indian Shipping Companies	2.00	Estimated expenditure at RE stage is lesser than anticipated requirement.
Assistance and Loan to PSUs	0.06	Token amounts of Rs.1 Lakh each were re-appropriated because no loans were given to PSUs in the current FY.

2.23 The Committee have been informed that the budget Head/Scheme-wise details of funds which could not be utilized and were surrendered in the Demand No. 6- Department of Fertilizers, for FY 2024-25 are as under:

Scheme/Component	Amount Surrendered (Rs. in Crore)	Reasons
MH 3451 Secretariat Economic Services	3.01	Major savings are in 'Salaries' and 'Allowances' because some Gazetted and non-gazetted posts remained vacant.
MH 2852 Industries	1.80	<ul style="list-style-type: none"> • Due to lesser import of Urea than expected • Non-finalization of some bids and less demand from NIC (for DBT project) resulted in savings • Lesser demand by implementing agencies for R&D activities
MH 5475 Capital Outlay on other General Economic Services	7.30	Non-finalization of some bids and less demand from NIC (for DBT project) resulted in savings

2.24 On being asked about the inability to accurately estimate the demand for imported urea during 2024–25, which resulted in the re-appropriation of ₹678.50 crore, the Department stated in its written reply that an amount of ₹678.50 crore was re-appropriated under the Urea Subsidy Scheme during FY 2024–25 as the quantity of urea imported was lower than anticipated at the BE stage. The Department further explained that similar savings had occurred in earlier years as well. In 2021–22, lower urea sales under the Direct Benefit Transfer (DBT) system during the first quarter, compared to the corresponding period of the previous year, resulted in savings of ₹100 crore under the Urea Subsidy Scheme. In 2023–24, savings arose mainly due to

recoveries from urea fertilizer companies for non-compliance, and the re-appropriation was issued against token supplementary provisions. The Department added that measures such as the DBT system, digital dashboards, long-term supply contracts, and expansion of domestic production capacity are being institutionalized to improve budget estimation and minimize re-appropriation in future.

2.25 Regarding the surrender of ₹3.01 crore under Secretariat Expenditure, the Department stated that the savings occurred mainly due to vacant posts. Against a sanctioned strength of 198 posts, only 147 are in position, leaving several Gazetted and Non-Gazetted vacancies. Eleven MTS posts remain vacant since 2024, while three Staff Car Driver posts have been vacant since 2014–2022. The Department informed that recruitment for MTS is undertaken through SSC, while driver posts are filled on deputation/absorption basis. It further stated that administrative efficiency has been maintained through redistribution of work, contractual staff engagement, and regular follow-up with DoP&T to fill vacancies.

CHAPTER – III

FERTILIZER SUBSIDY POLICIES OF THE GOVERNMENT

A. Urea Subsidy Scheme

3.1 Urea Fertilizer have played an important role in making the country self-reliant in food grain production. It provides a very vital input for the growth of Indian agriculture and in the attainment of the goal of self-sufficiency in food grains. The objective of Government's policy is to maximize indigenous production of Urea to reach self-sufficiency levels. For sustained agricultural growth, it is imperative that Urea is made available to farmers at affordable prices.

3.2 Urea Subsidy Scheme which is a Central Sector Scheme of the Ministry of Chemicals & Fertilizers is wholly financed by the Government of India through Budgetary Support. Urea Subsidy Scheme has three components, i.e., Indigenous Urea, Imported Urea and Uniform Freight Subsidy. Indigenous urea subsidy is administered to the urea units towards indigenous urea production. Imported Urea subsidy is directed towards imports made to bridge the gap between assessed demand and indigenous production of urea in the country. Both components also include freight subsidy for movement of urea across the country under the Uniform Freight Subsidy Policy.

3.3 Under Urea Subsidy Scheme, Urea is presently provided to the farmers at a statutorily notified Maximum Retail Price (MRP). The MRP of 45 kg bag of urea is Rs.242 per bag (exclusive of charges towards neem coating and taxes as applicable). The difference between the delivered cost of urea at farm gate and net market realization by the urea units is given as subsidy to the urea manufacturer/importer by the Government of India. Accordingly, all farmers of the Country are being supplied urea at the subsidized rates and thereby are beneficiaries of this scheme.

3.4 The subsidy is paid to the urea manufacturing units through concession rates (Normative Cost of production under extant Urea Policies) comprising of two major components namely Fixed Cost and Variable Cost. The concession rates vary from unit

to unit depending upon their vintage, energy norms, water norms, electricity, bag rates etc. The mode and methodology of computation and disbursement has been laid down in various policies (approved by CCEA) issued from time to time. The current policies by which subsidy are being paid to urea units are as under:

Existing urea Policies

- New Pricing Scheme (NPS)-I & II (Notified on 30th January, 2003).
- **New Pricing Scheme (NPS)-III** (Notified on 8th March 2007).
- **Modified New Pricing Scheme-III** (Notified on 2nd April 2014 and as amended vide Notification on 30th March 2020).
- **New Urea Policy – 2015** as notified on 25th May 2015 and Notification dated 17th June 2015, (further notification dated 28th March, 2018, 7th July 2020 and 18th November, 2022).
- **New Investment Policy (NIP) 2012** - notified on 2nd Jan 2013 and as amended vide notification dated 7th October 2014.
- **Uniform Freight Subsidy Scheme** notified on 17th July 2008 as amended from time to time.

3.5 During the presentation before the Committee, the subsidy payment mechanism under the Urea Subsidy Scheme was explained as follows:

Subsidy	Concession Rate (Cost of Production)		Net Market Realization (Rs./MT)
Subsidy: Concession rate - NMR	Concession Rate : Fixed Cost + Variable Cost		NMR: MRP- (Dealer's Margin + Retailer's Margin) NMR: 5378- (354+50) : 4974
	<u>Fixed cost:</u> Salaries & wages Cost of catalyst, Chemicals & consumables, Repairs & Maintenance, Non-plant Power & Water, Overheads Insurance,	<u>Variable Cost:</u> Feedstock Cost Bag Cost, Water Cost, Electricity Cost	

	Capital Related Charges Selling expenses		
	For Q3 2024-25 (Rs./MT) Lowest CR : 25,944 (BVFCL N-III) Highest CR: 41,668 (HURL Gorakhpur) Weighted Avg: 36,024		
Subsidy Per MT : CR - NMR = 36,024 – 4,974 = Rs.31,050 Subsidy per 45 KG Bag : Rs.1,397			

- For NIP units, CR is linked with delivered cost of gas.
- CR is notified on a quarter and annual basis.
- The subsidy is released after POS sales.

3.6 Explaining the matter further, with regard to the determination of subsidy for producing units under the Urea Subsidy Scheme, the representative of the Department of Fertilizers, during the evidence held on 25.02.2026, submitted that:

“.....We examine the calculation of net market realisation, which combines the market retail maximum retail price (MRP) and dealer and retailer margins, which is Rs. 4974 per metric tonne. This calculation is based on gas-based fertiliser policy data, provided quarterly and annually. The lowest concession rate is Rs. 25,944, applicable to the BVFCL, while the highest is Rs. 41,668 for HURL under NIP. The weighted average subsidy is approximately Rs. 36,000 per tonne. Subtracting the net market realisation from the concession rate yields a subsidy of about Rs. 31,000 per tonne. The subsidy per 45 kg bag currently stands at Rs. 1,397. India has 33 gas-based urea plants with a total annual capacity of around 27 million metric tonnes (MMT), producing beyond the rated capacity. ”

3.7 The Cabinet Committee on Economic Affairs (CCEA) on 28 June 2023 approved a package for farmers with a total outlay of ₹3,70,128.7 crore, including continuation of the Urea Subsidy Scheme up to 31 March 2025 with an estimated outlay of ₹3,68,676.70 crore. The package also introduced three new components: PM

Programme for Restoration, Awareness Generation, Nourishment and Amelioration of Mother-Earth (PM-PRANAM) (2023–24 to 2025–26), Market Development Assistance (MDA) for organic fertilizers (2023–24 to 2025–26), and the launch of Sulphur Coated Urea ('Urea Gold').

3.8 In reply to a query regarding the continuation of the Urea Subsidy Scheme beyond 31.03.2025 for FY 2025–26, involving an estimated financial implication of ₹1,51,709 crore, the Department informed that the Expenditure Finance Committee (EFC) has concurred with the proposal for continuation of the Scheme for one year up to FY 2025–26, and the proposal is currently under approval. The Department further stated that the Development Monitoring and Evaluation Office (DMEO), NITI Aayog, is undertaking a third-party evaluation of the Urea Subsidy Scheme, and a decision on its continuation beyond 31 March 2026 will be taken after receipt of the evaluation report.

Urea Subsidy: Indigenous *vis-a-vis* Import

3.9 When asked that the retail price of urea for farmers is statutorily fixed at ₹242 per 45 kg bag, irrespective of whether it is domestically produced or imported, while the Revised Estimates (RE) for 2025–26 indicate a substantial subsidy outgo of ₹89,989.50 crore for indigenous urea and ₹51,972 crore for imported urea, the Committee sought a comparative analysis of the per-tonne cost structure of domestic *vis-a-vis* imported urea, including production cost, import price, freight, handling charges, subsidy burden, and the final landed cost to the Government. In its written reply, the Department submitted as under:

The Maximum Retail Price (MRP) of urea is statutorily fixed at ₹242 per 45-kg bag (exclusive of applicable taxes) for farmers, irrespective of whether the urea is domestically produced or imported. The difference between the delivered cost of urea and the MRP is borne by the Government as subsidy.

(i) The indicative per-ton cost structure is as under:

1. **Indigenous Urea** (Based on Q3 Concession Rate of 2024-25)
 - Production cost (dependent on Gas Price & Energy Norms of the Plant):

Rs. 25,944/MT- Rs. 41668/MT (Weighted Average=Rs. 36024/MT)

- Freight & handling: as per Unified Freight Policy, 2008
- Net Market realization: MRP- (Dealer's margin + Retailer's Margin) = Rs. 5378-(354+50) = Rs. 4974/MT
- Subsidy burden/MT: Rs. 36024- Rs. 4974= Rs. 31,050/MT

Subsidy burden/45 Kg Bag = Rs. 1,397

2. Imported Urea

- Landed cost (FOB + freight + insurance + port handling): Rs. 46166/MT depending upon global prices (₹40,000 – ₹60,000 / MT) (depending on international prices)
- Net Market realization: As per notified MRP Rs. /MT ₹4,974 / MT
- Subsidy burden: ₹46,196 – ₹4976= Rs. 41192/MT (₹35,000 – ₹55,000 per MT)

Subsidy burden/45 Kg Bag = Rs. 2100/Bag

The subsidy for Urea is provided under New Pricing Scheme-I, II III, modified NPS-III and New Urea Policy-2015 administered by the Department of Fertilizers.

3.10 When asked whether the higher subsidy outgo on imported fertilizers indicates any structural cost disadvantage in domestic manufacturing, the Department submitted that the higher subsidy outgo does not necessarily reflect a cost disadvantage in domestic production. It stated that domestic production costs are mainly influenced by natural gas prices, plant energy efficiency and logistics. The higher subsidy burden on imports is largely attributable to volatility in global fertilizer and energy prices, rising international freight rates, exchange rate fluctuations, and geopolitical disruptions affecting supply chains. The Department further noted that continued reliance on imports exposes the country to global price volatility and foreign exchange risks, whereas expansion of indigenous urea capacity can help reduce import dependence and improve supply security.

New investments, Capacity Expansion and Revival of Units

3.11 When the Committee sought details of the roadmap for achieving self-reliance in urea, including capacity additions, revival of closed units, technology adoption and proposed policy initiatives, the Department *inter alia* stated that the New Investment

Policy (NIP)–2012 has facilitated the setting up of six new urea units (four by PSU joint ventures and two by private companies), each with a capacity of 12.7 LMTPA, adding 76.2 LMTPA and increasing indigenous capacity from 207.54 LMTPA in 2014–15 to 283.74 LMTPA in 2023–24. The Department further informed that the Talcher coal gasification-based urea plant and the Namrup brownfield ammonia-urea complex in Assam are under execution. It was also stated that an Expert Group under Dr. V.K. Saraswat, Member, NITI Aayog, has recommended new energy norms for urea units to be implemented from 01.04.2025, for which necessary approvals are under process.

3.12 When the Committee sought a detailed status of the Talcher Fertilizers Limited project, including the revised commissioning timeline and investment status, the Department informed that the overall physical progress of the project stood at 70.94 per cent as on 31 January 2026, with the revised commissioning timeline indicated as 31 December 2027. With regard to the financial status, it was stated that about ₹4,700 crore has been paid to M/s Wuhuan Engineering Company Ltd. against the total contract value of ₹8,400 crore, while the total investment made so far is approximately ₹9,400 crore, with an estimated ₹9,662 crore still required for completion of the project. The delay has been attributed to multiple factors, including disruptions caused by the COVID-19 pandemic soon after award of the contract, delays in placement of equipment orders, contractual and documentation issues with the contractor, inadequate deployment of manpower and machinery, demands for cost escalation beyond contractual provisions, and visa constraints faced by Chinese personnel due to the pandemic and prevailing geopolitical conditions.

3.13 Explaining the comparative advantages of coal gasification vis-à-vis natural gas-based fertilizer plants, the Secretary, Department of Fertilizers, during the evidence held on 25.02.2026, submitted that:

“.....सर, इसको लेकर तलचर प्रोजेक्ट कोल गैसीफिकेशन बेस्ड है। यह वर्ष 2019 से शुरू हो चुका है। इसमें जो टेक्नोलॉजी थी, वह पहले कभी इंडिया में यूज नहीं हुई। उस समय कंपनियों की जेबी बनाकर आगे बढ़ने का काम हुआ। इसमें आरसीएफ, कोल इंडिया लिमिटेड, एफसीआईएल और गेल है। तलचर का जो पुराना प्लांट था, वह धीरे-धीरे खत्म हो गया। वह बहुत पुराना हो गया। उसी जमीन के ऊपर एक नया प्रोजेक्ट बन रहा है। इस प्रोजेक्ट का काम अभी 70

परसेंट पूरा हो चुका है। उसमें बहुत सारे इश्यूज थे। Nobody knew about this technology. We are very hopeful that by 2027 December this particular project will be functional. This is the technology for future. We have huge reserves of low-quality coal which can be converted into gas and that gas can produce urea. There will be no need for import. This is the self-reliance. Gasifiers and the technology are imported. Once that is established, we will be able to throw this open to the investors. Once successful, similar projects are expected to follow, attracting investment and saving foreign exchange—estimated at around Rs. 3,000 to 4,000 crore per one lakh tonne of urea produced domestically.”

3.14 So far as the delay in commissioning of the Talcher Fertilizer Plant and the issue of cost overruns are concerned, the Committee noted that the project, with an estimated cost of about ₹19,000 crore, has experienced significant delays and is now expected to be commissioned by December 2027 instead of the earlier projected timeline. The delay is likely to entail additional financial implications, including increased interest burden on the investment. In this regard, the representative of the Department of Fertilizers, during the evidence held on 25.02.2026, submitted that:

“.....Sir, there were challenges, especially related to COVID. Since it was a Chinese party, there were a lot of geopolitical issues. The party was requesting for additional cost which was not possible being an LSTK contract. Secretary took up this matter himself with the Cabinet Secretary and the matter was finally resolved at the highest level. Wuhan started came forward to do the work. Otherwise, for one year, the work was completely halted. We had challenges regarding disbursement of loan. Now, with our efforts, the work has resumed and it is progressing. As far as the cost is concerned, Rs. 9000 crore was only of the main plant. The offsite plants were separate and the initial cost was about 13,500 crores, which has now gone to 19,000 crores. But we have been able to manage everything from the JV partners and fresh loan from SBI. So, we hope and we are sure that the project will now be completed by December, 2027. It will be a landmark achievement still because this is the first kind of coal gasification. It has been a challenge, but we have overcome all those challenges.”

3.15 When the Committee further sought a detailed status report on the BVFCL Namrup Brownfield Ammonia–Urea Complex, including the current progress, project cost, funding arrangement and expected commissioning date, the Department submitted that pre-project activities are underway, statutory clearances are in process, and the joint venture structuring along with the funding framework has been finalized. The joint venture will be named Assam Valley Fertilizer and Chemical Company Ltd.

(AVFCCL). The estimated project cost is about ₹10,600 crore, with equity participation from Government of Assam (40%), BVFCL (11%), HURL (13%), NFL (18%) and OIL (18%), while the debt–equity ratio will be finalized at the stage of financial closure. The project will be based on natural gas feedstock and is expected to be commissioned within about 48 months from the Zero Date (award of the LSTK contract).

B. Nutrient Based Subsidy (NBS) Policy

3.16 The Committee have been informed that the NBS Policy is operational *w.e.f.* 01.04.2010 for Phosphatic (P) and Potassic (K) fertilizers. Under the NBS Policy, the Government announces a fixed rate of subsidy (in Rs. per Kg basis), on each nutrient of subsidized P&K fertilizers, namely Nitrogen (N), Phosphate (P), Potash (K) and Sulphur (S), on annual/bi-annual basis taking into account all relevant factors including international prices, exchange rate, inventory level and prevailing Maximum Retail Prices of P&K fertilizers. The per Kg subsidy rates on the nutrients N, P, K, S is converted into per tonne subsidy on the various subsidized P&K fertilizers covered under NBS Policy. Presently, the NBS Policy is applicable on 28 Grades of P&K fertilizers.

3.17 Under the Policy, MRP of P&K fertilizers have been left open and fertilizer manufacturers/marketers are allowed to fix the MRP at reasonable rates which is checked by Government. In effect, the domestic prices are determined by demand-supply mechanism. Under the Policy, any variant of the subsidised P&K fertilizers fortified with secondary and micronutrients (except Sulphur 'S'), as provided for under FCO, is also eligible for subsidy. There is additional subsidy for micronutrients namely Boron and Zinc. The secondary and micronutrients (except 'S') in such fertilizers attracts a separate per tonne subsidy to encourage their application along with primary nutrients.

3.18 An Inter-Ministerial Committee (IMC) has been constituted with Secretary (Fertilizers) as Chairperson and Joint Secretary level representatives of Department of Agriculture & Farmers' Welfare (DA&FW), Department of Expenditure (DOE), NITI Aayog and Department of Agricultural Research and Education (DARE). This

Committee recommends per nutrient subsidy for 'N', 'P', 'K' and 'S' before the start of the financial year/cropping season for decision by the Government (Department of Fertilizers). The IMC recommends a per tonne additional subsidy on fortified subsidized fertilizers carrying secondary (other than 'S') and micronutrients. The Committee also recommends inclusion of new fertilizers under the subsidy regime based on application of manufacturers/ importers and its need appraised by the Indian Council for Agricultural Research (ICAR), for decision by the Government.

3.19 It has been stated that to ensure that the Maximum Retail Prices (MRPs) of Phosphatic and Potassic (P&K) fertilizers covered under the Nutrient Based Subsidy (NBS) Scheme are fixed at reasonable levels, it is made mandatory, with effect from 2012–13, for fertilizer companies to submit certified cost data along with their subsidy claims. This cost data is examined to assess the reasonableness of the MRPs fixed by the companies. Accordingly, the Government has issued Reasonability Guidelines dated 18.01.2024 for evaluation of the reasonableness of MRPs of P&K fertilizers under the NBS Scheme, to keep MRPs affordable for farmers. The Government has further stipulated that, in cases where scrutiny establishes that the MRP is unreasonable or where there is no correlation between the cost of production or acquisition and the MRP printed on the fertilizer bags, the subsidy may be restricted or denied, even if the product is otherwise eligible for subsidy under the NBS Scheme. Further, in proven cases of abuse of the subsidy mechanism, the Department may, on the recommendation of the Inter-Ministerial Committee, exclude any grade(s) of fertilizer of a particular company or the fertilizer company itself from the NBS Scheme.

3.20 When asked about the modifications made in the Demands for Grants (2026–27) in light of the recommendations of the Standing Committee in its previous Reports on Demands for Grants, the Department submitted that the Reasonability Guidelines issued on 18.01.2024 prescribe thresholds for permissible profit margins, beyond which profits are treated as unreasonable. The prescribed limits are 8% for importers, 10% for manufacturers, and 12% for integrated manufacturers. The Department further stated that margins exceeding these limits are treated as excessive based on cost data

submitted by companies and that this approach is in line with the Committee's earlier recommendations to monitor and regulate profit margins in relation to cost structures.

3.21 On a specific query regarding the implementation of the Reasonability Guidelines dated 18.01.2024, including the number of cases of unreasonable pricing identified, actions taken against companies, and the total subsidy amount restricted or denied due to such pricing, the Department in its written reply submitted that Instances of unreasonable pricing were identified during examination of the cost data furnished by the companies and recovery notices were issued to the concerned companies in 2023-24. The companies, however, challenged the recovery notices before various courts, and the Hon'ble High Courts directed that no coercive action be taken against the petitioner companies. Accordingly, the recovery proceedings were kept on hold in compliance with the court orders to avoid further litigation. However, some companies have voluntarily de-positd the amount of unreasonable profit based on their self-assessment. So far, the Government has received approximately Rs. 452.14 crore as voluntary submission, despite pending court cases.

3.22 The Department of Fertilizers, in their written replies, have submitted that the Department of Expenditure, on 01.02.2022, has apprised that Cabinet has approved continuation of NBS scheme till 31.03.2026 or till further review based on appraisal by Expenditure Finance Committee. For continuation of Urea and NBS Subsidy scheme beyond 31.03.2026, NITI Aayog is conducting a study.

3.23 When further enquired about the study being conducted by NITI Aayog on continuation of the Urea Subsidy Scheme beyond 31.03.2026 and the third-party evaluation of fertilizer subsidy schemes, the Committee sought details on the current status, expected timeline for completion, and the terms of reference of the study. The Department submitted that NITI Aayog is conducting a study for continuation of NBS Scheme for P&K fertilizers beyond 31.03.2026, the completion timelines of the study is expected till March, 2026. The terms of reference for these evaluation studies are:

- i. Impact of smaller size of bags to help promote balanced use, soil sustainability and re-duce wastage.
- ii. The consumption pattern/usage of various grades of NPKs notified under the NBS Policy wrt crops and the agro-climatic zones/region and their effect on productivity.
- iii. The cost of production of fortified fertilizers vis a vis their MRP/price structure.
- iv. The optimum ratio in which fortified fertilizers vis-à-vis non-fortified fertilizers have to be ensured for availability in the field under NBS scheme.
- v. In view of changed domestic and international scenario, suggest (if any) modification in policy to meet the above objective of the policy.
- vi. Impact of Mixture/ Customized fertilizers, its scope, relevance and suitability or otherwise.

3.24 When asked about India's position in terms of availability of key fertilizer raw materials globally and the extent of import dependence for inputs such as rock phosphate, potash, sulphur and ammonia, the Department submitted that India remains heavily dependent on imports due to limited domestic resources. Domestic production meets only about 10% of rock phosphate requirement, resulting in around 90% import dependence, while potash is almost entirely imported as there are no economically viable domestic reserves. In the case of ammonia, although domestic capacity exists, about 10–20% of the requirement is met through imports due to cost and feedstock constraints. Sulphur, largely obtained as a by-product from petroleum refining, also has limited domestic availability, and the majority of the requirement is met through imports.

3.25 When the Committee sought details of the roadmap for achieving self-reliance in Phosphatic and Potassic (P&K) fertilizers and the contingency strategy to address geopolitical disruptions affecting supplies, particularly DAP, the Department submitted that the Government is facilitating MoUs and long-term agreements between Indian companies and suppliers in resource-rich countries to diversify import sources. For

2025–26, supply arrangements for DAP/NPK fertilizers have been secured with suppliers from Saudi Arabia, Russia, the United Arab Emirates and Morocco. To maintain price stability, the Government has provided special support of ₹3,500 per MT over and above the NBS subsidy for DAP and imported TSP during Rabi 2025–26, enabling DAP to be supplied to farmers at ₹1,350 per 50-kg bag. The Department further stated that fertilizer availability is ensured through seasonal demand assessment by DA&FW, monthly supply planning by Department of Fertilizers, monitoring through the Integrated Fertilizer Management System (iFMS), and coordination with States and suppliers. To reduce import dependence, measures such as implementation of the Nutrient Based Subsidy (NBS) Scheme, promotion of SSP through freight subsidy, inclusion of Potash Derived from Molasses (PDM), expansion of fertilizer grades under NBS, and recognition of new manufacturing capacities have been undertaken. Additionally, about 59.65 LMT capacity of DAP/NPK plants and 44.21 LMT capacity of intermediate plants (phosphoric and sulphuric acid) are under construction and expected to be commissioned between 2028 and 2030, which is expected to improve domestic availability and gradually reduce import dependence.

3.26 When the Committee further enquired about company-wise and location-wise details of the proposed expansion of domestic P&K fertilizer capacities expected to be commissioned between 2028 and March 2030, the Department furnished the following details:

Sl. No.	Company Name	Location	Products
1.	Rashtriya Chemicals & Fertilizers Ltd	Thai, Maharashtra	DAP/NPK
2.	Fertilizers and Chemicals Travancore Ltd	Cochin, Kerala	DAP/NPK
3.	Coromandel International Ltd	Kakinada, Andhra Pradesh	DAP/NPK Phos. Acid & Sulphuric Acid
4.	Paradeep Phosphate Ltd	Paradeep, Odisha	DAP/NPK Phos. Acid & Sulphuric Acid
5.	Paradeep Phosphate Ltd	Mangalore, Karnataka	DAP/NPK Phos. Acid & Sulphuric Acid

6.	Narmada Bio-Chem Ltd	Dahej, Gujarat	DAP/NPK Phos. Acid
7.	Hindustan Urvarak and Rasayan Ltd.	Sindri, Jharkhand	NPK
8.	Hindustan Urvarak and Rasayan Ltd.	Barauni, Bihar	NPK
9.	Ostwal Group (Madhya Bharat Agro Products Ltd)	Dhule, Maharashtra	DAP/NPK Phos. Acid & Sulphuric Acid
10.	Ostwal Group (Madhya Bharat Agro Products Ltd, Unit-II)	Sagar, Madhya Pradesh	DAP/NPK Sulphuric Acid
11.	Ostwal Group (Krishana Phoschem)	Jhabua, Madhya Pradesh	DAP/NPK Sulphuric Acid

3.27 When the Committee sought data on the domestic and imported product mix of P&K fertilizers over the last five years, the Department furnished the details of domestically produced and imported P&K fertilizers (in LMT) for the last five years as under:

Product Name	2020-21	2021-22	2022-23	2023-24	2024-25
Domestically produced P&K Fertilizers	187.63	185.23	200.31	189.22	211.18
Imported P&K Fertilizers	104.99	90.92	112.01	106.53	103.82

3.28 When the Committee sought clarification on the potential of Potash Derived from Molasses (PDM) and Single Super Phosphate (SSP), the Department stated that PDM can supplement Muriate of Potash (MOP), with a substitution ratio of about 1:4, as PDM contains 14.5% K₂O compared to 60% in MOP. The Department further informed that PDM is produced from potash-rich ash generated in molasses-based ethanol distilleries and can help reduce India's dependence on imported potash. At present, about 5 LMT of potash ash is utilized domestically against an estimated potential of 10–12 LMT. Further, 13 units belonging to 9 companies have PDM granulation facilities with a combined capacity of 1061 MT per day (about 3.88 LMT per annum). Sales of PDM stood at 3.03 LMT in 2023–24, 3.91 LMT in 2024–25, and 4.77 LMT up to January 2026

in FY 2025–26. The Department also furnished production and sales data of SSP for the last three years which is as under:

Year	Production (in LMT)	Sales (in LMT)
2022-23	56.44	50.17
2023-24	44.43	45.44
2024-25	52.43	49.28

3.29 On the role of the sugar industry in reducing dependence on imported potassic fertilizers, the Department stated that PDM, a potassium-rich fertilizer derived from ash in molasses-based ethanol distilleries, is a by-product of the sugar-based ethanol industry. During ethanol production, spent wash generated in distilleries is incinerated in boilers to achieve Zero Liquid Discharge (ZLD), producing potash-rich ash that can be processed into PDM. As India currently imports almost its entire potash requirement in the form of MOP, increased production and utilization of PDM by the sugar–ethanol industry can help reduce import dependence while supplementing farmers’ potash requirements.

3.30 On a query related to new fertilizer products added to the nutrient based fertilizers basket, the Department of Fertilizers in their replies for evidence have stated the new products notified under NBS Scheme during the last 5 years are as under:

SI No.	Name of the Product	Date of the Notification under NBS
1.	NPK-8-21-21	20.05.2021
2.	INPK 9-24-24	20.05.2021
3.	PDM 0-014,5-0	13.10.2021
4.	NPK 11-30-14 fortified with Magnesium, zinc, boron and Sulphur	01.04.2024
5.	Urea-SSP Complex 5-15-0-10	01.04.2024
6.	SSP 0-16-0-11 fortified with Magnesium, zinc and boron	01.04.2024

C. Market Development Assistance (MDA)

3.31 The policy on promotion of organic fertilizers is a new scheme approved by the CCEA in its meeting held on 28th June, 2023 wherein MDA @ Rs.1500/MT is provided on PoS sale of Fermented Organic Manure (FOM), Liquid Fermented Organic Manure (LFOM) and Phosphate Rich Organic Manure (PROM) (enriched FOM), produced at plants under GOBARdhan initiative, with total outlay of Rs.1451.84 crore (FY-2023-24 to 2025-26), out of which, Rs.1091.64 crore is for MDA and Rs.360 crore is for research gap funding etc.

3.32 Year-wise Budgetary provision and expenditure under MDA & Research & Development to promote FOM/LFOM/PROM is as under:

(Rs. in crore)

Year	MDA*		R&D	
	RE	Exp.	RE	Exp.
2023-24	5.00	-	1.00	0.25
2024-25	35.00	28.00	10.00	4.56
2025-26	100.00	67.20**	8.00	3.87**
Total	140.00	95.20	19.00	8.68

* Note: Scheme is being transferred to MoPNG. However, nominal Budget Provision has been made in D/o Fertilizers for carry over liabilities.

** As on 31.12.2025.

3.33 Year-wise and product-wise sales of FOM/LFOM/PROM are as under:

(In MTs)

Year	FOM	LFOM	PROM	Total
2023-24	27,899.62	28,159.00	0.00	56,058.62
2024-25	1,06,620.15	2,28,181.00	1,490.16	3,36,291.31
2025-26*	3,77,812.61	7,11,289.28	3,701.23	10,92,803.12
Total	512332.38	967629.28	5,191.39	14,85,153.05

* As on 31.12.2025

3.34 When the Committee sought clarification regarding the performance of the Market Development Assistance (MDA) Scheme, it noted that the scheme had recorded nil expenditure against RE of ₹5 crore in FY 2023–24, ₹28 crore against RE of ₹35 crore in FY 2024–25, and ₹67.20 crore against RE of ₹100 crore in FY 2025–26 (as on 31.12.2025). Further, for FY 2026–27, the Budget Estimate of ₹75 crore was approved against a proposal of ₹200 crore, indicating a reduction of ₹125 crore. In its written

reply, the Department of Fertilizers stated that budget utilization against RE has improved from 0 per cent in FY 2023–24 to 82.19 per cent in FY 2025–26 (as on 20.02.2026), with ₹82.19 crore released so far, while MDA claims worth ₹38.44 crore are under examination, and the entire allocation is expected to be utilized by the end of FY 2025–26. The Department also noted that some Compressed Biogas (CBG) units registered under the scheme voluntarily do not claim MDA despite undertaking sales, contributing to lower utilization. Regarding the reduction in BE for FY 2026–27, the Department informed that the scheme is being transferred to the Ministry of Petroleum and Natural Gas (MoPNG), while the Department of Fertilizers will continue to support its promotion among fertilizer companies and farmers in coordination with the Ministry of Agriculture and Farmers Welfare.

3.35 When asked about the persistent under-utilization of funds under the Research and Development (R&D) component for organic fertilizers, the Committee noted that the RE for FY 2023–24 was ₹1 crore against which only ₹0.25 crore was utilized, while in FY 2024–25, ₹4.56 crore was spent against an RE of ₹10 crore. In FY 2025–26, expenditure stood at ₹3.87 crore against an RE of ₹8 crore (as on 31.12.2025). Further, for FY 2026–27, a BE of ₹15 crore has been approved against a proposal of ₹50 crore. In its written reply, the Department of Fertilizers stated that only four projects have so far been approved under the R&D component, all of which are under progress. The Department further informed that as per the Committee of Secretaries meeting held on 24.06.2025 under the Chairmanship of the Cabinet Secretary, the Indian Council of Agricultural Research (ICAR) has been designated as the nodal agency to take forward R&D initiatives for improving the offtake of CBG by-products. It was also stated that during the current financial year only one R&D proposal has been received from ICAR, and that two of the four approved projects are likely to be completed by the end of FY 2025–26.

3.36 When the Committee sought details regarding the four R&D projects approved under the MDA Scheme involving ICAR and Dr. Y.S. Parmar University of Horticulture and Forestry, with a total project cost of ₹28.59 crore, including their current status, key

outcomes, timelines for completion and commercialization, and plans for scaling up the findings at the farmer level, the information as obtained from the Department is as below:

Implementing Agency	Title of the Project	Key Findings and outcomes
Indian Council of Agricultural Research (ICAR)	Awareness about FOM /LFOM amongst farmers and conducting FOM demonstrations/pilot study at KVK farm and farmers' field.	The project has enhanced farmers' awareness and skills regarding the use of FOM/LFOM through demonstrations and outreach by KVKs. It has also led to increased acceptance and offtake of CBG by-products, with farmers beginning the direct use and branding of LFOM for wider adoption.
Indian Council of Agricultural Research (ICAR)	Enrichment of FOM produced from CBG plants and development of package of practice (PoP) for major crops.	The project has developed enrichment techniques for FOM from CBG plants, improving nutrient content by 15–25% for nitrogen and 20–40% for phosphorus. Field trials indicate 10–20% higher rice yields and up to 25% substitution of chemical fertilizers in maize, while also improving soil health and nutrient efficiency.
Indian Council of Agricultural Research (ICAR)	Network project on effect of LFOM on crop productivity and soil health in selected Agro Ecological Zones of India.	The project has established multi-location research platforms across different agro-ecological zones to assess the impact of Liquid Fermented Organic Manure (LFOM) on crop productivity and soil health. Initial progress includes development of enrichment methods, standardization processes, and applicator technologies, which will support future large-scale adoption and commercialization.
Dr. YS Parmar University of Horticulture and Forestry, Nauni, Solan (HP)	Efficacy Studies of Phosphate Rich Organic Manure (PROM) on Important Fruit and Vegetable Crops of Himachal Pradesh	The project has identified efficient microbial strains for developing Phosphate Rich Organic Manure (PROM) and initiated its formulation and evaluation for major fruit and vegetable crops. Initial trials aim to improve nutrient availability and promote cost-effective organic fertiliser use, reducing dependence on chemical phosphatic fertilizers and supporting sustainable agriculture.

3.37 When asked how the ₹15 crore allocated for FY 2026–27 will be utilized and to provide a roadmap, the Department submitted that the amount is proposed to be used towards committed expenditure for two projects received from ICAR.

Project	Committed Expenditure (Tentative) during 2026-27
Awareness about FOM/LFOM amongst farmers and conducting FOM demonstrations/ pilot study at KVK farm and farmers' field	<u>Rs.3.91 crore</u> towards payment of 3 rd instalment.
Network project on effect of LFOM on crop productivity and soil health in selected Agro-Ecological Zones of India	<u>Rs.2.02 crore</u> (15% of total project cost of Rs.13.47 crore) towards 3 rd Instalment. <u>Rs.2.69 crore</u> (20% of total project cost of Rs.13.47 crore) towards 4 th Instalment. <u>Rs.3.37 crore</u> (25% of total project cost of Rs.13.47 crore) towards 5 th Instalment.
Total*	11.99

*Rs. 3.00 crore for funding new R&D project(s) expected to receive during FY 2026-27.

D. PM Programme for Restoration, Awareness Generation, Nourishment and Amelioration of Mother-Earth (PMPRANAM):

3.38 PM PRANAM Scheme has been conceived with an objective to preserve the health of Mother Earth through the promotion of sustainable and balanced fertilizer use, adoption of alternative fertilizers, promotion of organic farming, and implementation of resource conservation technologies. All States/UTs are covered under the PM-PRANAM scheme. Under the PM-PRANAM scheme, there is a provision to provide incentives to States/UTs by the Ministry of Finance for reduction of consumption of chemical fertilizers (Urea, DAP, NPK, MOP) in a given financial year, compared to the average consumption over the previous three years, equivalent to 50% of the fertilizer subsidy saved. Of the total grant, 95% will be allocated to the State, while the remaining 5% will be utilized by the Government of India towards disaster-adjusted incentives. Out of the 95% grant provided to the States, 65% is for capital expenditure (capex) projects, preferably as contributions to Centrally Sponsored Schemes, and 30% is untied for other activities, including Information, Education, and Communication (IEC) initiatives. In addition to this, KisanSangoshthis are conducted by the fertilizer companies for

extensive field interaction with farmers, local farmer cooperatives, panchayats etc. 25 Fertilizer Marketing Companies (FMCs) conducted 14,388 Camps/KisanSangoshtis across the Country during February 2025 to November 2025. Camps/Kisan Sangoshtis were organised for promotion of FOM/LFOM/PROM under PM-PRANAM by the Fertilizer companies

3.39 In response to a query on efforts to reduce chemical fertilizer consumption and the details of incentives disbursed under the PM-PRANAM scheme (approved for FY 2023-24 to FY 2025-26), the Department stated that, to date, no incentives have been released to the States/UTs.

3.40 In response to a query on State-wise reduction in chemical fertilizer consumption for FY 2023-24, 2024-25, and 2025-26 (to date), and the total subsidy saved, the Department stated that during 2023-24, 14 States/UTs reported a reduction in fertilizer usage, of which 9 States/UTs were found eligible under the scheme, achieving a total reduction of 14.59 LMT. In 2024-25, 6 States/UTs showed a reduction, with only 3 States/UTs deemed eligible, resulting in a total reduction of 0.42 LMT. Assessment for FY 2025-26 will be conducted after 31.03.2026. The details of States/UTs who are eligible for incentives (after adjustment of natural calamities and consumption of neighbouring districts) during 2023-24 &2024-25 are as below:

9 States/UTs who are eligible (after adjustment of natural calamities and consumption of neighbouring districts) during 2023-24

S.No.	State	Reduction in Consumption (in MT)
1	Karnataka	4,60,51
2	Maharashtra	3,40,789
3	West Bengal	3,30,524
4	Andhra Pradesh	2,12,983
5	Jammu and Kashmir	63,577
6	Kerala	40,669
7	Tripura	5,674
8	Puducherry	4,087
9	Andaman and Nicobar Islands	523
	Total	14,59,338

**3 States/UTs who are eligible
(after adjustment of natural calamities and consumption of neighbouring districts)
during 2024-25**

S.No.	State	Reduction in Consumption (in MT)
1	Jammu and Kashmir	28,533
2	Manipur	12,683
3	Andaman and Nicobar Islands	626
	Total	41,842

3.41 While noting that no incentives have been disbursed to the States and Union Territories under the PM-PRANAM scheme, which was approved for three years from 2023–24 to 2025–26 with the objective of reducing chemical fertilizer consumption, the Committee observed that this clearly reflects that the scheme has been a non-starter. The representative of the Department of Fertilizers, during the evidence held on 25.02.2026, submitted as under:

“.....Sir, for 2023-24, we had made an assessment in which we have found that 14 States have shown reduction. For 2024-25, six States have shown reduction. As per the guidelines, when we have to assess the deduction, there are certain factors... The criterion is, if I am talking about assessment of 2023-24, for any given State, the consumption in the previous three years, average of that...”

E. Nano Fertilizers

3.42 The Committee were informed by the Department that several measures have been undertaken to promote the use of Nano Fertilizers among farmers nationwide. These include awareness campaigns through workshops, webinars, field demonstrations, Kisan Sammelans, and regional-language films; availability of Nano Fertilizers at Pradhan Mantri Kisan Samridhi Kendras (PMKSKs); and inclusion of Nano Fertilizers in the monthly supply plan issued by the Department of Fertilizers. To facilitate application, initiatives such as innovative spraying options like Kisan Drones, distribution of battery-operated sprayers, pilot training, and custom hiring services

through Village Level Entrepreneurs are promoted. Additionally, the Department, in collaboration with fertilizer companies, has launched a MahaAbhiyan for Nano DAP adoption across all 15 agro-climatic zones, and campaigns for field demonstrations and awareness of Nano Urea Plus in 100 districts.

Nano Urea

3.43 The committee have been informed that the Government of India have notified the specifications of Nano Urea under Fertilizer Control Order, 1985. These fertilizer releases plant nutrients in a controlled manner contributing to higher nutrient use efficiency; and easy to carry in the field. The Department of Agriculture and Farmer's Welfare, has notified the specifications of Nano Nitrogen under the Fertilizer Control Order, 1985. Nano Urea produced by IFFCO, containing 4% nitrogen, was notified on 24th February 2021. Subsequently, Nano Urea by Zuari Farm Hub Limited, containing 8% nitrogen, was notified on 2nd March 2023, Nano Urea by Ray Nano & Research Centre, containing 5% nitrogen, was notified on 3rd March 2023 and Nano Urea by Corromandel International Limited, containing 12 %, was notified on 22nd April, 2024 by the Department of Agriculture & Farmers Welfare (DA&FW). Recently, Nano Urea Plus, produced by IFFCO and containing 16% nitrogen, was notified by DA&FW on 15th April 2024.

3.44 When the Committee sought details regarding studies undertaken on Nano Urea, including the key findings of the Phase-I and Phase-II studies conducted by the National Productivity Council (NPC), the extent of replacement of conventional urea by Nano Urea, and the percentage of farmers who are repeat users, the Department informed that several evaluation studies are underway. These include a Phase-I study by NPC covering 10 States (₹122.86 lakh), a Phase-II study by NPC (₹61.52 lakh), an ICAR project (₹160 lakh) for the period 2024–2026, and an ICAR network project with an outlay of ₹2,120 lakh over five years. The Department further stated that NPC is conducting a two-year study (2024–2026) titled *“Evaluating the Efficacy, Utility and Impact of Nano Urea in comparison to Conventional Urea.”* The Phase-I findings indicate that improved Nano Urea Plus containing 16% nitrogen (w/w) or 20% nitrogen (w/v) performs better across several crops. Combined application of conventional urea

(basal dose) with Nano Urea (foliar application) resulted in yield increases ranging from **1.65% to 14.82%**, depending on the crop. The highest yield improvement was observed in peas (6.14–14.82%), while the lowest was recorded in sugarcane (1.65–4%). The study also noted improved crop growth with seed treatment using Nano DAP and indicated that Nano Urea, being applied as a foliar spray, does not adversely affect soil health. The Department further informed that the **Phase-II study**, which will examine the extent of replacement of conventional urea by Nano Urea and other related aspects, is currently underway and the findings are awaited. Details regarding the percentage of repeat users will be available after completion of the ongoing studies.

3.45 With regard to commissioning of Nano Fertilizer Plants by fertilizer PSUs, the Department of Fertilizers in their written reply have stated that two fertilizer CPSUs, namely National Fertilizers Limited (NFL) and Rashtriya Chemicals and Fertilizers Limited (RCF), have signed a Non-Disclosure Agreement and Memorandum of Understanding with Indian Farmers Fertilizer Cooperative Limited for transfer of Nano Urea technology. The Department further stated that RCF has commissioned a Nano Urea (liquid) plant at its Trombay unit, Mumbai, in February 2025 with a capacity of 75 KL per day (1.5 lakh bottles of 500 ml per day), though commercial production is yet to commence pending inclusion under the Fertilizer Control Order. NFL has also initiated steps to implement a Hi-Tech Nano Urea project at its Nangal unit in Punjab; however, no tentative timeline has been indicated and no projects relating to Nano DAP or Nano NPK are presently being undertaken by the company.

3.46 With regard to specific query on RCF's Nano Urea plant commissioned in February 2025, the Committee sought to know the reasons for the delay in inclusion of the product under the Fertilizer Control Order (FCO), the expected timeline for issuance of the notification and commencement of commercial production, the total investment made in the plant, and the proposed pricing strategy in comparison with the Nano Urea marketed by Indian Farmers Fertiliser Cooperative Limited (IFFCO). The Department, in their written reply, informed that Rashtriya Chemicals and Fertilizers Limited (RCF) has addressed communications dated 13.02.2025, 13.03.2025, 19.03.2025 and 22.01.2026 to the Department of Agriculture and Farmers Welfare seeking inclusion of RCF-

manufactured Nano Urea (based on IFFCO technology) under Clause 20D of the FCO. However, the notification is still awaited and the matter is being regularly pursued with the Department of Agriculture and Farmers Welfare. The Department further stated that commercial production at the Trombay Nano Urea plant commenced on 4 February 2025 and that an expenditure of ₹120.90 crore has been incurred for setting up the plant. With regard to pricing, it was stated that RCF's pricing strategy is governed by the Non-Exclusive License Agreement signed with IFFCO on 20 December 2021, which stipulates that RCF cannot fix the Maximum Retail Price (MRP) of Nano Urea lower than that charged by IFFCO.

3.47 When the Committee enquired about the status of nano urea, it noted that Rashtriya Chemicals & Fertilizers (RCF) had already invested about ₹120 crore in a nano urea plant. Despite this investment, commercial production has not yet commenced, as the plant is still awaiting approval for inclusion under the Fertilizer Control Order (FCO). The representative of the Department of Fertilizers, during the evidence held on 24.02.2025, submitted as under:

“.....We are awaiting its inclusion in the FCO. the present FCO only allows production from IFFCO. It does not allow us to produce, although we are producing under the licence of IFFCO. So, we have requested the Department of Agriculture to allow us to go forward and include it in the FCO.....

Nano DAP:

3.48 The Department of Agriculture & Farmers Welfare, through a notification dated 2 March 2023, authorized Indian Farmers Fertiliser Cooperative Limited and Coromandel International Limited to manufacture Nano DAP for a period of three years. Subsequently, Zuari Farm Hub Ltd was also authorized through a notification dated 29 November 2023. Preliminary field trials conducted by Indian Council of Agricultural Research on selected crops at its institutes indicated that the use of Nano DAP as seed treatment and foliar application could potentially reduce the requirement of conventional granular DAP. Further, Nano DAP developed by Zuari Farm Hub Ltd and Natural Plant Protection Limited was also notified under the Fertilizer Control Order through notifications issued in November 2023 and April 2024.

3.49 Three companies are involved in the production and sale of Nano DAP in the country; Indian Farmers Fertilizer Cooperative Limited (IFFCO), Coromandel International Limited (CIL) and Paradeep Phosphates Limited (PPL). IFFCO has produced 231.06 lakh bottles of Nano DAP and recorded sales of 196.37 lakh bottles, with production mainly located in Gujarat and Uttar Pradesh. CIL has produced 159.90 lakh bottles and sold 143.90 lakh bottles, with production facilities located in Andhra Pradesh. PPL has produced 33.96 lakh bottles and sold 28.61 lakh bottles, with production located in Punjab. Overall, the total production by the three companies stands at 424.92 lakh bottles, while total sales amount to 368.88 lakh bottles across various States and Union Territories.

3.50 When the Committee sought details regarding Nano DAP products notified under the Fertilizer Control Order (FCO) and manufactured by companies such as Indian Farmers Fertiliser Cooperative Limited, Coromandel International Limited, Zuari Farm Hub Ltd and Natural Plant Protection Limited, the Committee requested information on product wise and company wise production and sales, farmer feedback and adoption rates, and comparative yield results between Nano DAP and conventional DAP based on field trials. The Department, in their written reply, stated that fertilizer companies have reported encouraging feedback from farmers regarding the use of Nano DAP as seed treatment and foliar spray, with improvements observed in crop yield and quality. Field trials and demonstrations conducted across various States indicate that the use of Nano DAP can reduce the requirement of conventional DAP by up to 50 per cent while maintaining or enhancing productivity. The Department further informed that field trial results, including those conducted at farmers' fields as well as by research institutions and State Agricultural Universities, show that Nano DAP application has resulted in an average yield increase of over 5 per cent in most crops, and continuous outreach and demonstration activities have contributed to the increasing adoption of Nano DAP among farmers across the country.

3.51 When the Committee sought a pricing comparison and subsidy implications of Nano DAP vis-à-vis conventional DAP, the Department in their written reply informed that, as on 20.02.2026, the Maximum Retail Price (MRP) of a 500 ml bottle of Nano

DAP, which is considered equivalent to one 50 kg bag of conventional DAP in terms of application, ranges between ₹600 and ₹625. In comparison, the MRP of conventional DAP is ₹1,350 per 50 kg bag. The Department further stated that while conventional DAP attracts a subsidy of ₹1,490.25 per 50 kg bag during Rabi 2025–26 under the Nutrient Based Subsidy (NBS) scheme, no subsidy is presently provided on Nano DAP.

3.52 With regard to the development of Nano fertilizers by Rashtriya Chemicals and Fertilizers Limited (RCF), the Committee sought clarification on the delay in Gazette notification for RCF's Nano DAP, the expected timeline for its commercialization, details of field trial results, and the status of other Nano fertilizer products developed at a cost of ₹10.79 crore. The Department, in their written reply, informed that the application for inclusion of RCF's Nano DAP under the Fertilizer Control Order (FCO), submitted in July 2024, has completed evaluation by the Central Fertilizer Committee and is presently pending with the Department of Agriculture and Farmers Welfare for Gazette notification. The product is expected to be commercially launched within six to eight months after notification. The Department further stated that field trials conducted during 2018–19 at ICAR–IARI, Pusa, in the rice–wheat cropping system showed a yield increase of about 27 per cent in rice and 42 per cent in wheat with around 25 per cent reduction in chemical fertilizers. Bio-efficacy and toxicological studies for Nano NPK have been completed and an application for its registration under FCO will be submitted by April 2026, while Nano Micronutrients will undergo further testing at ICAR institutes and State Agricultural Universities during 2026–28.

F. Pradhan Mantri Kisan Samridhi Kendra (PMKSK)

3.53 The Pradhan Mantri Kisan Samridhi Kendra (PMKSK) initiative was introduced by the Department of Fertilizers through a notification dated 24 August 2022 to convert existing fertilizer retail outlets at the village, block/sub-district/taluk and district levels into Model Fertilizer Retail Shops. These PMKSKs function as one-stop centres for farmers, providing multiple agricultural inputs such as seeds, fertilizers and pesticides, along with services including soil, seed and fertilizer testing, access to drones and other farm

equipment. The conversion of existing retail shops into PMKSKs is being undertaken by fertilizer companies from the existing retailer margin of ₹50 per MT provided by the Government of India.

G. DIRECT BENEFIT TRANSFER (DBT)/ INTEGRATED FERTILIZER MANAGEMENT SYSTEM (iFMS)

3.54 The Direct Benefit Transfer (DBT) in Fertilizers / Integrated Fertilizer Management System (iFMS) of the Department of Fertilizers is not a scheme or programme but an Aadhaar-based mechanism for identification of buyers during the sale of subsidized fertilizers through biometric authentication on Point of Sale (PoS) devices installed at retail outlets. The system was initially introduced in October 2016 in 17 pilot districts and subsequently rolled out across the country from September 2017 to March 2018 under Section 7 of the Aadhaar (Targeted Delivery of Financial and other Subsidies, Benefits and Services) Act, 2016. Under this mechanism, fertilizer subsidy is released to companies only after actual sale to beneficiaries through PoS devices, where the buyer's identity is verified through Aadhaar-based biometric authentication. Based on PoS-recorded sales, fertilizer companies submit weekly DBT subsidy claims to the Department of Fertilizers.

3.55 The Department further submitted that the sale of subsidized fertilizers is presently carried out on a no-denial basis across the country, except in the State of Haryana. In Haryana, the sale is linked to beneficiaries registered on the Meri Fasal Mera Byora (MFMB) portal of the State Government. Under this system, a registered farmer, family member, or cultivator can purchase subsidized fertilizers through PoS devices at retail outlets. The identity of the designated farmer (landowner) is authenticated through biometric verification in case of direct purchase, or through SMS-based OTP verification when the purchase is made by a family member or cultivator.

3.56 Further elaborating on the subject, the Department submitted that a pilot study for targeted sale of subsidized fertilizers was undertaken in the State of Haryana in

coordination with the Department of Fertilizers by linking PoS based sales under iFMS with the database of the **Meri Fasal Mera Byora (MFMB)** portal. The pilot was implemented from September to November 2025, beginning on 17 September 2025, with the objective of improving efficiency in fertilizer subsidy outgo by restricting the purchase of subsidized fertilizers to eligible and verified beneficiaries identified through the MFMB database. The pilot was conducted in three phases: (i) open sale with passive matching for observation, (ii) open sale with active matching for observation, and (iii) enforcement of buyer restriction along with risk management measures. The initial rollout commenced on 14 August 2025 in Panchkula district and was subsequently extended across the State from 8 October 2025 for all subsidized fertilizers. According to the Department, the reform aims to ensure that subsidy benefits reach actual farmers, improve tracking and distribution of fertilizers, and promote efficient fertilizer use for better soil health.

The sales analysis of post MFMB-iFMS integration vis-à-vis last years sales data of same period was as under:

Metric	FY 2025–26	FY 2024–25	Change	Change (%)
Urea Quantity (MT)	8,98,002	10,00,604	-1,02,602	-10%
P&K Quantity (MT)	2,64,954	3,56,164	-91,210	-26%
Urea Buyers	7,58,645	7,47,290	11,355	2%
P&K Buyers	4,30,996	4,70,822	39,826	-8

3.57 The Department further reported that the pilot also resulted in more equitable fertilizer distribution. The average quantity purchased per buyer declined by about 11.6 percent for urea (from 1.33 MT to 1.18 MT) and by 18.7 percent for P&K fertilizers (from 0.75 MT to 0.61 MT). This, according to the Department, demonstrates the system’s effectiveness in curbing bulk procurement and ensuring more equitable access to subsidized fertilizers among farmers.

Purchase Analysis in Haryana:

(From 8th Oct to 30th Nov) Financial Year	Median Qty of Bags per Buyer	Less than 10 bags	10 to less than 20	20 to less than 30	30 to less than 40	40 to less than or equal to 50	Total Buyers
2025-2026	18	1,59,088	1,57,006	94,260	63,076	89,001	5,62,431
2024-2025	20	1,49,877	1,34,869	97,087	73,623	1,56,671	6,12,127
% Change	-10.00%	6.10%	16.40%	-2.90%	-14.30%	-43.20%	-8.10%

Note: Increase in buyers with lower purchase volume

3.58 Explaining the matter further, with regard to the integration of the **Meri Fasal Mera Byora** scheme of the Government of Haryana with the fertilizer distribution system, the representative of the Department of Fertilizers, during the evidence held on 25.02.2025, submitted that:

“.....In Haryana, integration with the Mera Fasal Mera Byora portals has led to notable changes. There has been a significant increase in small-scale buyers purchasing less than 10 bags—almost 50 per cent—while buyers purchasing 10 to 20 bags account for 37.8 per cent. Conversely, there has been a decline in larger purchases, with a 35 per cent reduction in the 40 to 50 bag category and a 10.5 per cent decrease in the 30 to 40 bag segment. Overall, urea consumption has decreased by 10.9 per cent, and DAP by 24.9 per cent. The total number of urea buyers has reduced by 2.3 per cent, and P and K buyers by eight per cent.”

3.59 Further probing into the initiative, the Committee noted that after integration of the *Meri Fasal Mera Byora (MFMB)* portal with the *iFMS/PoS* system in Haryana, urea sales declined by about 10 per cent and P&K fertilizer sales by about 26 per cent, while the average quantity purchased per buyer fell by 11.6 per cent for urea and 18.7 per cent for P&K fertilizers, indicating a more equitable distribution among farmers. The Department stated that the reduction suggests that earlier purchases may have exceeded crop area requirements, with possible diversion or bulk concentration among high-volume buyers, which the crop-linked digital authentication mechanism has helped

curb. It was further informed that between 8 October 2025 and 18 February 2026, urea consumption declined by 1,25,986 MT and DAP consumption by 23,489 MT compared to the corresponding period of the previous year, resulting in an estimated subsidy saving of ₹700.53 crore. The Department added that the pilot is at an early stage and may be independently evaluated before considering expansion to other States.

3.55 So far as the replication of the Haryana model of integration of the *Meri Fasal Mera Byora* scheme with the fertilizer distribution system in other parts of the country is concerned, the Secretary, Department of Fertilizers, during the evidence held on 25.02.2025, submitted as under:

“.....सर, कई स्टेट हरियाणा के सिस्टम को स्टडी कर चुके हैं। मैं जहां तक जानता हूं कि 9 राज्यों ने हमसे बात की है कि इससे भी बेटर हम बनाने के लिए तैयार हैं और उसी के साथ-साथ जब चीफ सेक्रेटरी की कांफ्रेंस हुई थी, उसमें भी इस पार्टिकुलर मॉडल का डिस्कशन होने के बाद आंध्र प्रदेश, तेलंगाना, मध्य प्रदेश और महाराष्ट्र, इन सभी ने एग्री स्टेप को पहले एचीव करने में अपना पूरा जोर लगा दिया, क्योंकि वह परमानेंट और लांगलास्टिक सिस्टम होगा। Today, Maharashtra has achieved 100 per cent Agristack completion. हम इसमें आगे बढ़ रहे हैं और सभी स्टेट को हर प्रकार की दिशा-निर्देश और उनकी मदद कर रहे हैं। हमारी एनआईसी की टीम जिसे एपीआई डेवलप करना होता है। अगर राज्यों ने अपना सिस्टम बना दिया, तो वह हमारे सिस्टम में लॉकिन कैसे होगा, उसके लिए जो टेक्निकल काम हमें करना है, वह हम कर चुके हैं। “

3.60 With regard to the allocation of ₹18 crore under the head “DBT in Fertilizer Subsidy/Fertilizer Subsidy Management System” for BE 2026–27, the Department informed that the provision is meant to meet the operational requirements for the operation, maintenance and further development of the Integrated Fertilizer Management System (iFMS). The Department further stated that necessary upgrades and enhancements to iFMS are undertaken from time to time in line with the evolving policy and operational requirements of the Department of Fertilizers. With regard to the integration of Soil Health Card recommendations with iFMS for enabling more informed fertilizer use, the Department indicated that appropriate action would be taken upon receipt of a proposal from the Department of Agriculture and Farmers’ Welfare. The Department also informed that the provision for incorporating General Fertilizer

Recommendation (GFR) in the PoS application of iFMS is presently under active consideration in consultation with the Department of Agriculture and Farmers' Welfare.

3.61 When the Committee wanted to know about the capability of Aadhaar authentication to check the misuse of subsidized fertilizer products for non-agricultural purposes under the present DBT system, wherein 100 per cent subsidy is released to fertilizer companies based on actual sales through PoS devices, the Department in their post evidence written replies stated that sales can be made only through Aadhaar based biometric authentication to identified beneficiaries and are subject to a ceiling of 50 fertilizer bags per buyer per month. The Department further informed that monthly reports of buyers purchasing more than 40 bags are generated and shared with district level officials for necessary verification and action. It was also stated that fertilizers are notified as an essential commodity under the Essential Commodities Act, 1955 and regulated under the Fertilizer Control Order, 1985, under which State Governments are empowered to take action against black marketing and other irregularities. In addition, the purchase history of buyers is displayed on the PoS device at the time of transaction so that buyers are aware of the quantity of fertilizers purchased in their name. The Department emphasized that all sales are carried out exclusively through biometric authentication.

3.62 When the Committee sought to know whether the Department had prepared a policy roadmap for transitioning from the existing DBT to companies framework to a Direct Cash Transfer (DCT) system directly benefiting farmers, the Department, in their post evidence written replies, stated that such a transition would be feasible only after the creation of a comprehensive and saturated digital database of all farmers. The Department informed that the Farmers' Registry is presently being developed under the **AgriStack** initiative of the Department of Agriculture and Farmers' Welfare and has not yet achieved full coverage. Therefore, until all farmers are digitally included in the fertilizer sales ecosystem through AgriStack or any other verified database, implementation of Direct Cash Transfer to farmers cannot be envisaged. The Department further stated that issues relating to beneficiary identification, integration of land records, tenancy verification and database interoperability fall within the scope of the AgriStack initiative being developed by the Department of Agriculture and Farmers'

Welfare. As such, the Department of Fertilizers indicated that these aspects presently lie outside its direct operational domain. The Department also informed that, in the absence of a fully developed and saturated farmers' database, no pilot projects for Direct Cash Transfer to farmers are currently proposed for FY 2026–27.

FERTILIZER AVAILABILITY, DISTRIBUTION AND BLACK MARKETING AND USE OF TECHNOLOGY

3.63 When the Committee sought a detailed note on the availability and distribution of fertilizers across the country in the context of recurring reports of shortages in certain States, the Department, in their post evidence written replies, stated that the overall availability of fertilizers remained adequate during the ongoing Rabi 2025–26 season.

(figures in LMT)

S. NO.	PRODUCT GROUP	PRO-RATA REQUIREMENT	AVAILABILITY	DBT SALES	CLOSING STOCK AS ON 30.12.2025
1	UREA	125.59	155.87	116.78	39.10
2	DAP	43.87	56.12	38.97	17.16
3	MOP	9.41	12.87	6.66	6.21
4	NPKS	54.46	78.01	42.44	35.57

3.64 The Department further informed that prior to each cropping season, the Department of Agriculture and Farmers' Welfare, in consultation with State Governments, assesses the State-wise and month-wise fertilizer requirement, on the basis of which the Department of Fertilizers allocates supplies and monitors availability through the Integrated Fertilizer Management System (iFMS). Regular coordination meetings are also held with State Governments, manufacturers, importers and the Ministry of Railways to ensure timely movement and distribution of fertilizers. The Department stated that while it ensures adequate availability of fertilizers at the State level, the distribution at the district level is undertaken by the respective State Governments.

3.65 With regard to measures to curb hoarding, diversion and black-marketing, the Department stated that fertilizers are declared as an essential commodity under the Essential Commodities Act, 1955 and regulated under the Fertilizer (Control) Order,

1985. State Governments are empowered to take action against persons involved in such malpractices, and complaints received by the Department are forwarded to the concerned State Governments for appropriate action. Details of State-level enforcement measures reported for the period from 01 April 2025 to 09 January 2026 have been placed at **Annexure-I**.

3.66 The Committee also sought clarification regarding the enforcement measures reported by States during the period from 01 April 2025 to 09 January 2026 to curb hoarding, diversion and black marketing of fertilizers, particularly in view of variations observed in inspection and enforcement data across States. With regard to the high number of cases of substandard fertilizers reported from Maharashtra, the Department, in their post evidence written replies, stated that the State Government has put in place an extensive enforcement mechanism. Maharashtra has approximately 354 full time Inspectors at the block level and 42 Inspectors at higher levels, besides District level flying squads which act on complaints received from farmers and other sources. The State also undertakes periodic inspection campaigns, including checks at inter State borders. The Department stated that such continuous surveillance and follow up action has resulted in a higher detection of cases in the State.

3.67 Regarding Telangana, where the number of inspections and raids reported (1,27,929) was the highest but punitive actions remained limited, the Department informed that the State Government undertakes regular monitoring of fertilizer stocks and sales through the iFMS DBT PoS system, supported by a mobile application known as the Fertilizer Inventory Verification System (FIVEs). The application facilitates digital verification of dealer level stocks and sales, and inspecting officers are assigned licensed fertilizer dealers for inspection on a bi weekly basis. The Department stated that the high number of inspections primarily reflects routine compliance verification and digital monitoring of stocks and sales under the system. It was further informed that reported shortages in the State are generally attributed to temporary demand supply gaps, gaps between rake arrivals and logistical bottlenecks, rather than large scale illegal diversion at the dealer level.

3.68 With regard to the corrective measures to ensure uniform and credible enforcement across States, the Department, in their post evidence written replies, informed that enforcement actions against black marketing, hoarding, diversion and sale of substandard fertilizers are being regularly monitored by the Government of India in consultation with State Governments on a weekly basis. The Department also informed that a multi level surveillance mechanism titled *Dharti Mata Bachao Abhiyan* was launched in August 2025 to strengthen monitoring and prevent diversion or misuse of fertilizers. Under this initiative, vigilance committees have been constituted at the Village, Sub Divisional and District levels, headed respectively by the Gram Pradhan, Sub Divisional Magistrate and District Magistrate, to monitor abnormal or excessive fertilizer sales and report suspected cases of diversion, cross border movement or sale of spurious fertilizers. As on date, 1,69,153 Gram level committees, 2,247 Sub Divisional level committees and 462 District level committees have been constituted across the country.

3.69 With regard to the reported AI driven transformation in the Public Distribution System (PDS), the Committee sought to know whether similar technology driven solutions could be adopted in the fertilizer sector to improve monitoring, optimize movement and reduce subsidy leakages. The Department informed that the DBT framework in fertilizers differs from the PDS system due to the absence of a comprehensive digital database of identified beneficiaries, i.e., farmers. It was stated that the Department of Agriculture and Farmers' Welfare is developing a Farmers' Registry under the Agristack initiative, which is yet to achieve full coverage. The Department added that once the crop survey linked Farmers' Registry is fully developed and integrated with the Integrated Fertilizer Management System (iFMS), advanced data analytics and AI tools could be deployed for analysing purchase patterns and improving policy implementation. In the meantime, the Department indicated that it would explore the use of data analytics for better monitoring and policy formulation.

3.70 During the oral evidence, when the Committee highlighted the increasing use of Research and Development, Artificial Intelligence and other technology-driven solutions by various Government departments leading to substantial efficiency gains and savings

in public expenditure, the Secretary, Department of Fertilizers, during the evidence held on 25.02.2026, submitted that:

“.....सर, सब्सिडी के मामले में मैं केवल इतना निवेदन कर रहा हूँ कि जब वर्ष 2017-18 में आईएफएमएस आया तो इसका प्रोडक्शन, ट्रांसपोर्टेशन, एराइवल, डिस्ट्रीब्यूशन, सेल, ये सभी पी.ओ.एस. के माध्यम से फुली इंटीग्रेटेड हैं। From 2017-18, we had an online audit system and at the same time, the auditing by other statutory authorities had complete transparency. Now, CCA is saying that only one step was yet to be achieved. The Finance Ministry's primary digital tool, PFMS system is fully integrated with the IFMS through e-bill system. Now, every figure that is entered in the system by any user is checked multiple times at multiple levels. This integration has significantly enhanced transparency in transactions. सर, इसमें आर्टिफिशियल इंटेलिजेंस का उपयोग निश्चित रूप से संभव है। सर, आप इससे अच्छी तरह से अवगत हैं कि अभी भी हमारे क्लाइंट्स किसान हैं।..... सर, इसी 1 जनवरी, 2026 से माननीय मंत्री जी ने आईएफएमएस के सिस्टम को पीएफएमएस के सिस्टम से जोड़ दिया है। अब यह पूरी तरह से इंटीग्रेटेड है। इसलिए, जितनी भी ऑडिट ट्रेल है, अब वे पेमेंट के समय पूरी तरह से हमारे सामने आ रही हैं, इसलिए एक तो ऑडिट चेक हो रहा है कि कौन सी कंपनी और कौन सा कंज्यूमर कितने पैसे ले रहे हैं।”

3.71 When asked about the level of investment in Research and Development and the potential use of emerging technologies such as Artificial Intelligence to improve efficiency in the fertilizer sector, the Department submitted that the Integrated Fertilizer Management System (iFMS) is being continuously upgraded as per operational requirements and that the use of advanced data analytics and AI based solutions may be explored in due course. The Department further informed that studies on nano fertilizers are currently being undertaken in collaboration with the National Productivity Council and ICAR to evaluate the efficacy, crop productivity impact and nitrogen use efficiency of Nano Urea across different agro-ecological zones.

3.72 When the Committee sought a detailed note on the strategy for integrating green ammonia into the domestic fertilizer sector in light of recent developments under the National Green Hydrogen Mission, the Department informed that the Mission has been launched by the Ministry of New and Renewable Energy with an outlay of ₹19,744 crore up to 2029–30, including ₹17,490 crore under the SIGHT programme to promote the production and adoption of green hydrogen and green ammonia. The Department further stated that fertilizer companies propose to utilize green ammonia in the

manufacture of DAP and NPK fertilizers in the near future as part of efforts to decarbonize the sector, with the projected demand from the fertilizer industry estimated at about 7.24 Lakh Metric Tonnes. To facilitate the transition and ensure economic viability, the Government has proposed providing differential subsidy support to bridge the price gap between green ammonia and conventional grey ammonia, which is expected to incentivize early adoption and accelerate the integration of green hydrogen-based inputs in fertilizer production.

Adoption of Soil Health Card Recommendations and Integration with Fertilizer Policy

3.70 When the Committee sought information on the adoption of Soil Health Card (SHC) recommendations, monitoring mechanisms, and integration with fertilizer subsidy and iFMS, the Department of Fertilizers submitted that the matter falls under the Department of Agriculture & Farmers Welfare (DA&FW). The DA&FW reported that the Soil Health & Fertility Scheme, implemented since 2014–15, has issued 25.85 crore SHCs across the country and established 8,313 soil testing laboratories. The scheme promotes balanced nutrient management through soil testing, farmer trainings, demonstrations, awareness campaigns, and advisory services. Evaluation studies indicate that 62–68% of farmers follow SHC recommendations, resulting in 4–10% cost reduction per acre, 5–10% lower chemical fertilizer use, and moderate yield improvements. The SHC Portal enables real-time nutrient management and crop advisory services, with farmers able to access recommendations digitally. ICAR recommends integrated use of chemical, organic, and bio-fertilizers to prevent soil degradation. The Department of Fertilizers stated that farmers can purchase fertilizers as per SHC recommendations through any retail shop or PMKSK outlet. Provisions are being made in the iFMS PoS system for General Fertilizer Recommendations (GFR), which will be integrated with SHC-based guidance once DA&FW submits a formal proposal.

CHAPTER – IV

PERFORMANCE OF PSUs AND THEIR IMPORTANCE

FINANCIAL PERFORMANCE OF PSUs

4.1 The financial performance of major Fertilizer PSUs under the Department of Fertilizers has witnessed significant fluctuations over the last five years. After a pronounced peak in FY 2022-23, most PSUs have recorded moderation in revenues and profitability. The data presented below is sourced from the Department's replies to Parliamentary questions and covers the latest available figures up to FY 2024-25, with some PSUs providing data up to September 2025.

1. National Fertilizers Limited (NFL):

Item	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Revenue from Operations	15,857.09	29,616.52	23,560.31	19,794.50
Profit Before Tax	144.82	609.77	88.52	104.08
Profit After Tax	108.20	456.10	64.74	76.26

2. Rashtriya Chemicals and Fertilizers Limited (RCF):

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total Income	12,812.17	21,451.54	16,981.31	16,933.64
Profit Before Tax	943.91	1,273.98	303.63	327.50
Profit After Tax	704.36	967.15	227.74	241.63

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

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Turnover	4,424.81	6,198.15	5,051.21	4050.91
Profit Before Tax	346.38	612.83	41.85	53.74

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Profit After Tax	346.38	612.83	128.28	41.23

4. Madras Fertilizers Limited (MFL):

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Turnover	2,302.16	3,447.09	2,228.42	2,541.85
Profit Before Tax	166.34	248.66	11.86	91.60
Profit After Tax	162.37	185.33	5.56	64.25

5. Brahmaputra Valley Fertilizer Corporation Limited (BVFCL):

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Turnover	302.21	1,146.49	748.96	668.58
Profit Before Tax	(95.11)	24.38	8.71	139.97
Profit After Tax	(97.64)	24.38	8.71	164.81

6. FCI Aravali Gypsum and Minerals India Limited (FAGMIL):

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Turnover	41.44	56.04	30.48	26.12
Profit Before Tax	15.57	13.46	15.37	13.10
Profit After Tax	11.59	9.74	11.17	9.79

LOAN LIABILITIES OF FERTILIZER PSUS — STATUS AND ROADMAP

4.2 With regard to the loan liabilities of fertilizer PSUs, which continue to be a matter of serious concern, the Committee were informed that the details of repayments in arrears from loanee entities as on 31st March, 2025 are as follows:

(Rupees in lakhs)

Loan- entity	Amounts of Arrears as on 31st march, 2025			Earliest period which the arrears relate
	Principal	Interest	Total	
1.	2.	3.	4.	5.
M/S pyrites, phosphates & chemicals Ltd.	18434.70	28958.26*	47392.96	1988-89
M/s Madras Fertilizers Ltd.	55424.33	94563.46	149987.79	1987-88
M/s Fertilizers and chemicals Travancore Ltd.	177048.75	191212.64	368261.39	2005-06
M/s Brahmaputra valley Fertilizer corporation Ltd.	57275.00	Interest Free	57275.00	2002-03
M/s Hindusthan urvarak and Rasayan Ltd.	86126.00	Interest Free	86126.00	2020-21
Total	394308.78	314734.36	709043.14	

*The official liquidator of Patna High Court has informed that interest against M/s PPCL has been allowed upto Rs. 28958.26 lakhs.

(A) Brahmaputra Valley Fertilizer Corporation Limited (BVFCL)

4.3 With regard to Brahmaputra Valley Fertilizer Corporation Limited (BVFCL), the Committee were informed that the Company had received Government of India loans amounting to ₹572.75 crore between FY 2002-03 and 2011-12 under various schemes, including Revamp, Renewal & Replacement (RRR) and non-plan loans, as part of the Government's initiative to modernize ageing industrial infrastructure. Due to continued financial difficulties, the interest on these loans was waived under a financial restructuring initiative, converting them into interest-free loans in FY 2015-16. A request seeking waiver of the Government of India loans, amounting to ₹572.75 crore and extended for improving the productivity and efficiency of the Namrup plants, was received by the Department of Fertilizers on 18.04.2025. However, the Department, vide Office Memorandum dated 30.10.2025, stated that the Government of India loan had been sanctioned to BVFCL and would continue to remain a liability of the Company, as its unit was not a separate legal entity.

4.4 Further, with regard to a query on the proposal for reduction of loan liabilities, the Committee was informed that two strategic options had been proposed for consideration by the Government. The first option involved the conversion of the loan into equity,

which was intended to strengthen the balance sheet, restore positive net worth, enhance borrowing capacity, and improve creditworthiness for undertaking safety and sustainability-related investments. The second option involved a partial or full waiver of the loan, which was justified on revival-cum-transition grounds to enable safe operations until the commissioning of the brownfield complex, though it would entail a tax burden on BVFCL.

(B) The Fertilizers and Chemicals Travancore Limited (FACT)

4.5 Further, with respect to the loan burden of Fertilizers and Chemicals Travancore Limited (FACT), the Committee were informed that the total outstanding as on 31.03.2025 stood at ₹3,682.61 crore. FACT submitted a revised restructuring proposal on 24th December, 2025, which was subsequently examined by the Department of Fertilizers in consultation with the Internal Finance Division (IFD) and referred to the Department of Expenditure on 14th January, 2026. The key proposals included repayment of ₹3,862.69 crore—comprising principal of ₹1,282.73 crore and interest of ₹2,579.96 crore as on 31.12.2025—at the rate of ₹400 crore per year (₹100 crore per quarter), starting from 01.01.2026, with payments to be applied exclusively against the principal until fully repaid. Additionally, it was proposed that no further interest liability on the Government of India loan would be charged to FACT effective from 01.01.2026.

(C) Madras Fertilizers Limited (MFL)

4.6 Further, with respect to the loan burden of Madras Fertilizers Limited (MFL), the Committee was informed that MFL had received Government of India loans amounting to ₹567.81 crore from 1987-88 onwards for funding capital expenditure. The current outstanding loan stood at ₹554.24 crore. MFL had submitted a financial revival package proposing 100% waiver of outstanding interest on GoI loans, including penal interest, and conversion of the principal outstanding of ₹554.24 crore into a zero-interest loan repayable in 15 equal annual instalments. Following the introduction of the New Public Sector Enterprise (PSE) Policy for Atmanirbhar Bharat (OM dated 04.02.2021), the Department had temporarily put MFL's financial revival proposal on hold. The Committee was informed that MFL had been requested to submit a revised proposal in light of the PSE Policy, and the same was awaited.

RAW MATERIAL SECURITY — LONG-TERM AGREEMENTS

4.7 The Committee were informed that, to ensure raw material security and reduce dependence on spot markets, Indian fertilizer companies had entered into long-term agreements for the import of Rock Phosphate, Phosphoric Acid, and Ammonia. For the supply during 2025-26, four long-term agreements or Memoranda of Understanding had been signed for each of these raw materials.

(A) FACT — M/s SNPT, Togo (Rock Phosphate)

FACT had signed a long-term agreement with M/s SNPT, Togo for annual supply of approximately 2,40,000 MT (non-binding) of Rock Phosphate over three years. Pricing is on CFR Cochin basis, finalized quarterly through a mutually agreed pricing formula. Payment is through an irrevocable L/C in USD, opened within 10 banking days from the date of Purchase Order.

(B) RCFL — M/s Atlantic Mineral SARL, Mauritania (Rock Phosphate)

RCFL had signed an agreement with M/s Atlantic Mineral SARL, Mauritania for annual supply of 1,50,000 MT of Rock Phosphate for three years. Price is on CFR free-out basis, mutually agreed prior to each shipment. Payment is through an irrevocable, confirmable L/C in USD, opened within 10 banking days from price finalization and execution of Sales Contract.

LAND AND ASSET UTILIZATION OF CLOSED UNITS (FCIL AND HFCL)

4.8 The Committee was informed that Fertilizer Corporation of India Limited (FCIL) and Hindustan Fertilizer Corporation Limited (HFCL) had acted as equity partners in joint venture companies, namely Hindustan Urvarak & Rasayan Limited (HURL), Rashtriya Fertilizers and Chemicals Limited (RFCL), and Talcher Fertilizers Limited (TFL), by providing land rights for their operations. The ownership of these lands remained with FCIL and HFCL for the duration of the joint venture companies, after which the lease would either be extended or the land returned to the respective corporations. The Committee was further informed that there was no proposal under consideration for the merger or restructuring of FCIL and HFCL.

Key land utilization status of closed units are as under:

- FCIL Sindri: After leasing to HURL, 1,375 acres available; 390 acres given on long-term lease to SAIL and ACC.
- FCIL Gorakhpur: 268.335 acres placed under control of District Magistrate, Gorakhpur by UP Government without FCIL's consent; physical possession remains with FCIL.
- HFCL Durgapur: 830.17 acres, subject to West Bengal Government's claim of ₹526.63 crore for regularization. Discussions ongoing; letter dated 04.11.2025 sent to State Government for finalization.
- HFCL Haldia: Land surrender to Kolkata Port Trust (now Syama Prasad Mookerjee Port Authority) is under process.
- HFCL Barauni: After leasing to HURL, approximately 90 acres available for leasing as per policy.

CAPEX PLANS OF PSUs

4.9 On being asked about the capital expenditure (Capex) plans of the public sector undertakings, the Committee was informed that Rashtriya Chemicals and Fertilizers Limited (RCFL) had embarked upon a Capex plan of approximately ₹2,949 crore for energy efficiency improvements at its Thal unit and for setting up a new Nitrogen-Phosphorus-Potassium (NPK) plant with a capacity of 4 lakh metric tonnes per annum (LMTPA) at Thal, to be financed without budgetary support. RCFL had also submitted a request to the Department of Fertilizers for an interest-free loan of ₹600 crore for the proposed Phosphoric Acid Plant at Thal, which was under examination. Further, the Committee was informed that Fertilizers and Chemicals Travancore Limited (FACT) had submitted a proposal for Capex projects totaling ₹6,350 crore, which included: (i) a 700 metric tonnes per day (MTPD) Phosphoric Acid Plant at FACT's Cochin Division; (ii) a 2,200 MTPD Sulphuric Acid Plant; (iii) a new Urea Plant at the FACT Udyogamandal Complex; and (iv) a 20,000 metric tonnes Ammonia Storage Tank at Willingdon Island. The proposal was also under examination by the Department.

PART-II

OBSERVATIONS AND RECOMMENDATIONS

Adequacy of Budgetary Allocation and the Pattern of Under-Provisioning

1. The Committee note that the total Demands for Grants (2026-27) for the Department of Fertilizers have been placed at Rs. 1,87,162.53 crore (BE), representing an increase of approximately 1.67 per cent over the BE of Rs. 1,84,082.44 crore for 2025-26. The Committee, however, observe a consistent and structurally significant pattern of under-provisioning at the Budget Estimate stage, where the initial allocations have invariably fallen short of actual expenditure requirements over the years. In 2023-24, the BE of Rs. 1,79,128.48 crore expanded to a final allocation of Rs. 1,95,479.29 crore. In 2024-25, the BE of Rs. 1,68,130.81 crore was ultimately enhanced to Rs. 1,77,236.29 crore. In 2025-26, the BE of Rs. 1,84,082.44 crore was revised to Rs. 2,15,148.63 crore, an upward revision of over Rs. 31,000 crore. The Committee are of the considered view that this recurring pattern of underestimation at the BE stage and subsequent mid-year enhancement through supplementary grants creates operational uncertainty, disrupts subsidy release cycles, and impairs the long-term planning capacity of the fertilizer industry. The practice of parking subsidies in subsequent year's liabilities also distorts the true picture of Government's subsidy outgo. The Committee, therefore, strongly urge the Government to adopt a more realistic, data-driven approach to budgetary estimation; one that takes into account historical expenditure trends, projected consumption, prevailing international commodity prices, exchange rate volatility, and natural gas price

fluctuations, so that BE allocations are as close to actual requirements as possible. The Committee further desire that the Finance Ministry should be more responsive to the Department's genuine requirements at the stage of finalizing Budget Estimates, and adequate flexibility should be built into the system to avoid fiscal distress during peak crop seasons.

Underutilisation of Funds, Re-appropriation and Surrender: Strengthening Expenditure Management and Accountability

2. The Committee observe that an analysis of Budget Estimates (BE), Revised Estimates (RE), actual expenditure and targets versus achievements of the Department of Fertilizers during 2023 to 2026 reveals a recurring pattern of underutilisation of funds under several developmental and technology schemes, even as the Department regularly seeks supplementary allocations for major subsidy heads. This coexistence of under provision in subsidy heads and underutilisation in development schemes indicates structural weaknesses in financial planning and expenditure management. Scheme wise data highlights this concern. Under the Market Development Assistance (MDA) scheme for organic fertilizers, the three-year average achievement stands at about 68 per cent. Under Research and Development in Organic Fertilizers, expenditure has remained far below allocations, resulting in repeated reductions in Revised Estimates and a sharp reduction in Budget Estimate for 2026 to 2027 to Rs. 15 crores from the earlier proposed Rs. 50 crores. The Committee also note instances of re appropriation and surrender of funds, including Rs. 7.30 crore under DBT Capital Outlay (MH 5475) due to non-finalisation of bids and surrender

under Secretariat Expenditure (MH 3451) due to 51 vacant posts out of 198 sanctioned posts. At the same time, sharp revisions in subsidy estimates, such as the increase in imported urea subsidy from Budget Estimate Rs. 21,000 crores to Revised Estimate Rs. 51,972 crores in 2025 to 2026, point to weaknesses in demand estimation. The Committee recommend that the Department should institute a scheme wise expenditure performance framework with variance analysis as part of the Demands for Grants. Developmental schemes should be supported by advance annual action plans with quarterly expenditure milestones and monthly monitoring. The Department should also expedite procurement for DBT infrastructure, avoid token allocations where expenditure is not anticipated, ensure realistic budgeting, and fill vacant posts in a time bound manner, so as to minimise surrender of funds and strengthen financial discipline.

Rationalising Budgetary Provision for Imported Urea

3. The Committee observe that the budgetary provision for imported urea has shown considerable volatility, reflecting the challenges in accurately estimating subsidy requirements in a sector influenced by domestic production levels and global price movements. In FY 2025–26, the Budget Estimate (BE) of Rs. 21,000 crore was revised to Rs. 51,972 crore at the Revised Estimate (RE) stage, representing an increase of Rs. 30,972 crore (about 147 per cent). As of 27 January 2026, actual expenditure had already reached Rs. 36,952.33 crore. The Committee note that such variations are closely linked to gaps between targeted and actual domestic production. Urea production in 2024–25 was 306.67 LMT against the target of 316.78 LMT, while in 2022–23 it stood at 284.94 LMT against a

target of 317.00 LMT. Given the subsidy differential of about Rs. 2,100 per bag for imported urea compared to Rs. 1,397 per bag for domestically produced urea, even modest domestic production shortfalls significantly increase subsidy outgo. It has been indicated that a 10 LMT shortfall in domestic production may lead to nearly Rs. 7,000 crore of additional subsidy due to higher imports. Conversely, in 2024–25 an amount of Rs. 678.50 crore had to be re-appropriated due to lower-than-anticipated imports, highlighting the uncertainty in current projections. The Committee, therefore, recommend that budget estimates for imported urea should be prepared using a scenario-based approach, incorporating baseline, optimistic and adverse cases with explicit assumptions regarding domestic production, global urea prices and exchange rates. The Committee also recommend strengthening real-time monitoring of plant-level production across all urea units to enable monthly forecasting and timely adjustment of import planning, thereby improving the reliability of subsidy projections.

Continuation and Review of the Urea Subsidy Scheme

4. The Committee note that the continuation of the Urea Subsidy Scheme beyond 31 March 2026 is contingent on the outcome of an evaluation being carried out by the Development Monitoring and Evaluation Office (DMEO), NITI Aayog, and a study being conducted by NITI Aayog for continuation of the NBS scheme for P&K fertilizers. The Committee acknowledge the importance of these evidence-based evaluations for ensuring that fertilizer subsidies are both fiscally efficient and agronomically effective. However, they are deeply concerned about the uncertainty that arises if decisions on continuation are delayed beyond the

expiry of the existing scheme. Urea accounts for the largest share of the fertilizer subsidy budget, and any gap in the legal continuity of the Urea Subsidy Scheme, even temporarily, could create confusion at the level of manufacturers, importers, and distribution chains, potentially affecting supply to farmers during the critical Kharif and Rabi sowing seasons. The Committee note that as per the data furnished, the domestic production of urea stood at 306.67 LMT in 2024-25, and imports of approximately 85 LMT are projected for 2026-27, entailing a subsidy outgo of Rs. 91,000 crore (for Indigenous Urea) and Rs. 31,999 crore (for Imported Urea) respectively. Timely continuation of the scheme is indispensable to ensure supply chain continuity and price stability. The Committee, therefore, urge the Government to expedite the completion of the NITI Aayog/DMEO evaluation, ensure that the Cabinet decision on continuation of both the Urea Subsidy Scheme and the NBS scheme is taken well before their date of expiry, and that the industry, States, and distribution channels are informed in advance to avoid any disruption. The Committee further desire that the revised subsidy framework, as and when approved, should comprehensively address key issues, including the rationalization of energy norms, the adoption of import substitution strategies, and the promotion of Nano Urea as a supplement to conventional urea.

Rationalizing the Subsidy Burden: Indigenous Production versus Imports

5. The Committee observe that the per-bag subsidy burden on imported urea, at approximately Rs. 2,100 per 45-kg bag, is substantially higher than the subsidy of approximately Rs. 1,397 per bag for domestically produced urea. The

significant difference arises from the volatility of international urea prices, freight and insurance costs, port handling charges, and exchange rate fluctuations. Similarly, in the case of phosphatic and potassic fertilizers, the subsidy outgo for imported varieties is structurally higher than for domestically produced fertilizers. The Committee note with concern that the Government's continued reliance on imports as a buffer against domestic supply gaps exposes the exchequer to significant and unpredictable fiscal pressures. In 2025-26, the Revised Estimates for imported urea alone stood at Rs. 51,972 crore, far exceeding the Budget Estimate of Rs. 21,000 crore, primarily due to unforeseen demand and supply disruptions in global markets. At the same time, the Committee observe that India currently has 33 urea manufacturing units, of which 27 units are over 25 years old and 7 units are over 50 years old. Many of these vintage plants require substantial investments in modernization, implementation of Energy Saving Scheme (ESS) measures, and ongoing operations and maintenance in order to sustain efficient production levels. The Committee are of the view that continued reliance on ageing plants without a structured modernization or replacement strategy may constrain the long-term expansion of domestic urea production capacity. The Committee therefore believe that the most effective long-term strategy for reducing the subsidy burden on imports lies in strengthening domestic production capacity through modernization of existing plants and establishment of new, energy-efficient units. The Committee also note that certain major projects, including the Talcher Fertilizers Limited coal gasification-based urea project and the brownfield complex of Assam Valley Fertilizer and Chemical

Company Limited at Namrup, are expected to contribute to domestic production once commissioned. The Committee recommend that the Department of Fertilizers should draw up a clear and time-bound roadmap for modernization, revamping, and phased replacement of ageing urea plants, particularly those that are more than 25–50 years old, with new energy-efficient facilities. The roadmap should include annual milestones for commissioning of new plants, implementation of Energy Saving Scheme (ESS) measures, and mobilization of the necessary capital expenditure by fertilizer companies.

Strengthening Research and Development in the Fertilizer Sector and Indigenous Coal Gasification Technology

6. The Committee observe with serious concern that research and development expenditure in the fertilizer sector remains extremely low and has been repeatedly curtailed despite the sector accounting for one of the largest components of Central Government subsidy expenditure. Against a proposal of Rs. 50 crores for FY 2026–27, only Rs. 15 crore was approved, while actual R and D expenditure in recent years has remained negligible. The Committee are of the view that a sector facing major challenges such as import dependence for raw materials, technological gaps in fertilizer production and mining, and rising subsidy burdens cannot afford such minimal investment in innovation. The Committee therefore recommend the creation of a dedicated Fertilizer Technology and Innovation Fund with an annual allocation of at least Rs. 500 crores to support research in fertilizer technologies, mineral exploration, alternative feedstocks and sustainable nutrient management. The Committee

further note that despite possessing one of the world's largest coal reserves, India continues to depend heavily on imported natural gas for urea production. Coal gasification offers a major opportunity to convert domestic coal into syngas for fertilizer manufacturing and reduce energy import dependence. While the Talcher coal-gasification based urea project in Odisha represents an important milestone, India currently relies largely on imported gasification technologies that are not fully suited to high ash Indian coal. The Committee therefore strongly recommend launching a mission mode programme for development of indigenous coal gasification technology, focusing on high ash coal, pilot scale demonstration plants and integration with carbon capture and urea production. Strengthening domestic capability in coal gasification could significantly reduce natural gas imports, lower fertilizer subsidy exposure to global energy price volatility and contribute to long term fertilizer and energy security.

Talcher Fertilizers Limited: Timely Commissioning of India's First Coal Gasification-based Urea Plant

7. The Committee note that the Talcher Fertilizers Limited (TFL) project, conceived as India's pioneering coal gasification-based urea plant with an annual capacity of 12.7 LMTPA, has suffered significant delays and cost escalations. As on 31 January 2026, the physical progress of the project stood at 70.94 per cent, and the revised commissioning timeline has been pushed to December 2027. The total project cost has escalated from an initial estimate of approximately Rs. 13,500 crore to about Rs. 19,000 crore, representing an increase of over Rs. 5,500 crore. The delay has been attributed to COVID-related disruptions, challenges

with the Chinese technology partner M/s Wuhuan Engineering Company Ltd. involving geopolitical complications, visa constraints, contractual disputes, and demands for cost escalation. The Committee recognize the transformative significance of this project as it would leverage India's vast reserves of low-grade coal to produce urea indigenously, saving an estimated Rs. 3,000 to Rs. 4,000 crore per lakh tonne of domestic production, while also laying the foundation for similar investments in the future. However, the Committee are concerned that further delays could result in additional cost burden on the JV partners and lender banks, jeopardizing the financial viability of the project. The Committee, therefore, strongly recommend that the Department of Fertilizers should closely monitor the project's progress on a monthly basis through a dedicated high-level oversight mechanism, resolve outstanding contractual, funding and technical issues on priority, and take all necessary steps to ensure that commissioning is completed by December 2027 as committed. The Committee also recommend that once the project is successfully commissioned and the technology is validated, a structured policy framework for replicating coal gasification-based fertilizer manufacturing at other locations should be developed, so that India can progressively leverage its large coal reserves to reduce import dependence in the long run.

Strengthening the Nutrient Based Subsidy (NBS) Policy: Ensuring Farmer Affordability and Curbing Profiteering

8. The Committee note that the NBS Policy, operational since 2010 for P&K fertilizers, relies on a system of open Maximum Retail Prices (MRPs) with subsidy

per nutrient fixed by the Government. While the flexibility in MRP helps respond to market dynamics, the Committee observe that it also creates room for manufacturers to charge unreasonable prices above their cost of production, effectively shifting the benefit of the NBS subsidy away from farmers. The Reasonability Guidelines issued on 18 January 2024, which prescribe maximum permissible profit margins of 8 per cent for importers, 10 per cent for manufacturers, and 12 per cent for integrated manufacturers represent a commendable initiative. The Committee also note that instances of unreasonable pricing were identified, and recovery notices were issued in 2023-24; however, the companies challenged these notices in various High Courts, and recovery proceedings had to be kept on hold. Despite this, approximately Rs. 452.14 crore has been recovered as voluntary submissions. The Committee are of the view that the current enforcement mechanism is inadequate and needs to be strengthened. The Committee, therefore, recommend that the Government should pursue the court cases relating to recovery of unreasonable profits with due diligence and ensure that the legal framework supporting the Reasonability Guidelines is robust enough to withstand judicial scrutiny. Further, a system of real-time cost data monitoring of P&K fertilizer companies should be put in place so that cases of unreasonable profit are detected and addressed within the same financial year rather than retrospectively. The Committee also strongly recommend that the NBS rates should be revised periodically through the Inter-Ministerial Committee (IMC) mechanism to reflect the actual cost structure of fertilizer inputs, especially in a highly volatile international commodity

environment, so that farmers have access to P&K fertilizers at affordable and stable prices.

Reducing Import Dependence in P&K Fertilizers: Building a Resilient and Self-Reliant Fertilizer Supply Chain

9. The Committee observe that India's dependence on imports for critical fertilizer inputs remains a major structural vulnerability. Domestic production meets only about 10 per cent of rock phosphate requirements, potash is almost entirely imported, and Sulphur also has limited domestic availability. This near-total import dependence exposes the country's fertilizer supply chain to the full brunt of geopolitical disruptions, global commodity price volatility, and foreign exchange risks. In particular, the ongoing geopolitical tensions in the Middle East and the consequent pressures on international shipping routes underline the need for a proactive and forward-looking strategy to safeguard India's fertilizer supply chain. The acute shortage of Di-Ammonium Phosphate (DAP) during recent seasons, which necessitated a special additional support package of Rs. 3,500 per MT over and above the NBS subsidy for DAP and imported TSP during Rabi 2025-26 to keep farmer prices at Rs. 1,350 per 50-kg bag, is a stark illustration of this vulnerability. The Committee note with some satisfaction that about 59.65 LMT of DAP/NPK plant capacity and 44.21 LMT of intermediate plant capacity (phosphoric and sulphuric acid) are under construction and are expected to be commissioned between 2028 and 2030. However, the Committee urge that the Government must not wait for a crisis to trigger corrective action. The Committee therefore recommend that a Fertilizer Supply Security Fund

should be established to maintain strategic buffer stocks of critical P&K fertilizers and raw materials such as DAP, MOP, rock phosphate and phosphoric acid. Additionally, the Nutrient Based Subsidy (NBS) framework should incorporate automatic price-linked subsidy adjustment mechanisms, so that private importers retain incentives to import during periods of international price surge, thereby preventing supply disruptions. The department should also actively pursue backward integration through public-private partnerships, including investment in rock phosphate mines abroad, long-term supply agreements with potash-rich countries, and support for domestic SSP and PDM production. The Committee further recommend that the Department should set measurable targets for reducing import dependence in P&K fertilizers over the next five years, and periodically report progress to the Committee.

PM-PRANAM Scheme: Need for Urgent Course Correction

10. The Committee are deeply concerned to note that the PM Programme for Restoration, Awareness Generation, Nourishment and Amelioration of Mother Earth (PM-PRANAM), approved for three years from 2023-24 to 2025-26 with a provision to incentivize States and UTs for reducing chemical fertilizer consumption, has effectively been a non-starter in terms of financial disbursement. As of the time of examination, not a single rupee has been released as incentive to any State or UT under this scheme. Only 9 States/UTs were found eligible during 2023-24 with a total reduction of 14.59 LMT, while just 3 States/UTs were eligible in 2024-25 with a much lower reduction of 0.42 LMT. The scheme was designed with the laudable objective of promoting balanced and

sustainable fertilizer use and reducing the nation's chemical fertilizer subsidy burden. However, the Committee observe that the incentive structure and the eligibility criteria of the scheme appear to be too complex and restrictive, with adjustments for natural calamities and consumption of neighbouring districts significantly limiting the pool of eligible States. With the scheme in its final year (2025-26), the window for meaningful impact is rapidly closing. The Committee, therefore, strongly recommend that the Government undertake an urgent review of the PM-PRANAM scheme to simplify eligibility conditions, reduce bureaucratic hurdles in disbursement, and process and release the incentives due to eligible States/UTs without further delay. Beyond the current scheme period, the Committee recommend that a revamped and more effective successor scheme should be designed, in active consultation with State Governments, to genuinely incentivize a sustainable transition towards organic, nano, and biofertilizers and away from excess chemical fertilizer use. The scheme should also be backed by adequate budgetary support commensurate with the scale of the targeted transformation.

Market Development Assistance (MDA) Scheme: Addressing Chronic Underutilization

11. The Committee note that the Market Development Assistance (MDA) scheme, approved with a total corpus of Rs. 1,451.84 crore for the three-year period 2023-24 to 2025-26 to promote organic fertilizers (FOM, LFOM, PROM) produced at GOBARdhan initiative plants, has consistently underperformed in financial terms. Against an RE of Rs. 5 crores in 2023-24, expenditure was nil. In

2024-25, expenditure was Rs. 28 crores against RE of Rs. 35 crores. In 2025-26, the BE of Rs. 100 crores proposed by the Department was reduced by the Ministry of Finance to a nominal allocation, and for 2026-27, the BE of Rs. 75 crore was approved against a proposal of Rs. 200 crores. The Committee acknowledge that there has been some improvement in utilization, the overall expenditure on MDA rising sharply from 56,058 MT of organic fertilizers sold in 2023-24 to 10,92,803 MT by 2025-26 (up to December 2025), indicating growing participation. However, the cumulative expenditure as a proportion of the total corpus remains far below target, and the scheme is entering its final year without having achieved its full potential. The Committee also note with concern that the scheme is being transferred to the Ministry of Petroleum and Natural Gas, with the Department of Fertilizers retaining only a residual provision for carry-over liabilities. The Committee desire that this transition should be managed seamlessly and without disruption to ongoing CBG plant operations and MDA claimants. The Committee recommend that the Department should proactively reach out to all registered and eligible CBG/biogas plants to ensure pending claims are submitted and processed before the end of the scheme period. A comprehensive assessment of the scheme's outcomes, including company-wise registration, production, sales, and subsidy disbursement should be done to enable informed evaluation of whether the GOBARdhan vision is being adequately served.

Strengthening the DBT Framework, Scaling Haryana Model Nationally, and Deploying Artificial Intelligence for Fertilizer Subsidy Management

12. The Committee note with considerable appreciation the results of the pilot integration of the *Meri Fasal Mera Byora (MFMB)* portal of the Government of Haryana with the iFMS/PoS system for targeted and authenticated sale of subsidized fertilizers. The pilot, implemented across Haryana from October 2025, has produced tangible outcomes within a very short period: urea consumption declined by about 10 per cent, P&K fertilizer sales fell by about 26 per cent indicating reduction in excess use, and estimated subsidy savings have reached Rs. 700.53 crore in just four months from October 2025 to February 2026. The share of small buyers purchasing fewer than 10 bags increased by over 50 per cent, suggesting improved access for marginal and small farmers. Maharashtra has achieved 100 per cent AgriStack seeding, which makes it ready for a similar integration exercise. The Committee further note that the Integrated Fertilizer Management System (iFMS) has achieved full integration with the Public Financial Management System (PFMS) from January 2026, enabling real-time audit trails of subsidy payments to companies and consumers, a significant transparency milestone. However, the Committee observe that the DBT framework still lacks a comprehensive digital database of identified farmer-beneficiaries at the national level, making it difficult to deploy AI-based analytics for purchase pattern detection in the manner used in other welfare schemes such as PDS. The Committee are of the strong view that the Department has considerable untapped potential in deploying advanced Artificial Intelligence and

data analytics to further improve the efficiency, accuracy, and fraud-detection capability of the fertilizer subsidy system. The success of AI-enabled reforms in the Public Distribution System, where identification and elimination of ghost and duplicate beneficiaries is estimated to have saved Rs. 3.48 lakh crore between 2009 and 2024; demonstrates the transformative potential of this approach. The Haryana pilot itself, saving Rs. 700 crore in just four months, offers a compelling proof of concept. The Committee recommend that the Department of Fertilizers should develop a time bound national roadmap for the integration of iFMS with the AgriStack platform, including a State wise implementation schedule, technical support from NIC, and an independent evaluation framework. The Department should also actively coordinate with the Department of Agriculture and Farmers' Welfare to expedite completion of the Farmers' Registry under *AgriStack* and prepare a roadmap for the use of AI enabled analytics within the iFMS system. Pending full integration with Agri Stack, the Committee further recommend that the Department should initiate a pilot project for AI based anomaly detection in at least five States with high urea consumption, with the objective of identifying suspicious purchase patterns, unusually large repeat buyers, and possible diversion of subsidized fertilizers at the PoS level. The Committee also recommend that a dedicated annual allocation of Rs. 100 crores should be earmarked within the Department's budget for deployment of artificial intelligence and digital analytics tools in the fertilizer subsidy management system, so as to strengthen monitoring, improve targeting of subsidies and minimize diversion.

Curbing Black Marketing, Hoarding and Diversion of Subsidized Fertilizers

13. The Committee observe that despite the existence of the Direct Benefit Transfer framework with Aadhaar based biometric authentication, the cap of 50 bags per buyer per month, and the availability of purchase history data on PoS devices, diversion of subsidized fertilizers particularly urea for use in non-agricultural sectors such as resin, adhesives, plastics, textiles and leather industries continue to remain a matter of serious concern. The Committee note that the present system operates on a no denial basis across all States except Haryana, which makes it difficult to prevent over purchasing by genuine farmers or purchases by non-farmers using borrowed Aadhaar identities. The Committee acknowledge the initiative of launching the *Dharti Mata Bachao Abhiyan* in August 2025 under which 1,69,153 Gram level committees, 2,247 Sub Divisional level committees and 462 District level committees have been constituted. However, the Committee observe that the effectiveness of these bodies can only be assessed through systematic monitoring and periodic evaluation of their functioning. The Committee further note that while certain States such as Maharashtra have demonstrated higher detection rates due to extensive enforcement machinery including 354 block level inspectors, many other States report very low punitive action despite a large number of inspections conducted. In view of these concerns, the Committee recommend that the Government should introduce a national level benchmarking framework to ensure greater uniformity, transparency and credibility in fertilizer enforcement across States. The Committee further recommend that monthly data on buyers purchasing more

than 40 bags, which is presently shared only at the district level, should be made available to State enforcement agencies in real time through a dedicated monitoring dashboard. The Committee also emphasize that the powers available to State Governments under the Essential Commodities Act and the Fertilizer Control Order should be exercised more proactively to prosecute cases of diversion and black marketing rather than restricting action primarily to issuance of show cause notices.

Nano Fertilizers: Scaling Up Production, Removing Regulatory Delays and Strengthening Adoption

14. The Committee note the encouraging progress made in the Nano fertilizer ecosystem in India. Findings of the National Productivity Council study indicate that the combined use of conventional urea with Nano Urea results in yield improvements ranging from 1.65 per cent to 14.82 per cent across crops. Several variants of Nano Urea with higher nitrogen concentrations have been notified, while field trials suggest that Nano DAP can reduce the requirement of conventional DAP by up to 50 per cent with yield gains of over 5 per cent. Sales of Nano DAP have already reached 368.88 lakh bottles, indicating growing farmer acceptance. However, the Committee note with concern that the Nano Urea plant of RCF at Trombay, commissioned in February 2025 with an investment of Rs. 120.90 crore, is yet to commence commercial production due to the pending notification under the Fertilizer Control Order. The Committee also observe that while ongoing studies by the National Productivity Council and ICAR are examining agronomic impacts, long term evidence on soil health and ecological

effects of Nano fertilizers remains limited. The Committee recommend that the Department of Fertilizers should expedite the pending regulatory approvals for the Trombay Nano Urea plant, prepare and disseminate standard application guidelines for Nano Urea and Nano DAP, and support long term multi location research through ICAR and agricultural universities to assess soil health impacts. The Committee further recommend that the Government should examine the feasibility of providing targeted support for Nano DAP to accelerate farmer adoption, subject to confirmation of agronomic efficacy, and establish a national monitoring framework to track region wise adoption, yield outcomes and long term agronomic effects of Nano fertilizers.

Integrating Soil Health Card Recommendations with the Fertilizer Distribution System

15. The Committee note that the Soil Health and Fertility Scheme, implemented since 2014–15, has issued 25.85 crore Soil Health Cards and established 8,313 soil testing laboratories. Studies show that 62 to 68 per cent of farmers follow SHC recommendations, leading to 4 to 10 per cent reduction in input costs, 5 to 10 per cent lower chemical fertilizer use, and moderate yield gains. However, integration of SHC based recommendations with the iFMS Point of Sale system, which could guide farmers towards soil specific fertilizer purchases, has not yet been implemented. The Department of Fertilizers has indicated that action will be taken after receiving a proposal from the Department of Agriculture and Farmers Welfare. The Committee believe that limited inter departmental coordination has delayed this important reform. The Committee recommend that the Department of

Fertilizers should proactively coordinate with the Department of Agriculture and Farmers Welfare to integrate General Fertilizer Recommendations and Soil Health Card advisories with the iFMS-PoS system within a defined timeline. A monitoring mechanism should also be established to assess its impact on improving soil health practices and reducing unnecessary fertilizer consumption and subsidy expenditure.

Revival and Financial Restructuring of Fertilizer Public Sector Undertakings

16. The Committee observe that the financial position of several fertilizer Public Sector Undertakings under the Department of Fertilizers remains a matter of concern. The total arrears of Government loans as on 31 March 2025 from loanee entities alone amount to Rs. 7,09,043.14 lakh (about Rs. 7,090 crore) across MFL, FACT, BVFCL and HURL. FACT has an outstanding loan of Rs. 3,682.61 crore, for which a restructuring proposal involving annual repayment of Rs. 400 crore without further interest from January 2026 has been referred to the Department of Expenditure. MFL carries an outstanding loan of Rs. 554.24 crore originating from 1987–88 and is yet to submit a revised revival proposal under the new PSE policy. BVFCL has an outstanding loan of Rs. 572.75 crore, which has been converted into an interest free loan, while proposals for conversion into equity or waiver are under consideration. The Committee are constrained to note that persistent financial stress in these PSUs not only burdens the exchequer but also creates operational risks for the national fertilizer supply chain, as these units contribute significantly to domestic production, particularly in regions with limited private sector presence. The Committee therefore strongly recommend

that the Department of Fertilizers, in close coordination with the Department of Expenditure and the Department of Public Enterprises, should finalize the financial restructuring of FACT, MFL and BVFCL within a clearly defined and time bound framework. The Committee further emphasize that restructuring must be accompanied by a comprehensive revival strategy for each PSU, incorporating measurable targets for operational efficiency, capital investment planning, compliance with energy norms and rationalization of workforce structures so that these units can transition from recurrent financial dependence to sustainable operational viability.

Capital Investment and Diversification of Fertilizer PSUs for Long-Term Competitiveness

17. The Committee note that RCF is undertaking a capital investment of about Rs. 2,949 crore for energy efficiency improvements at its Thal unit and for establishing a new NPK plant of 4 LMTPA capacity without budgetary support, which is commendable. RCF has also sought an interest free loan of Rs. 600 crore for a proposed Phosphoric Acid Plant, which is under examination. FACT has submitted a capital investment proposal of Rs. 6,350 crore that includes a Phosphoric Acid Plant, a Sulphuric Acid Plant, a new Urea Plant and an ammonia storage facility. These investments have the potential to strengthen domestic production capacity and reduce India's dependence on imported fertilizer raw materials. However, the Committee observe that FACT's proposals are yet to receive clear approval in terms of timelines or funding framework, creating uncertainty over their implementation. The Committee therefore recommend that

the Department of Fertilizers should examine and approve the capital investment proposals of FACT and RCF on priority and put in place an appropriate financing framework, including interest free loans or equity support where required. The Committee further recommend that fertilizer PSUs should be encouraged to diversify into specialty fertilizers such as Nano Urea, Nano DAP, bio fertilizers and fortified NPK grades and explore export opportunities to reduce long term dependence on subsidy driven domestic demand.

Effective Utilization of Land and Assets of Closed Fertilizer Units

18. The Committee note that Fertilizer Corporation of India Limited and Hindustan Fertilizer Corporation Limited, both closed Public Sector Undertakings, continue to hold substantial land assets across locations such as Sindri, Gorakhpur, Durgapur, Haldia and Barauni. While parts of these lands have been utilized for joint venture projects under HURL, RFCL and TFL, significant portions remain underutilized or are locked in disputes. For instance, 268.335 acres of FCIL land at Gorakhpur has been placed under the control of the District Magistrate by the Government of Uttar Pradesh without FCIL's consent, and HFCL's land at Durgapur is subject to a regularization claim of Rs. 526.63 crore by the Government of West Bengal. The Committee are concerned that prolonged inaction on these strategically located land parcels reflects weak asset management and represents a significant loss of productive economic potential. Such lands could support fertilizer production, allied industries and other industrial infrastructure. The Committee also recommend that the Department should examine the feasibility of restarting the fertilizer plant at Durgapur, given

its strategic industrial location and potential cost advantages in logistics and infrastructure. The Committee therefore strongly recommend that the Department of Fertilizers adopt a time bound and proactive approach to resolve land disputes with State Governments through negotiation or legal action where necessary, and formulate a clear asset utilization strategy for surplus land held by FCIL and HFCL. The Committee further recommend that a comprehensive plan should be drawn up for optimal utilization of these land assets, taking into account the need for revamping old and vintage urea plants and establishing additional urea capacity to move towards national self-sufficiency, particularly in view of the likely increase in natural gas prices arising from geopolitical tensions and conflicts in key energy regions. Such a strategy would contribute to strengthening domestic fertilizer security and advancing the broader objective of Atmanirbhar Bharat.

Achieving Self Reliance in Potash and Phosphate Mineral Exploration

19. The Committee note with serious concern that India remains almost entirely import dependent for potash and heavily dependent for rock phosphate, importing nearly 100 per cent of potash and about 90 per cent of rock phosphate requirements. This exposes the country to major strategic and economic vulnerabilities, as disruptions in global supply chains or price volatility in supplier countries can directly affect fertilizer availability, subsidy expenditure and ultimately national food security. At the same time, the Committee note that substantial potash resources have been identified in the Nagaur Ganganagar Evaporite Basin in Rajasthan, with estimated resources of over 23,000 MT, while

other potential occurrences of potash and phosphate minerals have been reported in Rajasthan, Gujarat, Himachal Pradesh, Punjab, Madhya Pradesh, Meghalaya and Andhra Pradesh. However, only a small portion of these deposits has been systematically explored and India still lacks indigenous technology for deep solution mining of potash and for efficient beneficiation of low-grade phosphate ores. Although the recent auction of potash blocks in Hanumangarh district marks an important step, the Committee observe that exploration and technology development remain far below the scale required to achieve meaningful import substitution. The Committee therefore strongly recommend that the Government launch a mission mode National Programme for Potash and Phosphate Mineral Development, led by the Department of Fertilizers in coordination with the Ministry of Mines, Geological Survey of India, Mineral Exploration and Consultancy Limited (MECL) and scientific institutions. This programme should focus on accelerated exploration of the Nagaur-Ganganagar Basin and other potential regions, development of indigenous solution mining technology for deep potash deposits, research on beneficiation of low-grade rock phosphate and evaluation of alternative potassic minerals such as glauconite. The Committee further recommend the creation of a dedicated research and exploration framework with adequate annual funding, as even modest investments in domestic mineral exploration and technology development could significantly reduce India's long-term dependence on imported fertilizer raw materials and strengthen national fertilizer security.

Integration of Green Ammonia into Domestic Fertilizer Production

20. The Committee note that the National Green Hydrogen Mission, with an outlay of Rs. 19,744 crore up to 2029–30, presents a major opportunity for the fertilizer sector to reduce its dependence on imported natural gas and transition towards low carbon production. India currently consumes about 17 to 19 million tonnes of ammonia annually, largely produced from natural gas, exposing the fertilizer sector to global gas price volatility and contributing to a sharp rise in subsidy expenditure during international price shocks. The Committee welcome the progress made under the Strategic Interventions for Green Hydrogen Transition programme, under which 7.24 lakh tonnes of green ammonia annually have been contracted for supply to 13 fertilizer plants through competitive bidding, supported by a viability gap subsidy to bridge the cost difference with conventional ammonia. While these developments represent an important step towards decarbonizing the fertilizer sector and strengthening energy security, the Committee observe that a clear long-term roadmap for integrating green ammonia into fertilizer production has not yet been finalized. The Committee therefore recommend that the Department of Fertilizers, in coordination with the Ministry of New and Renewable Energy and other stakeholders, should prepare a comprehensive roadmap for phased adoption of green ammonia in urea, DAP and NPK production, including plant wise targets, investment plans, technology partnerships, infrastructure development and the quantum of subsidy support required. Such a strategy would reduce exposure to volatile LNG imports, support India's climate commitments and contribute to the broader objective of Atmanirbhar Bharat in the fertilizer and energy sectors.

Formulating a Long-Term National Strategy for Sustainable and Balanced Fertilizer Use

21. The Committee observe that India's fertilizer ecosystem is currently caught in a structural tension: on one hand, the country must ensure adequate and affordable supply of fertilizers to sustain agricultural productivity and food security; on the other, unchecked dependence on chemical fertilizers, particularly urea, is contributing to soil degradation, nutrient imbalance, groundwater contamination, and growing greenhouse gas emissions from the agricultural sector. The NPK use ratio, which ideally should be close to 4:2:1, has been badly distorted by the differential subsidy structure that makes urea disproportionately cheap relative to phosphatic and potassic fertilizers, incentivizing over-application of nitrogen and under-application of phosphorus and potassium. The Committee note that the Government initiatives like expanding Nano Urea and Nano DAP, issuing Soil Health Cards, promoting organic fertilizers through the MDA scheme and the GOBARdhan initiative, integrating PM-PRANAM for chemical fertilizer reduction incentives, remain siloed without cohering into a unified national strategy for sustainable fertilizer use. The Committee further note that bio-fertilizers and precision agriculture technologies remain largely outside the existing policy and subsidy framework despite their potential to reduce chemical fertilizer dependence. The Committee, therefore recommend that the Department of Fertilizers, in coordination with relevant ministries and ICAR, formulate a time-bound National Sustainable Fertilizer Use Strategy that links subsidized fertilizer dispensation to soil-specific recommendations, corrects the

skewed NPK consumption ratio, establishes a Bio-Fertilizer Development Mission, integrates drone-based and technology-driven tools into farmer outreach, and introduces a mandatory annual Fertilizer Sustainability Report to track progress on soil health, consumption trends, and greenhouse gas emissions.

New Delhi;
12 March, 2026
21 Phalguna, 1947 (Saka)

Azad Kirti Jha
Chairperson,
Standing Committee on
Chemicals and Fertilizers

Cumulative Statement from April 25 to January 26 (as on 09.01.2026) ANNEXURE I

Action taken by the State Government to check black marketing, hoarding, quality check, diversion etc during the Kharif season from April 2025 to January 2026 as on date (09.01.2026)

States	No. of Inspections /raids	Black Marketing			Hoarding			Sub Standard Quality			Diversion			Conviction with details*	Total		
		Show cause notice issued	No. of licenses cancelled/suspended	FIR registered	Show cause notice issued	No. of licenses cancelled/suspended	FIR registered	Show cause notice issued	No. of licenses cancelled/suspended	FIR registered	Show cause notice issued	No. of licenses cancelled/suspended	FIR registered		Show cause notice issued	No. of licenses cancelled/suspended	FIR registered
Andhra Pradesh	18853	70	7	9	178	10	19	328	0	0	19	4	12	NIL	595	21	40
Arunachal Pradesh	0	0	0	0	0	0	0	0	0	0	0	0	0	NIL	0	0	0
Assam	4511	12	6	1	59	0	0	40	1	0	27	0	0	NIL	138	7	1
Bihar	21800	1212	739	111	7	0	0	2	0	0	0	0	0	NIL	1221	739	111
Chhattisgarh	6577	294	13	4	29	1	0	145	5	0	24	0	0	NIL	492	19	4
Dadar & Nagar	0	0	0	0	0	0	0	0	0	0	0	0	0	NIL	0	0	0
Delhi	315	0	0	1	0	0	0	3	0	0	0	3	0	NIL	3	3	1
Goa	618	544	180	6	10	0	0	32	1	0	16	0	0	NIL	602	181	6
Gujarat	14513	34	3	1	3	0	0	115	2	0	8	3	11	NIL	160	8	12
Haryana	4787	64	13	10	24	20	5	51	10	6	13	5	6	NIL	152	48	27
Himachal Pradesh	15	0	0	0	0	0	0	0	0	0	0	0	0	NIL	0	0	0
Jammu & Kashmir	4297	143	44	2	32	3	0	62	2	0	8	0	0	NIL	245	49	2
Jharkhand	759	57	20	11	32	4	0	2	0	0	1	1	0	NIL	92	25	11
Karnataka	8254	368	25	1	243	5	0	244	14	2	86	6	8	NIL	941	50	11
Kerala	1470	0	0	0	0	0	0	50	0	0	4	0	4	NIL	54	0	4
Madhya Pradesh	5930	0	0	88	0	0	0	680	44	4	682	160	15	NIL	1362	204	107
Maharashtra	46492	16	0	16	0	0	0	1484	1262	43	1	73	2	NIL	1501	1335	61
Manipur	3	0	0	0	0	0	0	0	0	0	1	0	0	NIL	1	0	0
Meghalaya	645	0	0	0	0	0	0	0	0	0	0	0	0	NIL	0	0	0
Mizoram	35	1	0	0	0	0	0	0	0	0	4	0	0	NIL	5	0	0
Nagaland	76	14	0	14	0	0	0	101	0	0	2	64	1	NIL	117	64	15
Odisha	7506	4	3	2	0	0	0	55	1	1	2058	110	4	NIL	2117	114	7
Puducherry	47	0	0	0	0	0	0	0	0	0	0	0	0	NIL	0	0	0
Punjab	6186	37	1	1	20	0	1	259	85	3	0	0	5	NIL	316	86	10
Rajasthan	11780	651	118	46	74	40	32	494	1	2	27	22	27	NIL	1246	181	107
Tamilnadu	20727	14	0	4	6	8	0	33	25	0	112	17	1	NIL	165	50	5
Telangana	127929	5	9	3	4	2	0	110	0	0	4	0	5	NIL	123	11	8
Tripura	748	0	0	0	9	0	0	0	0	0	0	0	0	NIL	9	0	0
Uttar Pradesh	35986	2302	2885	178	164	139	10	161	147	14	88	7	14	3	2715	3178	216
Uttarakhand	398	0	0	0	0	0	0	0	0	0	43	0	0	NIL	43	0	0
West Bengal	45080	0	0	0	0	0	0	277	0	0	0	0	0	NIL	277	0	0
Total	396337	5842	4066	509	894	232	67	4728	1600	75	3228	475	115	3	14692	6373	766

* - Details to be submitted- case number, year of FIR and year of filing of case and date of order

Above data has been compiled as reported by states

STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS

(2025-26)

Minutes of the Twelfth Sitting of the Committee

The Committee sat on Wednesday, the 25th February, 2026 from 1500 hrs. to 1800 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 Bharatsinhji Shankarji Dabhi
5. Shri Malvinder Singh Kang
6. Shri Babu Singh Kushwaha
7. Shri Praveen Patel
8. Shri Sachithannatham R.
9. Shri Eatala Rajender
10. Shri Daggumalla Prasada Rao
11. Shri Shivmangal Singh Tomar

RAJYA SABHA MEMBERS

12. Shri Naresh Bansal
13. Shri Subhash Barala
14. Shri Tejveer Singh
15. Shri G.K. Vasan

SECRETARIAT

- | | | |
|-------------------------|---|------------------|
| 5. Smt. Maya Lingi | - | Joint Secretary |
| 6. Ms. Miranda Ingudam | - | Director |
| 7. Shri Kulvinder Singh | - | Deputy Secretary |
| 8. Shri Abhishek Kumar | - | Deputy Director |

WITNESSES

Representatives of the Ministry of Chemicals and Fertilizers, Department of Fertilizers:

1. Shri Rajat Kumar Mishra, Secretary, DoF
2. Shri Kuntal Sensarma, Sr. EA, DoF
3. Ms. Aparna Sharma, AS, DoF
4. Shri Manoj Sethi, Js & FA
5. Shri K. K. Pathak, JS, DoF
6. Shri Anurag Rohatagi, JS, DoF
7. Shri Santosh Kumar, CCA, DoF
8. Ms Laboni Das Datta, Director, DoF
9. Shri Anil Phulwari, Director, DoF
10. Shri Abhay Sharma, Director, DoF
11. Shri Amar Kushwaha, Director, DoF
12. Shri Ujjwal Kumar, Director, DoF
13. Shri Manoj Kumar, DS, DoF
14. Shri Arun Kalra, DS, DoF
15. Dr. Velmurugan, ADG(NRM), DAFW
16. Shri Manoj Kumar Jain, CMD MFL
17. Shri P. R. Panda, Advisor, MFL
18. Shri Sandeep, Additional Manager, MFL
19. Shri S. Sakthimani, CMD, FACT
20. Shri M. N. Goyal, Director (Tech), NFL
21. Shri Prasanta Kumar Das, CMD, FAGMIL
22. Shri Anil Malhotra, Consultant, FAGMIL
23. Shri S. P. Mohanty, SMD, HURL
24. Shri Mohan Raj Shetty, CMD, BVFCL
25. Ms. Ritu Goswami, Director (Tech), RCF
26. Shri Naresh Arya, Director, FICC

2. At the outset of the sitting, the Committee expressed its heartfelt condolences on the sudden and untimely demise of **Dr. Rickey Andrew J. Syngkon**, Member of the Lok Sabha from the Shillong Parliamentary Constituency and also a Member of the Committee, who passed away on 19 February 2026. The Committee recalled with deep respect his dedication to parliamentary duties, his thoughtful and insightful interventions during the Committee's deliberations, and his commitment to public service and academic excellence. Members fondly remembered his active participation in the work of the Committee, including during its study visit to the North-East, and acknowledged that his untimely demise is an irreparable loss to Parliament, the Committee and the people he represented. As a mark of respect to the departed soul, the Members and staff present observed a one-minute silence.
3. Thereafter, the Chairperson welcomed the Members of the Committee and the representatives of the Department of Fertilizers to the sitting convened to examine the Demands for Grants (2026–27) of the Department. Drawing the attention of the witnesses to Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings of the Committee, the Chairperson asked them to apprise the Committee regarding Demands for Grants (2026–27).
4. The Secretary and representatives of the Department of Fertilizers accordingly made a detailed presentation before the Committee on the Demands for Grants (2026–27). The presentation covered the Budget Estimates and Revised Estimates, trends in fertilizer subsidy, and allocations under major subsidy heads, including indigenous and imported urea as well as phosphatic and potassic fertilizers. The Committee was apprised of the physical and financial performance during the current financial year, production targets, import projections, and the progress made in the settlement of pending subsidy claims. The Department also informed the Committee about measures undertaken to strengthen monitoring and transparency, including the use of digital platforms integrated with the Direct Benefit Transfer (DBT) system.
5. During the ensuing discussion, Members raised key issues regarding the overall allocation under the Demands for Grants and the variation between the Budget Estimates and Revised Estimates of the previous year, seeking clarification on the

basis of such revisions. The sustainability of the fertilizer subsidy regime was deliberated upon, with emphasis on rationalising subsidy expenditure while safeguarding farmers' interests. Members sought data on trends in indigenous production vis-à-vis imports over the past five years and enquired about a structured roadmap to enhance self-reliance, particularly in urea and phosphatic fertilizers. The use of Artificial Intelligence (AI) and digital infrastructure in the subsidy system was also discussed. Reference was made to the Public Distribution System (PDS), where AI-based interventions reportedly led to the exclusion of nearly five crore ineligible beneficiaries, suggesting similar efficiency measures in the fertilizer subsidy framework. Concerns were further expressed over relatively lower allocations for Information and Communication Technology (ICT) infrastructure and limited expenditure on research and development. The Committee stressed the need to strengthen R&D, including greater focus on utilizing coal reserves through the coal gasification route to boost domestic fertilizer production and reduce import dependence.

6. The Committee expressed concern over the continued import dependence in phosphatic and potassic fertilizers and the resultant exposure to global price volatility and geopolitical uncertainties. Clarifications were sought regarding long-term supply agreements for raw materials and finished fertilizers, along with their fiscal implications for the exchequer. Members also reviewed the financial and operational performance of public sector fertilizer units, the progress of revival projects and instances of under-utilisation of installed capacity. Particular attention was drawn to coal gasification-based initiatives, including Talcher Fertilizers Limited, and the delays in its commissioning which have led to time and cost overruns. Queries were raised on the comparative cost structures of gas-based and coal-based urea production and the overall economic viability and long-term sustainability of such projects.
7. Issues relating to outstanding subsidy dues, timelines for settlement of claims and their impact on fertilizer companies were discussed in detail. Members also referred to the experience of '*Meri Fasal Mera Byora*' implemented by the Government of Haryana and sought to know whether similar models of farmer and crop

identification could be leveraged for progressing towards a nationwide Direct Benefit Transfer (DBT) of subsidy directly to farmers. Members further enquired about the effectiveness of the existing DBT mechanism in enhancing transparency and curbing diversion, as well as the extent of coordination with the Ministry of Agriculture and Farmers Welfare to promote balanced fertilization and reduce excessive dependence on urea. The Committee also examined the progress achieved in the promotion of nano-fertilizers and other efficiency-enhancing initiatives, and their likely impact on rationalising subsidy outgo over time.

8. The Secretary and representatives of the Department of Fertilizers responded to the issues raised and clarified that variations between the Budget Estimates and Revised Estimates were primarily due to fluctuations in international prices, exchange rates and changes in consumption patterns. Subsidy projections were stated to be based on anticipated global trends, domestic production capacity and import requirements, with efforts underway to improve forecasting and expenditure management. The Department outlined measures to enhance self-reliance, including revival and capacity expansion of units and exploration of coal gasification-based projects, while noting that gas-based production presently remained more cost-efficient. Efforts to secure long-term supply arrangements for key raw materials were also highlighted. Initiatives relating to balanced fertilization, promotion of nano-fertilizers and greater use of digital tools, including AI, were also noted.
9. On the issue relating to the effectiveness of the Direct Benefit Transfer mechanism in enhancing transparency and curbing diversion, the Department submitted that the existing system has enabled real-time tracking of fertilizer sales at the retailer level. It was further informed that, in the near future, the Ministry of Agriculture and Farmers Welfare is in the process of developing *AgriStack*, a comprehensive digital database integrating land records, crop patterns and farmer details. The Department stated that once operational, this platform would enable the Department of Fertilizers to access authenticated data linking fertilizer purchases with specific crops and landholdings, thereby facilitating more targeted subsidy delivery and improved monitoring. It was indicated that, based on the successful operationalization of this system, the Department may subsequently move towards

implementing a nationwide Direct Benefit Transfer framework with greater precision and accountability.

10. The Chairperson underscored the necessity of ensuring that allocations under the Demands for Grants translate into measurable outcomes in terms of enhanced domestic production, reduced import dependence, improved efficiency of public sector undertakings and gradual moderation of subsidy burden. Emphasis was laid on timely completion of projects, fiscal discipline and accountability in implementation.
11. The Chairperson directed that detailed written replies to queries for which information was not readily available be furnished to the Committee Secretariat within the stipulated timeframe, in view of the time-bound examination of the Demands for Grants. The Chairperson thereafter thanked the Secretary, Department of Fertilizers, and the accompanying officers for their presentation and responses.

(The witnesses then withdrew)

The Committee then adjourned.

[A verbatim record of the proceedings was kept on record]

STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS BRANCH

(2025-26)

Minutes of the Fifteenth Sitting of the Committee

The Committee sat on Thursday, The 12th March, 2026 from 1000 hrs. to 1030 hrs. in Committee Room 'D', Parliament House Annexe (PHA), New Delhi.

PRESENT

Shri Azad Kirti Jha– Chairperson

LOK SABHA MEMBERS

2. Shri Ajay Bhatt
3. Shri Bharatsinhji Shankarji Dabhi
4. Dr. Kalyan Vaijinathrao Kale
5. Shri Malvinder Singh Kang
6. Shri Babu Singh Kushwaha
7. Shri Utkarsh Verma Madhur
8. Shri Praveen Patel
9. Shri Balram Naik Porika
10. Shri Eatala Rajender
11. Shri Daggumalla Prasada Rao
12. Shri Tharaniventhan M.S.
13. Shri Nalin Soren

RAJYA SABHA MEMBERS

14. Shri Naresh Bansal
15. Shri Subhash Barala
16. Dr. Bhagwat Karad
17. Shri Arun Singh
18. Shri Tajveer Singh

SECRETARIAT

- | | | |
|-------------------------|---|------------------|
| 1. Smt. Maya Lingi | - | Joint Secretary |
| 2. Ms. Miranda Ingudam | - | Director |
| 3. Shri Kulvinder Singh | - | Deputy Secretary |
| 4. 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) XXXX XXXX XXXX XXXX;

(ii) Twenty-First Report on 'Demand for Grants (2026-27)' pertaining to the Department of Fertilizers, Ministry of Chemicals and Fertilizers;

(iii) XXXX XXXX XXXX XXXX; and

(iv) XXXX XXXX XXXX XXXX;

3. After some deliberations, the draft Reports were adopted by the Committee without any amendment.

4. The Committee then authorized the Chairperson to finalize the Reports and present/lay the Reports in both the Houses of Parliament in the ongoing Session of Parliament.

The Committee then adjourned.

xxxx Matter does not pertain to the Report

