

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

UNSTARRED QUESTION NO:734
ANSWERED ON:16.08.2007
NEW FERTILIZER POLICY
Suman Shri Ramji Lal

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

- (a) whether the country requires a new fertilizer policy for increasing the production of chemical fertilizers in the country;
- (b) If so, the reaction of the Government thereto;
- (c) whether the Government has conducted dialogue with the fertilizer manufacturing industry for deciding the new policy; and
- (d) if so, the details of suggestions given by the industry for the proposed policy; and the reaction of the Government thereto ?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI B.K. HANDIQUE)

(a)&(b) The pricing policy for new and expansion projects in urea sector has been notified by the Government in January 2004. The existing policy has not been successful in attracting investments in this sector. Moreover, the availability of gas, which is the critical feedstock for production of urea, has been a major constraint in attracting investments in this sector.

In view of the projected improvement in availability of gas in future and the limitations of the existing policy, the review of existing policy is under consideration of the Government.

(c) & (d) The fertilizer industry is being consulted to decide upon the broad contours of the new investment policy. The fertilizer industry through FAI has suggested a new investment policy based on import parity price for brownfield/ Greenfield plants as well as for expansion through revamp of existing units. The Government is examining all possible options including the above option as suggested by the fertilizer industry for finalizing the new investment policy.