

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

UNSTARRED QUESTION NO:1753
ANSWERED ON:05.12.2005
SELF SUFFICIENCY IN PRODUCTION OF CHEMICALS AND FERTILIZERS
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether the Government has achieved self-sufficiency in the production of chemicals and fertilizers at present;
- (b) if not, whether the Government is still dependent upon imported fertilizers;
- (c) if so, whether the Government has formulated any scheme in this regard; and
- (d) if so, the details thereof ?

Answer

MINISTER OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) to (d)(i) CHEMICALS

The current turnover of the Indian Chemicals Industry is about US\$ 30 billion . The chemical industry accounts for 14% in value of the manufacturing sector & also 14% in the total exports of the country. During 1999-2005, there has been annual growth of 21.3% in export of all chemicals as against 17.8% in total exports. On the other hand, imports of all chemicals grew by 14.5% against 17.9% growth in the total imports of the country. The general index of industrial production grew by 8% while the growth of basic chemical was 14.3% in 2004-05.

The chemical industry has been considerably de-regulated. There is no control on the production, distribution and pricing of chemicals. A large number of organic/ inorganic chemicals, dyes and pesticides are being manufactured in large, medium scale and the small-scale sector. This Department does not monitor the production data of these chemicals.

(ii) FERTILIZERS

The country is almost self sufficient in respect of urea with annual installed capacity of 205.12 lakhs MT coupled with urea supplied by the Oman India Fertilizer Project (OMIFCO), which has production capacity of 16.52 lakhs MT per annum of urea.

In respect of phosphatic fertilizer including DAP, the installed capacity is 54.20 lakh MT in nutrient terms, which is adequate to meet the current level of requirement of 46-47 lakhs MT per annum. However, actual production is dependent upon availability of raw materials and intermediates like rock phosphate and phosphoric acid, which are substantially imported . Any gap between assessed demand and indigenous production is being met through imports.

In the absence of commercially exploitable potash (K) in the country, the entire demand of pottasic fertilizer for direct application as well as for production of complex fertilizer is met through imports.

The Government has been pursuing policies which are conducive for encouragement of investment in fertilizer sector so as to achieve self-sufficiency in meeting the indigenous requirement of major fertilizers. In case of urea, the Government has recently announced the pricing policy for investment made in (a) new and expansion projects of urea and (b) existing non-gas based urea units converting to natural gas/LNG for feedstock/fuel. The government is also encouraging overseas joint ventures as in respect of OMIFCO which has equity participation by IFFCO (25%) and KRIBHCO (25%) and where the entire production of 16.52 lakh MT of urea is being procured on government account. Similarly, government is also encouraging Indian fertilizers units to explore possibilities of joint ventures or long term supply arrangements in respect of phosphatic fertilizer inputs.