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**STANDING COMMITTEE ON  
CHEMICALS & FERTILIZERS**

**(2022-23)**

**SEVENTEENTH LOK SABHA**

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

**DEMANDS FOR GRANTS**

**(2023-24)**

**FORTIETH REPORT**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

**March, 2023/ Phalguna, 1944 (Saka)**

**FORTIETH REPORT**

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**MINISTRY OF CHEMICALS AND FERTILIZERS**

**(DEPARTMENT OF FERTILIZERS)**

**DEMANDS FOR GRANTS**

**(2023-24)**

*Presented to Lok Sabha on 21.03.2023*

*Laid in Rajya Sabha on 21.03.2023*



**LOK SABHA SECRETARIAT**

**NEW DELHI**

**MARCH, 2023/ PHALGUNA, 1944 (SAKA)**

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# COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS

(2022-23)

**Dr. Shashi Tharoor- Chairperson**

## MEMBERS

### LOK SABHA

2. Shri Dibyendu Adhikari
3. Maulana Badruddin Ajmal
4. Shri C.N. Annadurai
5. Shri Deepak Baij
6. Shri Ramakant Bhargava
7. Shri Prataprao Patil Chikhalikar
8. Shri Rajeshbhai Naranbhai Chudasama
9. Dr. Sanjay Jaiswal
10. Shri Ramesh Chandappa Jigajinagi
11. Shri Kripanath Mallah
12. Shri Satyadev Pachauri
13. Smt. Aparupa Poddar
14. Shri Arun Kumar Sagar
15. Shri Muniyan Selvaraj
16. Dr. Sanjeev Kumar Singari
17. Shri Atul Kumar Singh
18. Shri Pradeep Kumar Singh
19. Shri Uday Pratap Singh
20. Shri Indra Hang Subba
21. Shri Parbhubhai Nagarbhai Vasava

### RAJYA SABHA

22. Shri G.C.Chandrashekhar
23. Dr. Anil Jain
24. Shri Arun Singh
25. Shri Ram Nath Thakur\*
26. Shri Vijay Pal Singh Tomar
27. Vacant
28. Vacant
29. Vacant
30. Vacant
31. Vacant

### SECRETARIAT

- |                           |   |                     |
|---------------------------|---|---------------------|
| 1. Shri Vinay Kumar Mohan | - | Joint Secretary     |
| 2. Shri Nabin Kumar Jha   | - | Director            |
| 3. Smt. Geeta Parmar      | - | Additional Director |
| 4. Shri Panna Lal         | - | Under Secretary     |

\* Nominated w.e.f. 13.02.2023 vide Lok Sabha Bulletin Part-II, Para No. 6251 dated 14.02.2023.

## INTRODUCTION

I, the Chairperson, Standing Committee on Chemicals & Fertilizers (2022-23) having been authorized by the Committee do present on their behalf this Fortieth Report (Seventeenth Lok Sabha) on 'Demands for Grants (2023-24)' pertaining to the Department of Fertilizers, Ministry of Chemicals and Fertilizers.

2. The Committee considered the Demands for Grants (2023-24) pertaining to the Department of Fertilizers for the Financial Year 2023-24 which were laid on the Table of the House on 10<sup>th</sup> February, 2023. Thereafter, the Committee took evidence of the representatives of the Department of Fertilizers on 14<sup>th</sup> February, 2023. The Committee considered and adopted the Report at their sitting held on 20<sup>th</sup> March, 2023.

3. The Committee wish to express their thanks to the Officers of the Department of Fertilizers, Ministry of Chemicals and 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;  
20 March, 2023**  
**29 Phalgun, 1944 (Saka)**

**DR. SHASHI THAROOR**  
**Chairperson,**  
**Standing Committee on**  
**Chemicals & Fertilizers.**

## **ACRONYMS/ABBREVIATIONS OF THE TERMS USED IN THE REPORT**

AE	Actual Expenditure
BE	Budget Estimates
BVFCL	Brahmaputra Valley Fertilizers Corporation Limited
CAN	Calcium Ammonium Nitrate
Capex	Capital Expenditures
CCEA	Cabinet Committee on Economic Affairs
DA&FW	Department of Agriculture & Farmers Welfare
DAP	Di-ammonium Phosphate
DBT	Direct Benefit Transfer
DCT	Direct Cash Transfer
DDWS	Department of Drinking Water Supply
DFG	Demands for Grants
DoE	Department of Expenditure
DoF	Department of Fertilizers
EFC	Expenditure Finance Committee
EPMC	Empowered Pool Management Committee
ESS	Energy Saving Schemes
FACT	Fertilizer and Chemicals & Travancore Limited
FAGMIL	FCI Aravali Gypsum and Minerals India Limited
FCIL	Fertilizer Corporation of India Limited
FCO, 1985	Fertilizer (Control) Order, 1985
FICC	Fertilizer Industry Coordination Committee ()
FOM	Fermented organic manure
FY	Financial Year
GAIL	Gas Authority of India Limited
Gcal	Gigacalorie
GNVFC-Bharuch	Gujarat Narmada Valley Fertilizers & Chemicals Limited
HFCL	Hindustan Fertilizer Corporation Limited
ICAR	Indian Council of Agricultural Research
ICFFTR	Indian Council for Fertilizer and Fertilizer Nutrient Research
iFMS	Integrated Financial Management System
KFCL-Kanpur	Kanpur Fertilizers & Chemicals Limited
LMT	Lakh Metric tonnes
MFL	Madras Fertilizer Limited
MH	Major Head
MMBTU	Metric Million British Thermal Unit
MNRE	Ministry of New and Renewable Energy
MoF	Ministry of Finance
MOP	Muriate of Potash
MoP&NG	Ministry of Petroleum and Natural Gas
MT	Metric tonne
NBS scheme	Nutrient Based Subsidy scheme
NFCL	Nagarjuna Fertilizers and Chemicals Limited
NFL	National Fertilizers Limited

NPK Fertilizers	Nitrogen, Phosphorus and Potassium Fertilizers
NPKS	Nitrogen, Phosphorus, Potassium and Sulphur
NPS-III	New Pricing Scheme-III
NUP	New Urea Policy
OMIFCO	Oman India Fertilizer Company
P&K fertilizers	Nitrogen and Phosphorus Fertilizers
PDIL	Project & Development India Limited
PDM	Potash derived from Molasses
PM-PRANAM	PM Programme for Restoration Awareness and Nourishment and Amelioration of Mother Earth
PROM	Phosphate Rich Organic Manure
PSU	Public Sector Undertaking
R&D	Research and Development
RAC	Re-Assessed Capacity
RCF	Rashtriya Chemicals and Fertilizers Limited
RE	Revised Estimates
RLNG	Regasified Liquefied Natural Gas
SATAT	Sustainable Alternative Towards Affordable Transportation
SCU	Sulphur coated Urea
SFC-Kota	Sharon Fellowship Church- <b>Kota</b>
SSP	Single Super Phosphate
SSP + Urea	Single Super Phosphate and Urea
TEN	Target Energy Norms
USS	Urea Subsidy Scheme
UT	Union Territories
\$	Dollar

## **REPORT**

### **PART- I**

#### **INTRODUCTORY**

1.1 India's food grain requirement to feed the estimated population of 1400 million by 2025 will be 300 million tonnes (based on rice, i.e. un-husked paddy rice). There will be a corresponding increase in requirement of other crops such as cotton, sugarcane, fruits and vegetables. The country will require about 45 million tonne of nutrients (30 million tonnes for food grains and 15 million tonnes of nutrients for other crops) from various sources of plant nutrients, i.e. fertilizers, organic manures and bio-fertilizers. The further increase in crop production will have to come from an increase in yields as there is limited scope for increasing cultivated area. The yields of the majority of the crops are relatively low and there is great potential for increasing them through the increased use of inputs such as fertilizers. Fertilizer use will remain key to the future development of agriculture.

1.2 Fertilizer, water and seeds are vital inputs for higher agricultural production. Increasing use of fertilizers has contributed significantly in enhancing food grain production and bringing self-sufficiency in food grain production in the country. India is the second largest consumer and third largest producer of finished fertilizers in the world. India is net importer of fertilizers, both finished products as well as raw materials.

1.3 Amongst the major fertilizers, against the total requirement, around 75% of Urea, 40% of DAP, and 85% of NPKS are produced in the country by PSUs and private companies. The rest is imported on account of Government of India (as in case of Urea) & by the companies in case of P&K (under Open General Licenses) to bridge the gap between requirement & production of fertilizers.

1.4 The Department of Fertilizers under the ambit of Ministry of Chemicals & Fertilizers aim to ensure adequate and timely availability of fertilizers at affordable prices for maximizing agricultural production in the country. The main functions of the Department 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.

1.5 The Department has one attached office under it, viz., Fertilizer Industry Coordination Committee (FICC) headed by Executive Director which is responsible to evolve and review periodically, the group concession rates including freight rates for units manufacturing nitrogenous fertilizers, maintain accounts, make payments to and to recover amounts from fertilizer companies, undertake costing and other technical functions and collect and analyze production data, costs and other information. Besides, Department of Fertilizers also has 9 Fertilizer Public Sector Undertakings (PSUs) i.e. Rashtriya Chemicals & Fertilizers Ltd.(RCF)/ National Fertilizers Ltd.(NFL)/ Madras Fertilizer Ltd. (MFL)/ Fertilizer and Chemicals & Travancore Ltd. (FACT)/ Brahmaputra Valley Fertilizers Corporation Ltd (BVFCL)/ FCI Aravali Gypsum and Minerals India Limited (FAGMIL) / Project & Development India Limited (PDIL)/ Fertilizer Corporation of India Ltd. (FCIL)/ Hindustan Fertilizer Corporation Limited (HFCL) which are under the administrative control of Department of Fertilizers.

1.6 The Department of Fertilizers presented their detailed Demands for Grants (Demand No. 6) for the financial year 2023-24 to Parliament on 10 February, 2023. An allocation of Rs. 1,79,128.48 crore has been made in the Budget Estimates (BE) for the FY 2023-24. The Committee have examined in-depth, the Demands for Grants of the Department for the financial year 2023-24 and these details are given in succeeding paragraphs of the Report. The Observations/Recommendations of the Committee have been given at the end of the Report.

## II. PROPOSED AND APPROVED FINANCIAL OUTLAYS FOR DEPARTMENT OF FERTILIZERS FOR THE FY 2023-24

2.1 The Committee desired to know the budgetary allocation as proposed by the Department of Fertilizers for the year 2023-24 and what is actually allocated by the Ministry of Finance. The Department has furnished the desired information as under:

(Rs.in crore)		
Name of Scheme	Proposed Budget Estimates 2023-24	Approved BE 2023-24 by M/o Finance
<b>Sect. Economic Services</b>		
Salaries	30.30	30.30
Non Salary	15.33	14.75
<b>Total '3451'</b>	<b>45.63</b>	<b>45.05</b>

<b>Nutrient Based Subsidy Policy</b>		
Payment for Indigenous P&K Fertilizers	65023.00	25500.00
Payment for Imported P&K Fertilizers	42086.00	18500.00
Payment for City Compost	0.00	0.00
<b>Total '2401'</b>	<b>107109.00</b>	<b>44000.00</b>
<b>Urea Subsidy</b>		
Payment for Indigenous Urea	143962.00	104063.08
Payment for Import of Urea	48640.00	31000.00
DBT		
Office Expenses	1.54	1.54
Professional Services	15.40	15.40
<b>Total DBT</b>	<b>16.94</b>	<b>16.94</b>
<b>Grant-in-aid to BVFCL</b>	<b>0.00</b>	<b>0.00</b>
<b>Grant-in-aid to R&amp;D Budget Head</b>	<b>0.10</b>	<b>0.10</b>
<b>Subsidy support to Indian shipping companies</b>	<b>3.79</b>	<b>3.25</b>
<b>Total '2852'</b>	<b>192622.83</b>	<b>135083.37</b>
<b>Gross total (Subsidy)</b>	<b>299731.83</b>	<b>179083.37</b>
Total Recovery	3980.00	3980.00
<b>Net Total (Subsidy)</b>	<b>295751.83</b>	<b>175103.37</b>
Write off of loans and interest thereon on GOI loan outstanding against HFCL, FCI, MFL, PDIL and FACT.	0.01	0.01
<b>Total '3475'</b>	<b>0.01</b>	<b>0.01</b>
HFCL	0.01	0.01
FCI	0.01	0.01
PPCL	0.01	0.01
BVFCL	0.01	0.01
HURL	0.01	0.01
<b>Total '6855'</b>	<b>0.05</b>	<b>0.05</b>
<b>Total (Gross)</b>	<b>299777.52</b>	<b>179128.48</b>
<b>Total (Net)</b>	<b>295797.52</b>	<b>175148.48</b>

2.2 The Committee have observed that budget outlay of Rs. 2,95,797.52crore (Net) asproposed by the Department of Fertilizers for FY 2023-24 has been reduced to Rs. 1,75,148 crore (Net)by the Ministry of Finance(MoF).

2.3 The Committee desired to know the reasons for curtailment of proposed budgetary allocation for the year 2023-24. The Department in their reply has stated that BE of Rs.1,09,242.23 crore (gross) was allocated during 2022-23 whereas BE for 2023-24 is Rs. 1,79,128.48 crore (gross) which is substantially high compared to last year. Providing adequate quantity of fertilizers to farmers at affordable rates is a priority for

the Government and funds will be made available, if needed.

2.4 In this context, during the course of evidence, a representative of the DoF submitted as under:

*“Actually, the urea import prices have also come down. The gas prices which were ruling in Q2, Q3, etc., have come down. So, we expect that we would be able to manage not exactly in this amount of Rs.1,79,000 crore but a slightly marginal higher amount would be required for the next year. But we would be able to manage it. It would not be as high as this year.”*

2.5 It was further submitted as under:

*“When the demands were sent to the Ministry of Finance, at that time the prices of gas were at a record high. We were getting bids of \$52 per mmbtu and \$57 per mmbtu. Since then, we have taken a lot of steps to bring down the price of gas. So, the pooled gas price started coming down.*

*Sir, the pooled gas consists of 10 per cent of domestic gas which is quite cheap, 65 per cent is long term RLNG and 25 per cent is spot RLNG which is most expensive. If we combine all the three together, we come at a pooled gas. So, the pooled gas price in August was \$25.09 per mmbtu, in September it was \$25.05, came down to \$23.47 in October, \$20.89 in November, \$18.05 in December, in January it was \$18.11, and in February it is expected to come down to \$17.45.”*

2.6 In a written submission, it has been stated that the Department had projected an amount of Rs 1,43,962 crore for BE 2023-24 for subsidy for indigenous urea. However the Ministry of Finance allocated only Rs 1,04,063 crore. Perhaps, the allocation for subsidy payments has been reduced taking into account overall budget of the Central Government and likely projections of revenue and expenditure during 2023-24. Cost of Natural Gas is a major cost element towards cost of producing urea and currently gas price is showing decreasing trend and if this trend sustains, it will ease expenditure on indigenous urea subsidy outgo during 2023-24.

2.7 The Department has, however, apprehended that due to reduction in budget allocation for 2023-24, there is a likelihood of increased pendency for all the schemes. Sub schemes under NBS will suffer the most as the budgetary allocation is only Rs. 44,000 crore against the requirement of Rs. 1,07,109 crore. Moreover, against the projected amount of Rs. 1,43,962 crore for subsidy for indigenous urea an amount of Rs 1,04,063 crore have been allocated. As the allocated amount is not sufficient to meet the projected requirement of subsidy funds, the requirement of additional funds will be re-assessed and demanded at the time of RE/Supplementary for 2023-24.

2.8 Regarding the advance measures being taken/proposed to be taken by the

Department for speedy execution of its various schemes/programmes by optimum utilisation of the available funds so that the Department could justify its need for more funds and seek the funds of the proposed level from the MoF at the RE stage, the Department has replied that settlement of subsidy/DBT claims of fertilizers companies are being done regularly subject to availability of funds. With regard to subsidy on Imported Urea Scheme, it is proposed to pay out initially the time bound claims of the State Trading Enterprises.

### III. BUDGETARY ALLOCATIONS AND UTILIZATION DURING 2020-21, 2021- 22 AND 2022-23 AND BUDGETARY ALLOCATIONS FOR 2023-24

3.1 The details of Budget Estimates (BE), Revised Estimates (RE) and Actual Expenditure(AE) for the last three years (year-wise) and Budget Estimates for the year 2023-24 as furnished by the Department in respect of Nutrient Based Subsidy Policy (MH 2401) and Urea Subsidy (MH 2852), are as under:-

(Rs. in crore)

	BE 2020-21	RE 2020-21	AE 2020-21	BE 2021-22	RE 2021-22	AE 2021-22	BE 2022-23	RE 2022-23	AE 2022-23*	BE 2023-24
<b>Nutrient Based Subsidy Policy(MH 2401)</b>	<b>23504.00</b>	<b>38989.88</b>	<b>37372.47</b>	<b>20762.00</b>	<b>64192.00</b>	<b>52769.97</b>	<b>42000.00</b>	<b>71122.23</b>	<b>61593.55</b>	<b>44000.00</b>
(a). Payment for Indigenous P&K Fertilizers	14179.00	23901.53	22288.36	12460.00	39062.66	31931.46	25200.00	42089.67	38133.34	25500.00
(b). Payment for Imported P&K Fertilizers	9296.00	15015.37	15015.37	8260.00	25087.34	20794.80	16800.00	29032.56	23460.21	18500.00
(c). Payment for City Compost	29.00	72.98	68.74	42.00	42.00	43.71	0.00	0.00		
<b>Urea Subsidy (MH 2852)</b>	<b>50425.00</b>	<b>99537.42</b>	<b>93857.03</b>	<b>62786.28</b>	<b>84862.40</b>	<b>104870.12</b>	<b>67186.78</b>	<b>157351.39</b>	<b>127541.56</b>	<b>135063.18</b>
(a). Payment for Indigenous Urea	38375.00	74487.80	68807.41	43236.28	48612.00	54619.72	46596.78	118457.24	95015.94	104063.18
(b). Payment for Import of Urea	12050.00	25049.62	25049.62	19550.00	36250.40	50250.40	20590.00	38894.15	32525.62	31000.00
<b>Total</b>	<b>73929.00</b>	<b>138527.30</b>	<b>131229.50</b>	<b>83548.28</b>	<b>149054.40</b>	<b>157640.09</b>	<b>109186.78</b>	<b>228473.62</b>	<b>189135.11</b>	<b>179063.18</b>

\* The AE 2022-23 is upto 07.01.2023.

3.2 The Committee have observed that AE, 2020-21 and 2021-22 of Rs. 37372.47 crore and Rs. 52769.97 crore, respectively in respect of Nutrient Based

Subsidy Scheme is less than RE, 2020-21 and 2021-22 of Rs. 38989.88 crore and Rs. 64192.00 crore, respectively.

3.3 In this context, the Committee desired to know the reasons for under-utilization of funds. In reply, the Department has informed that it was due to receipt of less number of bills owing to lesser sale in the last quarter of the FY; digital Freight bills of Rs. 237.66 crore could not be passed due to technical glitch in New Freight Module of iFMS. These claims were generated digitally for the first time and return of some incomplete bills as these were not in order.

3.4 The Committee further asked about the reasons for enhancement of the amount for Urea Subsidy Scheme over the years at RE stage, which has increased from Rs. 50425.00 crore at BE, 2020-21 to Rs. 99537.42 crore at RE, 2020-21, from Rs. 62786.28 crore at BE, 2021-22 to Rs. 84862.40 crore at RE, 2021-22 and from Rs. 67186.78 crore at BE, 2022-23 to Rs. 1,57,351.39 crore at RE, 2022-23. In reply, the Department has stated that the enhancement of budget for Imported Urea at the RE stage may be attributed to the steep hike in the price of urea in the international market. Though, the budgetary support for subsidy on Fertilizers at the stage of BE allocation of fund is lesser than the requirement, sufficient budgetary support is provided by allocating more funds at the RE stage. The BE figures is only initial projection and is a conservative estimate and requirement of additional funds is re-assessed during the course of the year taking into account trends in demand of fertilizers and also prices of inputs costs for manufacturing of urea.

3.5 To a pointed query with regard to enhancing BE, 2023-24 for Urea Subsidy to Rs. 135063.18 crore as compared to BE, 2022-23 of Rs. 67186.78 crore, the Department has replied that the main input cost in domestic urea manufacturing is cost of Gas which has increased to Rs 7,263/Gcal in 2022-23 as compared to Rs 4,205/Gcal in 2021-22. Thus, Gas price has increased by 73% in 2022-23 over 2021-22. Further, since cost of Gas contribute to 85% of total concessional rate, the increase in Gas prices has substantial bearing on increase in subsidy outgo on indigenously manufactured urea. In addition, there has been 12% increase in indigenous Urea production from 250.72 lakh MT in 2021-22 to estimated production of 281 lakh MT in 2022-23. Therefore, BE 2023-24 has been kept at higher side to account for increase in Gas price and increase in indigenous urea production.

3.6 On being asked whether the Department would be able to fully utilize the RE, 2022-23 of Rs.71122.23 crore allocated in respect of Nutrient Based Subsidy scheme and Rs. 157351.39 crore for Urea subsidy scheme upto 31.03.2023, the Department has stated that they have already utilised most of the funds in respect of NBS scheme and that the total funds allocated for indigenous Urea will also be fully utilized up to 31.03.2023.

#### **Scheme for Nutrient Based Subsidy (MH-2401)**

3.7 The Committee observed that there has been a drastic reduction in the budget allocation in respect of NBS scheme during 2023-24 as compared to the year 2022-23. Rs. 44,000 crore has been allocated at BE 2023-24 whereas the allocation of Rs. 77,129.00 crore was made at RE 2022-23. On being asked about the difficulties that may be faced in achieving the underlying objectives and requirements of the P&K fertilizer subsidy Policy, the Department has stated that it is being contemplated to implement Indigenous P&K scheme with the available budgetary support. In case of any additional requirement for funds, DOF will approach M/o Finance at an appropriate time.

#### **Major Head 2852 – Urea Subsidy**

3.8 In view of the drastic reduction of allocation Rs. 192622.83 crore at BE 2023-24 under the Head Urea Subsidy (both for Payment of indigenous Urea subsidy and imported Urea subsidy), compared to its proposed allocation for the year and RE 2022-23 allocation of Rs. 174041.13 crore; the Committee asked about the difficulties in achieving the underlying objectives and requirements of the Policy during the current fiscal. The DoF has replied that Urea is being provided to the farmers at a statutorily notified MRP (45 kg bag of urea is priced Rs.242 per bag exclusive of charges towards neem coating and taxes 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 are being supplied urea at the subsidized rates. The major component of cost of production of urea is Natural gas. Therefore, any increase/decrease in gas cost has direct impact on subsidy outgo to the Government. Of late, due to geo-political situation and other factors the price of natural gas which was \$24.22/MMBTU during the FY 2022-23 is expected to reduce to around \$21.5/MMBTU in the FY 2023-24. Accordingly, the cost of production of urea is likely to reduce from Rs. 47,000 per MT to Rs. 42,548 per MT from FY 2022-23 to FY 2023-24. Accordingly, it is expected that there will be reduction in

subsidyoutgo of Government during 2023-24 as compared to 2022-23. Therefore, there has been a reduction in allocation of funds for FY 2023-24. It was also informed that the Imported Urea cost has reduced from 650\$per MT (Average Rate2021-22) to 400 \$per MT (Feb 2023). Further, payment of imported urea claims will be cleared with the available budgetary support. In case of any additional requirement for funds, DoF will approach MoF at an appropriate time.

### **Carry-over Liabilities in respect of Urea and P & K fertilizers subsidy**

3.9 When asked about the break-up of carry-over liabilities in respect of Urea and P & K fertilizers subsidy (both indigenous and imported), etc. as on date, the Department of Fertilizers has informed that settlement of subsidy/DBT claims of fertilizers companies are being done regularly subject to availability of funds and there is no carry-over liability as on date pertaining to the previous years in respect of Indigenous Urea. Carry-over liabilities in respect of imported urea as on 01.04.2022 was Rs. 869.50 crore, which has been brought down to Rs. 303.35 crore as on date. Balance claims are under process at various stages. The status of carry-over liabilities for the financial year 2021-22 w.r.t. other fertilizers as informed by the Department is as under:

#### **Carry-over liabilities (Rs. In crore)**

<b>Financial Year</b>	<b>2021-22</b>	<b>As on date</b>
<b>Imported P&amp;K</b>	2.57	0.00
<b>Indigenous P&amp;K</b>	237.66	0.00
<b>City-Compost</b>	0.00	0.00
<b>Imported Urea</b>	869.50	303.35
<b>Total</b>	1109.73	303.35

3.10 When asked about the initiatives taken/proposed to facilitate the PSUs, etc. in their capacity enhancement projects and to further improve their energy efficiency, etc., the Department has stated that New Urea Policy – 2015(NUP-2015) has been introduced with effect from 1st June 2015 for optimizing the production of urea and promoting energy efficiency. Due to provisions relating to incentivizing the production of urea by the units beyond their re-assessed annual production capacity, the actual production of the urea by units included in NUP-2015 has increased. Actual production of urea during 2014-15 by the domestic urea manufacturing units was around 225 Lakh Metric tonne (LMT) and after introduction of NUP-2015 the actual production of urea by existing units has increased by 20-25 LMT per annum.

3.11 It has further been stated that in order to promote energy efficiency, the 25 gas based Urea units which are covered under NUP-2015 have been categorized into three groups based on their pre-set energy norms and each of the category has been given Target Energy Norms (TEN) based on their pre-set energy norms under the NPS-III. Majority of these units have completed or are in advance stage of implementation of Energy Saving Schemes (ESS) due to which their actual energy consumptions have come down. 4 units namely SFC-Kota, KFCL-Kanpur, NFCL-I, and NFCL-II have not implemented any ESS. 3 units namely SFC-Kota, GNVFC-Bharuch & KFCL- Kanpur use coal as mix of energy and an Expert Body under NITI Aayog has recommended that these units may continue to use coal for the production of urea. Accordingly, it has been observed that it is not feasible for these units to achieve TEN without replacing the coal proportion with the natural gas. Further, if coal is replaced with the much costlier RLNG even at TEN the cost of production will increase. A proposal is under consideration in Department of Fertilizers to fix revised TEN for these units. In respect of 2 urea units namely NFCL-I & II, NFCL as informed it has been planned to implement the ESS but due to financial constraint it has not implemented the ESS project, so far.

#### **Grant-in-aid to R&D Budget head**

3.12 When asked about the reasons for seeking a meagre/ token amount of Rs. 0.10 crore for Grant-in-aid to R&D Budget head during the FY 2023-24 for promoting research by the fertilizer PSUs, the Department replied that R & D budget head is for funding on project basis. DoF would extend financial assistance to research agencies/organisations as and when research project proposals are received. A budget head for ICFFTR (Indian Council for Fertilizer and Fertilizer Nutrient Research) has been created for the financial year 2023-24 with the objectives, inter-alia, to undertake research in the area of fertilizer and fertilizer manufacturing technology. Funds for ICFFTR will be sought at the 1<sup>st</sup> Supplementary stage in FY 2023-24.

#### **IV. Fertilizers production targets and achievements:**

4.1 During presentation on Demands for Grants 2023-24, a representative of the Department inter-alia informed the Committee that the consumption of major fertilizers in the country is around 636 lakh metric tonnes, which consist of Urea, NPK, DAP, MoP and SSP. The production of urea in the country till last year was around 250 LMT which has now increased to almost 280 LMT. The domestic production of P&K fertilizers



consisting of NPK, MoP, DAP, SSP, etc. is in the range of 185 LMT. Last year, the import of urea was around 91.3 LMT and that of P&K fertilizers was 90.92 LMT. The country does not import SSP. But in the case of MoP, the country is fully dependent on the imports.

4.2 As informed by the Department of Fertilizers, the fertilizers production targets and achievements for the last three years as under:-

(Fig. in 'LMT')

Sl. No.	Name of the Subsidy Scheme	Division	2020-21			2021-22			2022-23 (upto November 2022)			2023-24
			Target	Achievement	Short fall if any indicating reasons in brief	Target	Achievement	Short fall if any indicating reasons in brief	Target	Achievement	Short fall if any indicating reasons in brief	Target
1	Urea	PMI-I	267.08	246.05	#	280.04	250.72	#	209.87	187.21	#	304.04
2	P&K	PMI-I	271.30	187.63	#	284.14	185.23	#	186.14	133.58	#	185.00

# Reasons are placed at Annexure.

4.3 On being asked about the reasons for non-achievement of targets in respect of Urea and P&K fertilizers during years 2020-21 and 2021-22, the Department has stated that in respect of urea, the targets include 100 percent capacity upto RAC plus the expected production by the units beyond RAC/installed capacity. In case of production beyond RAC, the subsidy payable to the units is subject to the import parity price plus incidental charges. Therefore, the production beyond RAC varies from year to year depending upon the cost of raw material, IPP etc. Further, it has been observed that some units fail to produce even up to their RAC due to some unforeseen circumstances such as non-availability of feedstock, plant accidents, technology up-gradation projects etc. Therefore, the actual production of urea usually remains lower than target. Further during 2021-22, the target also included the target given to Sindri, Barauni and Gorakhpur units which could not start production during 2021-22. Further, target was given to Matix at its 100 percent annual capacity. However, Matix could start production only after getting gas pipeline connectivity in September, 2021 and could not achieve the target. Similarly, RFCL-Ramagundam was given target but it could produce only 3.83 LMT of urea as the plant was under stabilization.

4.4 Asked to elaborate on the efforts taken/proposed to be taken to streamline the availability of fertilizers raw materials (both Urea and P&K fertilizers) to the plants so

that they are not shut down due to their shortage, the Department informed that as far as P&K fertilizers is concerned, the country is fully dependent on imports in Potassic sector and to the extent of 90% in Phosphatic sector in the form of either finished products or its raw material. Subsidy being fixed, any fluctuation in international prices has effect on the domestic prices of P&K fertilizers. Steps taken to ensure sufficient availability of raw materials (or possibly finished P&K fertilizers) in the country are inclusion of Potash derived from Molasses (PDM) under the NBS scheme and including Freight subsidy in Single Super Phosphate (SSP) which is also indigenously manufactured and is good replacement of DAP. Moreover, to absorb the pressure of increased prices of P&K fertilizers due to increase in the international prices of finished P&K fertilizers as well as its raw materials, Government has time and again, increased subsidy under NBS scheme. Efforts are also being made for exploration of minerals for raw materials for Phosphatic and Potassic fertilizers in India. Long Term Agreements and Joint Ventures for Raw Materials/Finished Fertilizer through MoUs between the Indian Fertilizer Companies and Fertilizer Companies from other countries are being facilitated. These have helped in ensuring supply of raw materials and also served to bring down the prices of fertilizers in the international market thereby saving the valuable foreign exchange for the country.

4.5 As regards the steps taken/proposed to be taken during 2023-24 to incentivize/augment domestic production of Urea and P&K Fertilizers in the country, it has been replied that the major component of cost of production of urea is Natural gas. About 85-90 % of the cost of urea production attributed to gas cost. The cost of natural gas is a pass-through item in calculation of urea subsidy. Therefore, any increase in gas cost has direct impact on subsidy out go to the Government. The Department has issued advisory to all the urea manufacturing units to explore long term sources of natural gas including RLNG. Steps are also being taken to explore the sources of the mid-term natural gas. Further, in consultation with Ministry of Petroleum & Natural Gas, some reforms have been brought under EPMC gas procurement mechanism which includes Monthly tender, Matching L-1 price, guaranteed off-take etc. due to which it is expected that the supply of RLNG gas through EPMC to fulfill the spot requirement of the urea units will be done at more reasonable price.

4.6 The Committee has been informed that in the wake of the rising international prices of finished P&K fertilizers and its raw materials for production, it is important for the Government to make P&K fertilizers sufficiently available in the market to sufficiently

meet the food production targets. The Government keeps a close watch on this increase in the international prices and has notified NBS rates from time to time keeping in view the increase in the international prices and its objectives of ensuring sufficient availability of P&K fertilizers to the farming community.

4.7 In this context, when asked how the Department plans to further modify the NBS rates in respect of P&K fertilizers in view of the continuing international scenario and increasing international prices of fertilizers and its raw materials, the Department has informed that for years 2021-22 and 2022-23, Government has fixed NBS rates bi-annually for 2 cropping season i.e. Kharif and Rabi season. These rates are fixed considering many factors including international prices of finished P&K fertilizers as well as its raw materials. Thus, the requirement for modifying the NBS rates is considered in case of continuous or high increase in international prices of finished P&K fertilizers as well as its raw materials. However, now the international prices of finished P&K fertilizers as well as its raw materials have been showing a declining trend.

4.8 During the course of evidence, when asked about the effects of continuing Ukraine war on the fertilizer prices, a representative of DoF submitted as under:

*“Sir, the war is continuing, but this is the position that we have obtained. We have made some changes in EPMC process because of which we have been able to save money. We sent out a very strong signal to the gas suppliers that just because we are the fertilizer sector, it does not mean that we will take gas at any price. You cannot take us for granted. That message went out, and we were able to save money. The companies which used to be H1 earlier, when we refused to buy at the H-1 price, have actually come down to the below levels now. The total expenditure of urea this year is slated to be around 1.6 lakh crore. But because the gas prices are coming down, the indigenous urea production bill book will come down. This is one thing.*

*Secondly, the international price of urea which had touched about \$1000 at one point of time, yesterday was around \$370. Part of the reason is that we are importing less. If you were to look at the urea market in the world, the total production is about 180 mmt. Of that about, 55 mmt is the traded quantity, which is 550 lakh metric tonnes. India used to import about 1/5th of the total. This year so far we have imported only 71. So, because of nano urea, and the schemes like PM PRANAM and other that we are going to put up before you, the imports would go down further.*

*Now, three plants of nano urea are already operational. They are going to produce about 17 crore bottles per year. That is equivalent of 75 lakh metric tonnes of urea. The quantity required will come down because of nano urea, and other interventions. The imports would go down even further. Now as we are importing less, the pressure on price is even more. So, on the imported urea front there have been substantial savings. It has come down quite low.*

*On the overall urea budget, we hope to make savings. So, 1.1 to 1.2 lakh crore will be a reasonable estimate for the next Financial Year. Of course, if the prices of gas go up again and things change, there would be a change.”*

4.9 On the import of P&K fertilizers, a representative of DoF submitted as under:

*“On the P&K fertilizer front, the prices of DAP are continuing coming down. They had crossed \$900 per ton. Now they are around at \$640 per ton. We expect them to come down further. Similarly, MOP was at \$590 per ton last year. This year we expect it to come down below \$500 per ton. So, on all the phosphoric and potassic fertilizers, there is southward movement in the price. The total budget we spent this year is in the range of Rs.90,000 crore but we expect that it can actually come down to Rs.60 - 70 thousand crore next year.”*

## **V. Fertilizer Subsidy Schemes**

5.1 Regarding the fertilizer subsidy schemes, the Department has informed that basically, there are two fertilizersubsidy schemes; first Urea subsidy scheme, where the price is fixed and the subsidy is variable as per the production cost of the factories. Second, the Nutrient-Based Subsidy Scheme which operates for theP&K fertilizers, namely, DAP, MoP, NPK and SSP. Under the open general licence, the import is done and the price is determined by the market. The subsidy is based only on the nutrient content which is there in each of the fertilizers.

5.2 On being asked to provide year-wise road map giving details of annual demand and production capacity of the fertilizer units so as to make India Atmanirbhar in Urea Sector by 2025-26, the Department has informed that the Government of India mandated revival of Ramagundam(Telanagana), Gorakhpur (Uttar Pradesh), Sindri (Jharkhand) and Talcher(Odisha) units of Fertilizer Corporation of India (FCIL) and Barauni (Bihar) unit of Hindustan Fertilizer Corporation Ltd. (HFCL) by setting up new Ammonia urea plants of 12.7 LMTPA capacity each. Ramagundam and Gorakhpur units have been commissioned on 22.03.2021 and 07.12.2021 respectively whereas Barauniand Sindri units have also started urea production on 18.10.2022 and 05.11.2022 respectively. Talcher plant is expected to be commissioned by Sept, 2024.The mandate of Department of fertilizers is to ensure adequate/comfortable availability of fertilizers at the State level based on the requirement assessed by the Department of Agriculture & Farmers Welfare (DA&FW) in consultation with the State Government.

5.3 The Committee has further been apprised that due to various policy measures starting from 1987-88 and NUP-2015, energy consumption by urea units has reduced from 8.87 Gcal/MT during 1987-88 to 5.82 Gcal/MT during 2021-22. The NUP-2015 has

brought energy efficiency in the units due to which there has been saving of around ₹8851.59 crore in the subsidy outgo during the period of 1<sup>st</sup> June, 2015 to 30<sup>th</sup> September, 2022. In addition to above, NUP-2015 also envisages the provision of production by urea units beyond their recognized capacity i.e. Beyond Re-Assessed Capacity (RAC). Due to the said provision, the existing units have been producing additional quantity of urea to the tune of 20-25 LMT per annum over and above their RAC. Thus, the actual production of urea has increased from the level of 225 LMT during 2014-15 to more than 240 LMT per annum since 2015-16.

5.4 When asked about the initiatives taken to further enhance the energy efficiency of the fertilizer plants operating in the country, the Department apprised that in order to promote energy efficiency, the 25gas-based Urea units which are covered under NUP-2015 have been categorized into three groups based on their pre-set energy norms and each of the category have been given Target Energy Norms (TEN) based on their pre-set energy norms under the NPS-III. Out of these, 11 urea manufacturing units are already achieving the TEN and 10 units have been implementing Energy Saving Schemes (ESS). Majority of these units have completed or in advance stage of implementation of ESS and their actual energy consumptions have thereafter come down. However, 4 units have not yet implemented any ESS and 3 units use coal as mix of energy. A proposal is under consideration in the Department to fix revised TEN for these units.

5.5 Asked about the efforts made apart from fixing the target energy norms in respect of the urea manufacturing units to facilitate them to timely achieve the target energy norms, the Department has replied that the Revised Energy Norms under NUP-2015 for the urea manufacturing units were extended from time to time to enable these units to implement ESS projects by means of Energy Savings achieved due to production of urea by the units during the said extended period. Further, DoF has been regularly monitoring the ESS projects of the urea units and impressing upon the units to complete the ESS projects at the earliest.

5.6 Regarding the long-term plans of the GoI of making capital expenditure in its fertilizer PSUs, etc. due to the savings on account of better energy efficiency in the units so that further technological improvements could be achieved in their operation over the years, the Department has stated that it does not provide budgetary support to its PSUs for Capex. All Capex needs are met by the PSUs from their internal resources.

5.7 The Committee have been informed that Freight Subsidy on Single Super Phosphate (SSP), which is also 100% indigenously manufactured fertilizer, has been approved on pilot basis for Kharif-2022 and Rabi-2022 season to promote indigenous production of fertilizers. Based on the outcomes, the further requirement of freight subsidy on SSP may be decided.

5.8 On being asked about the present status for continuance of freight subsidy on indigenously manufactured SSP so as to make it sufficiently available to the farmers throughout the country as replacement to DAP which is largely imported, the Department has informed that the freight subsidy on indigenously manufactured SSP has been announced for Kharif and Rabi season 2022-23 on pilot basis so that the SSP, which is indigenously manufactured Phosphatic fertilizer may be promoted more. Accordingly, supply plan has been issued for SSP fertilizer and the freight bills will be reimbursed as and when submitted, as per SSP freight policy.

#### **Mid-term appraisal of various schemes/ programmes of the Department**

5.9 Regarding the Mid-term appraisal of various schemes/ programmes of the Department and corrective measures taken, the Committee have been informed that CCEA has approved the NBS scheme for 5 years from 2021-22 to 2025-26. Moreover, Third Party Evaluation of Urea Subsidy Scheme has been carried-out and proposal for continuation of the scheme is being appraised by Expenditure Finance Committee (EFC).

5.10 The Third Party evaluation Report of the Urea Subsidy Scheme has recommended the necessity for continuation of the Urea Subsidy scheme to help the urea industries, farmers and the agriculture sector. When asked regarding the status proposal for continuance of Urea Subsidy Scheme beyond 30.09.2022 and the reasons for its delay, the Department has informed that Department of Expenditure, vide O.M. dated 8<sup>th</sup> April, 2022, had conveyed the decision of the cabinet to continue the schemes including Urea Subsidy Scheme till 30.09.2022. Further, DOE, vide O.M. dated 7<sup>th</sup> September, 2022, had conveyed that the Ministries/ Departments which will submit their proposals for continuation of their respective schemes before 30.09.2022 may release funds under these schemes beyond 30.09.2022 subject to the limit of BE/RE 2022-23 till EFC appraisal. EFC Note for continuation of Urea Subsidy Scheme was sent to Department of Expenditure for appraisal of EFC. EFC appraisal is currently under progress.

## **VI. Budget announcements 2023-24 - New Schemes to be introduced and way forward**

6.1 While tendering oral evidence, a representative of the Department of Fertilizers informed the Committee about the announcements of two new schemes in Budget 2023-24 which will incentivize the States and UTs to promote the usage of alternative fertilizers, as under:

*“This year in the budget announcement, there are two programmes. One is, PM Programme for Restoration Awareness and Nourishment and Amelioration of Mother Earth, which is an acronym of PM-PRANAM. It will incentivize States and UTs which are involved in promotion of organic fertilizers, natural farming or organic farming. ....*

*Another is GOBARdhan Scheme. But it is not entirely related to Department of Fertilizer. It is about establishing 500 new waste-to-wealth plants, which will be taken care of by the Department of Drinking Water.”*

### **PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth (PM-PRANAM)**

6.2 When asked about the implementation of the scheme and its aims, objectives and targets, the Department has informed that the scheme is expected to be implemented in 2023-24. However, the approval from the competent authority is yet to be obtained. Department of Fertilizers will be the sponsoring Department for this Scheme. Department of Expenditure is to administer the funds for 3 years from 2023-25. Its aim include supporting the mass movement/ campaign initiated by States/UTs for saving the health of mother earth by way of promoting balanced/ sustainable use of chemical fertilizers; adopting alternate fertilizers like organic/bio and nano fertilizers; promoting natural/ organic farming; etc. The objective of the scheme is to incentivize the States which reduce the use of chemical fertilizers and proactively promote alternate fertilizers. It is proposed that 50% of the fertilizer subsidy saved by a State/UT in a particular financial year by way of reduction in consumption of chemical fertilizers (Urea, DAP, NPK, MOP) compared to previous 3 years' average consumption, will be passed on to that State/UT as Grant.

6.3 Explaining the mode of operation and financing of these schemes announced in the Budget, the representatives further submitted as under:

*“This is proposed for next three years. What we would do is, at the end of 2022-23, we would be looking at the consumption of urea, DAP, MOP and NPKs. The entire amount will be compared with the average consumption of all these groups of fertilizers in the last three years. For example, if there is 38 LMT of consumption in a State in a particular year, and if the average*

consumption of the last three years in that State was 40 LMT, the savings are of 2 LMT. Then, we calculate the subsidy, and 50 per cent of that subsidy would be given back to that State as a grant. That grant will be utilized by that State for infrastructure development as far as for Integrated Country Approach (ICA) activities. That grant will be given by DOE and DOE will administer the fund. The scheme is for three years from 2023 to 2026.

Once we give the grants, the States will be given 95 per cent of the funds and 5 per cent will be with the DOF for information, education and communication activities, which are related to promotion of health of the soil. Out of 95 per cent that is given to the State, 65 per cent will be utilized by the State in asset creation. The remaining 30 per cent will be an untied fund which will be utilized by the State for promotion of organic fertilizers and awareness generation.

We do not require any additional budget for this. Since we are talking about savings, whatever the budget is given; rest will be utilized from the savings. Since we have two schemes Urea Subsidy scheme and NBA scheme, there will be some savings from these schemes as well.”

6.4 To a specific query that whether the lower consumption of fertilizers would be due to use of organic fertilizers or nano fertilizers, a representative of the Department submitted:

“It is because of both – organic bio-fertilizer consumption, and less chemical fertilizer use and use of alternate fertilizers like nano. I would not explain it, but we are expecting that at the end of three years, savings would be 45.78 LMT of fertilizers. In monetary terms, it would be around Rs. 20,000 crore.”

6.5 Briefing the Committee about the importance of role of the State Governments for the promotion and successful operation of schemes, the Department submitted as under:

“Sir, the basic logic here is that fertilizer subsidy is borne entirely by the Government of India, unlike power and irrigation subsidies which are borne by the State Governments. So, State Governments do not have any stake or real interest in promoting balanced use of fertilizers, reducing the use of chemical fertilizers or promoting the use of organic fertilizers. Actually, even if you use chemical fertilizers in a field, one should add organic fertilizers also to restore the organic content. These things are not being stressed upon by the States.

Then, nano urea is a new product. So, educating farmers, making them aware of the product and holding their hands, when they use nano fertilizer, is also important, but the State Governments do not have any incentive to do this. What we are saying is that if you do all this, if you go for organic fertilizers, if you go for balanced use of fertilizers, if you avoid the over-use of urea, if you go for nano fertilizers and therefore, the total basket of fertilizers used by the State comes down and thereby, there is a saving to the Government of India, half of the savings would be given to the State Government for being used -65 per cent for CAPEX and 30 per cent untied - so that they have an interest in reducing the consumption of chemical fertilizers. Ultimately, the entire extension machinery is with the State and they have to reach out to the farmers. We cannot do it from our Department. So, it is to make them interested in this cause.”



6.6 As regards the present status of the Scheme, the representative stated as under:

*“Sir, this scheme has not yet been launched. It has been announced in the Budget. It is under consideration in the Finance Ministry. When we go to the Cabinet and formally announce the scheme, then it will become operational. Right now, it is not operational. The scheme is that if a State reduces the use of chemical fertilizers, it will benefit. If a State does not, it will not get anything. There is no penalty involved.”*

**Scheme for providing Market Development Assistance for production and use of organic fertilizers, bio-fertilizers, etc.**

6.7 During a power point presentation, the DoF informed about the other announcements in the Union Budget relating to promotion of organic and bio-fertilizers. The Department submitted as under:

*“There are two schemes in the Government of India. One is SATAT Scheme and another one is GOBARdhan Scheme. SATAT Scheme is managed by MOP&NG while GOBARdhan is managed by DDWS and MNRE. SATAT programme promotes compressed bio-gas plants wherein the by-product is fermented organic manure. GOBARdhan scheme promotes bio-gas plants and FOM is the by-product which is a bio-manure. We will be supporting this bio-manure which is produced under these two schemes as a by-product. This bio-manure has a nutrient content of 12 KG/MT and organic carbon content of around 140 KG/MT.”*

6.8 The Department in a written submission has informed that under the GOBARdhan scheme, 500 new waste to wealth plants are to be established for promoting circular economy for collection of bio-mass and distribution of bio-manure for which appropriate fiscal support is to be provided. There is an EFC Proposal for granting Market Development Assistance for FOM/ PROM/ other organic fertilizers & bio-fertilizers with focus on SATAT and “GOBARdhan scheme. 5000 compressed biogas plants are to be set up under SATAT scheme by 2023 while 400 bio gas plants are to be set up under the GOBARdhan scheme. There is a corpus of Rs. 360 crore as gap funding, research, technology demonstration, etc.

6.9 As regards the objectives of the GOBARdhan scheme, the Department has informed that GOBARdhan is an integral component of Swachh Bharat Mission (Gramin) Phase-II for ensuring cleanliness in villages by converting bio waste including animal waste, kitchen left overs, crop residue and market waste into biogas, bio-slurry and compost. Under the programme, community and cluster model biogas plants can be constructed at villages/blocks/districts.

6.10 The Committee enquired about the reasons for failure of Bio-gas plants in the country and efforts being made for their successful operation. In reply, the Department inter-alia has informed that the bio-gas plants previously operating in the country were of small size and therefore faced technical problems due to various reasons. Out of the experiences from the old model bio-gas plants, the GOBARdhan Scheme is proposed to be launched on a slightly larger scale. The gas produced out of the bio-gas plants operating under SATAT Scheme are routed in the GAIL pipeline and therefore involves the role of the Ministry of Petroleum and Natural Gas. The GOBARdhan Scheme is being coordinated by the Department of Drinking Water and Sanitation. The role of the Department of Fertilizers is to promote the use of organic manure produced out of these bio-gas plants.

6.11 During the oral evidence, the representative of the Department further informed that the nitrogen content of the organic manure is 12 kg per Tonne against 46 kg per Tonne nitrogen content in case of Urea. Thus, due to less nitrogen content in the organic manure, its use and application is too costly compared to Urea. The level playing field for use of organic fertilizers is disturbed due to chemical fertilizers being subsidized and therefore economical for use by the farmers. The Government is therefore considering to introduce GOBARdhan and SATAT Schemes to promote and incentivize the use of organic manures by the farmers by offering Market Development Assistance on them.

6.12 On being asked if the proposal for setting up of 400 bio-gas plants in three years is a realistic estimation, the Department has inter-alia informed that number of bio-gas plants would go up. To remove the bottleneck with regard to disposal of bio manure, the Department is promoting marketing of bio manure with the involvement of fertilizer companies which will result in increase in the number of SATAT units.

6.13 When the Committee emphasized the need for monitoring of the schemes by Central Government agencies for their effective operation, the Department responded in affirmative.

## **VII. Promotion of Innovative/ alternate fertilizers**

### **A. New Fortified Urea Combinations - Sulphur coated Urea (SCU) and combination of Single Super Phosphate and Urea (SSP + Urea)**

7.1 The Committee have been informed that as part of initiatives for promotion of alternate fertilizers Government is considering use two new fortified Urea combinations

in the country. First is Sulphur coated Urea (S-17% and N-37%) also called as Urea Gold and the second one is a combination of Single Super Phosphate and Urea (SSP + Urea) which is used instead of DAP. As per the study conducted by ICAR, use of Sulphur coated Urea (SCU) leads to reduction in urea consumption by 25%.

7.2 In this context, during evidence, a representative of the DoF further informed that Sulphur coated urea is inter-alia being proposed as a premium urea in the market. There is mostly deficiency of Sulphur content in the soil. It has basically two advantages; first is its slow-release mechanism and second, it increases the nitrogen adsorption efficiency by 40%. Moreover, it improves the plant growth/ quality and the yield of seeds, especially oilseeds. It is being called as Urea gold because of its yellowish-goldish colour. The Department is, therefore, considering to introduce a 40 kg bag which can be equal to 45 kg bag of urea.

7.3 When asked regarding the cost of Sulphur coated urea(SCU) and whether it will also be subsidized; a representative of the Department inter-alia informed that the cost of Sulphur coated urea is yet to be decided by the Cabinet. The actual cost of one bag of urea is more than Rs. 2,000 but it is being sold for Rs. 266. Sulphur coated urea is probably to be subsidized and most likely a 40 kg bag of urea gold may be sold for Rs. 400 to Rs. 500.

7.4 The Committee enquired whether Sulphur coated urea could be used for industrial purposes. In reply, the Department has informed that all the agricultural Urea is barred from the industry. However, Sulphur coated urea cannot be technically used in the industries as explained by ICAR.

7.5 When asked about availability of technology for production of Sulphur coated urea and combination of SSP + Urea in the country with the fertilizer manufacturers/ PSUs, etc. results of field trials / research conducted on its usage, quality of crops, etc. by its usage, the Department has informed that Sulphur coated urea was originally developed at the Tennessee Valley Authority laboratories and manufactured commercially for almost 30 years in USA. Rashtriya Chemicals and Fertilizers Limited (RCF) have produced in-house laboratory scale SCU with specifications of FCO, 1985. As the pilot scale plant/commercial production is yet to be set up by RCF and results are yet to be seen, therefore as on date, there is no proposal of sharing of technology with the other fertilizer manufacturers. This Department may assist/co-ordinate the process of technology transfer. The initial studies conducted by RCF are at laboratory scale. Field trials of SCU are going on by RCF.

## **B. Need to promote sale of Nano Urea**

7.6 During evidence, the Committee expressed their concern on the ill-effects by the use of chemical fertilizers on the human health, soil and environment. To this, the Department stated that the farmers are tempted to use Urea since it is available at a very cheap price. Only 30-40% of the nitrogen in the Urea is actually utilized by the plant, the rest is wasted and reaches the ground water or evaporates as ammonia which is bad for the environment.

7.7 The Committee emphasised on the need to give a serious consideration for gradually scaling down of amount of Urea used by the farmers. To this, a representative of the Department replied as under:

*“Sir, there was also a proposal, but we have not really taken a final view about it that if a farmer asks for, let us say, five bags of Urea, then we give him one bottle of Nano Urea and four bags of Urea. But there can be complaints against this.”*

7.8 Considering the positive side of use of Nano Urea, the Committee were of the view that the proposal may be legalized and efforts be made so that Nano urea may gradually replace the conventional Urea.

## **VIII. Other Issues**

### **Introduction of Direct Cash Transfer (DCT) to farmers in respect of fertilizer subsidy**

8.1 As per the suggestions/recommendations contained in the Third-Party Evaluation report of the Urea subsidy Scheme, since there is need to continue subsidizing the urea for farmers, it will not be suitable option that the subsidy could directly be transferred in the accounts of farmers since Direct Benefit Transfer (DBT) to farmers is a complex system. Thus, it is suggested therein that under the scheme, subsidy amount should be given to the manufacturing/ importing companies as per the current policy. At the same time, necessary modalities should be developed to reduce the delay in release of subsidy amount to the manufacturing/ importing companies.

8.2 When asked to explain the specific reasons for non-introduction of system for transfer the subsidy amount in respect of fertilizer purchase directly in the accounts of the farmers who should have been the main beneficiary, the DoF has stated that introduction of Direct Cash Transfer (DCT) for fertilizer subsidy has been taken up at various levels in the Government. A Nodal Committee co-chaired by Secretary (Fertilizers) and Secretary (DA&FW) has been constituted in this regard to examine

issues related to it. The primary bottleneck in implementation of DCT has been identification of beneficiaries (farmers), their land records, soil type, cropping pattern, fertilizer requirement, etc. All the above information is being maintained by State Governments. In this regard, during the meeting of the Nodal Committee, it has been decided that the database of farmers maintained by the respective State Government may be merged with subsidy payment system of DoF to provide subsidy directly to the farmers. In this regard, it has been decided to initiate the project on pilot basis in few districts / talukas of different states. Some States have furnished their consent to initiate the project on pilot basis. The matter is under active consideration of the Department.

8.3 On being asked regarding the timeframe for introduction of Direct Cash Transfer (DCT) for fertilizer subsidy to the farmers, a representative of the Department submitted as under:

*“Sir, they are saying that they will start whenever they will choose. Some States have elections. They say that they will start after elections. But the pilot project would normally go on for one or two years, and then we will see.”*

## PART-II

### OBSERVATIONS AND RECOMMENDATIONS

#### Proposed and Allocated Budgetary Allocation for 2023-24

1. The Committee note that the Department of Fertilizers(DoF)had projected an outlay of Rs. 2,99,777.52 crore for its various schemes and other requirements during the year 2023-24. However, this outlay has been drastically reduced by 59.75% to Rs. 1,79,128.48 crore by the Ministry of Finance(MoF). The reduction has been made in both Nutrient Based Subsidy (NBS) Scheme and Urea Subsidy Scheme of the Department. The Department has contended that reduction in budget allocation for 2023-24 may increase pendency for all the Schemes. Sub-Schemes under NBS will suffer the most as the budgetary allocation is only Rs. 44,000 crore against the requirement of Rs. 1,07,109 crore. Moreover, against the projected amount of Rs. 1,43,962 crore for subsidy for indigenous urea an amount of Rs. 1,04,063 crore have been allocated. The Department would, however, re-assess the requirement of additional funds, in view of the insufficient funds available to meet the requirement of subsidy funds, and accordingly project their demand at the time of RE/Supplementary Demands for 2023-24. The Committee are of the opinion that the sanctity of the Budget should be maintained at all cost. After all, the financial outlay was projected as per the requirement of subsidy funds and therefore Subsidy Schemes of the Government should not be allowed to suffer. The Committee hope that the allocation of funds will be suitably stepped up at RE, 2023-24.

#### Financial Target and Achievements During Last Three Years

2. The Committee note that BE allocation for Nutrient Based Subsidy Policy and Urea Subsidy policy of the Department during fiscal 2022-23 was Rs.

1,09,186.78 crore which was increased to Rs. 2,28,473.62 crore at RE stage. However, the actual expenditure remained Rs. 1,89,135.11 crore (up to 17.01.2023) constituting 82.78% of the RE amount. The scheme wise analysis of utilization of budgetary funds during 2022-23 (up to 17.01.2023) reveals that for most of the schemes, the percentage utilization remained to the extent of 80 to 90%. Besides, the Committee take note of the persistent under-utilization of funds allocated at RE stage for Nutrient Based subsidy scheme during 2020-21 and 2021-22. Out of RE, 2020-21 and RE, 2021-22 of Rs. 38989.88 crore and Rs. 64192.00 crore, respectively, Rs. 37372.47 crore and Rs. 52769.97 crore could be utilised. According to the Department, the reasons for under-utilization during the years are receipt of less number of bills owing to lesser sale in the last quarter of the FY; digital Freight bills of Rs. 237.66 crore could not be passed due to technical glitch in New Freight Module of iFMS; these claims were generated digitally for the first time and return of some incomplete bills which were not in order. The Committee are not convinced by reasons adduced by the Department as some of these matters could have been resolved by taking timely measures. However, the Committee hope that the Department have been able to overcome the above mentioned constraints by now and as assured would optimally utilize the allocated funds by the end of financial year 2022-23. The Committee would like to be apprised of the figures for actual expenditure incurred by the Department of Fertilizers during 2022-23 in respect of all its Schemes.

### **Research and Development (R&D) in Fertilizer Sector**

3. The Committee note that as projected by the Department of Fertilizers, Rs. 0.10 crore has been allocated in BE 2023-24 as grant-in-aid to R&D Budget head. Similarly, RE allocation of Rs. 0.10 crore was made in FY 2022-23 under the R&D head and the expenditure incurred upto September, 2022 is NIL. The

situation was no different in the year 2021-22. The Committee have been told that R & D budget head is for funding on project basis and Department would extend financial assistance to research agencies/organizations as and when research project proposals are received. The Committee are surprised that for years together no research projects has been conceived by the research agencies/organisations and feel sorry for this state of affairs. The Committee further note that the Department has created a budget head for ICFR (Indian Council for Fertilizer and Fertilizer Nutrient Research) for the FY 2023-24 with the objectives, inter-alia, to undertake research in the area of fertilizer and fertilizer manufacturing technology and will seek funds for ICFR at the 1st Supplementary stage in FY 2023-24. In this context, the Committee would like to be enlightened as to how Department's budget head for ICFR is different from their R&D head. Also, the Committee would like to understand the reasons for not making funds projections at BE, 2023-24.

In this context only, the Committee would like to recall that in the course of examination of Demands for Grants for the year 2021-22 and 2022-23, they had emphasized on the need for time bound research projects towards developing more efficient fertilizers which may include indigenous varieties of nano fertilizers (Urea/ P&K/ micro nutrients), bio-fertilizers, organic fertilizers, compost, bio-stimulants, etc. in due consultation with the research agencies and organizations and recommended for funding of the required level. The Committee regret to note that nothing has been done so far in this direction. The Committee hope that at least now the Department would give serious consideration to their recommendation and act accordingly.



## **Fertilizers Production Targets and Achievements**

4. The Committee note that the consumption of major fertilizers in the country is around 636 lakh metric tonnes, which consist of Urea, NPK, DAP, MoP and SSP. The production of Urea in the country till last year was around 250 LMT and has increased to almost 280 LMT now. As far as P&K fertilizers is concerned, the country is fully dependent on imports in Potassic Fertilizer and to the extent of 90% in Phosphatic Fertilizer in the form of either finished products or its raw material. The domestic production of P&K fertilizers consisting of NPK, MoP, DAP, SSP, etc. is about 185 LMT. Last year, the import of urea was around 91.3 LMT and that of P&K fertilizers was 90.92 LMT. The country does not import SSP. But in the case of MoP, the country is fully dependent on imports. In view of the foregoing, the Committee gather that the DoF need to take adequate measures to increase the domestic production of major fertilizers in the country. However, the Committee are concerned to note the under achievement of targets in respect of the production of Urea as well as P&K fertilizers during the last three years. During 2020-21, against the target of 267.08 LMT of Urea and 271.30 LMT of P&K fertilizers, 246.05 LMT of Urea and 187.63 LMT of P&K fertilizers, respectively could be produced. Similarly, during 2021-22, against the target of 280.4 LMT of Urea and 284.14 LMT of P&K fertilizers, 250.72 LMT of Urea and 185.23 LMT of P&K fertilizers, respectively could be produced. During 2022-23, against the target of 209.87 LMT of Urea and 186.14 LMT of P&K fertilizers, 187.21 LMT of Urea and 133.58 LMT of P&K fertilizers have been produced up to November, 2022. The reasons attributed for shortfall in the targets include non-availability of feedstock, Fertilizer plant accidents, technology up-gradation projects; Sindri, Barauni and Gorakhpur units could not start production during 2021-22, delay in

production by Matix Unit due to problem in gas pipeline connectivity, less production by RFCL-Ramagundam unit, etc.

The Committee exhort the Department to take all remedial measures to overcome the bottlenecks and intensify their efforts in removing the recurring impediments so as to ensure targetted production of Urea and other P & K Fertilizers. The Committee hope that the Department would make every effort to realise the target to produce 304 LMT of Urea and 185.00 LMT of P&K fertilizers during 2023-24. The Committee would like to be kept informed of the production figures of Urea and P & K Fertilizers during 2022-23.

#### Payment In Respect of Carry-over liabilities

5. The Committee are pleased to note that there is no carry-over liability as on date pertaining to the previous years in respect of Indigenous Urea. The settlement of subsidy/DBT claims of fertilizers companies are being done regularly subject to availability of funds. Also, in respect of imported urea, the carry-over liabilities which was Rs. 869.50 crore as on 01.04.2022 has been brought down to Rs. 303.35 crore as on date and balance claims are under process at various stages. The Committee would desire that concrete measures should be taken in a time bound manner to ensure that the balance amount of carry-over liability in respect of imported Urea is settled within the current financial year itself. The Committee urges the Department to project its demands of fund requirement for payment of subsidies in respect of Urea and P&K fertilizers (both indigenous and imported fertilizers) at BE/RE stage in a more convincing manner to get adequate allocations so that payment of subsidies are made timely.

### **Freight Subsidy on Single Super Phosphate (SSP)**

6. The Committee note that the Government had approved freight subsidy on Single Super Phosphate (SSP) which is 100% indigenously manufactured fertilizer, on pilot basis for Kharif-2022 and Rabi-2022 season to promote indigenous production of fertilizers. Based on the outcomes, the further requirement of freight subsidy on SSP is to be decided. Supply plan has been issued for SSP fertilizer and the freight bills will be reimbursed as and when submitted, as per SSP freight policy. The Committee would like to be apprised of the feedback received on the SSP Fertilizers and also decision of the Government to include the indigenously manufactured SSP in the freight subsidy scheme to facilitate its sufficient availability throughout the country as replacement to DAP which is largely imported.

### **Continuation of the Urea Subsidy scheme**

7. It has been brought to the notice of the Committee that the Third Party evaluation Report of the Urea Subsidy Scheme has recommended the necessity for continuation of the Urea Subsidy Scheme(USS) to help the urea industries, farmers and the agriculture sector. Further, the Union Cabinet has decided to continue the schemes including USS till 30.09.2022. As the Department of Expenditure(DoE) had conveyed, DoF has submitted the proposal for continuation of USS beyond 30.09.2022. EFC Note for continuation of USS was sent to DoE for appraisal of EFC. EFC appraisal is stated to be currently under progress. In this context, the Committee would like to recall that last year during the course of examination of Demands for Grants, it was recommended for extension of the present Urea subsidy beyond 31<sup>st</sup> March, 2022. While reiterating their earlier recommendation, the Committee would desire that the Department of Fertilizers should take up the matter with the Ministry of Finance at the highest

level for expediting the EFC approval for continuation of the Urea subsidy scheme. At the same time the Government are conscious that the price distortions resulting from the uneven pattern of Government subsidy have resulted in a skewed utilization of fertilizers by Indian farmers. Instead of maintaining the desired proportion of Nitrogen, Phosphate and Potash (4:2:1), our country uses considerably more urea since it is cheaper for the farmer than other inputs, with damaging consequences for soil health. A holistic view of the policy is now due and the Committee urge the Ministry to undertake one without delay.

#### **Need for long term planning for fertilizers production and import**

8. It is a matter of concern that our country is totally dependent on imports for Potassic fertilizers, to the extent of 90% in Phosphatic fertilizers and upto 25% in case of Urea. In order to absorb the pressure of increased prices of P&K fertilizers due to increase in the international prices of P&K fertilizers, Government time and again, increases subsidy under NBS scheme. Long Term Agreements and Joint Ventures for Raw Materials/Finished Fertilizers through MoUs between the Indian Fertilizer Companies and Fertilizer Companies from other countries are being facilitated to ensure supply of raw materials and to bring down the prices of fertilizers in the international market thereby saving the valuable foreign exchange for the country. Besides, any increase in cost of Natural Gas which constitutes about 85-90 % of the cost of urea production has direct impact on subsidy out go to the Government and therefore, DoF has issued advisory to all the urea manufacturing units to explore long term and mid-term sources of Natural Gas including RLNG. An Urea off-take Agreement has been finalized to import 10 LMT Urea annually for a period of 03 years from a foreign company. Also, efforts are being made for exploration of minerals for raw

materials for P&K fertilizers in India. Appreciating the measures so taken by the Department to make available Urea and P&K Fertilizers at reasonable prices for farmers for agricultural purposes, the Committee call upon the Department to intensify its efforts and also explore other innovative measures in this direction. Feasibility of entering into Joint Ventures abroad with countries rich in fertilizer raw materials for production facilities with buy back agreements and acquisition of fertilizer mines, etc. may also be explored to ensure sufficient availability of fertilizers and its raw materials without the pressure of price fluctuation in the international market and to save precious foreign exchange.

#### Initiative to promote use of Nano Urea

9. Only 30-40% of the nitrogen in the Urea is actually utilized by the plant, the rest is wasted and reaches the ground water or evaporates as ammonia which is an environmental hazard. The farmers are, however, tempted to use Urea as it is available at a very cheap price as a result of Government subsidy. The Committee do share the optimism of the Department in mooted a proposal to promote the use of Nano urea by provisioning that for purchase of five (05) bags of Urea, the farmer may be sold one bottle of Nano Urea and four bags of Urea. The Committee have been told that the said proposal has not been implemented. Keeping in view the numerous benefits of Nano Urea on human health, soil and environment over the use of conventional Urea and as the Government has the responsibility to ensure extensive use of Nano Urea by the farmers, the Committee, therefore, urge the Department to reconsider the feasibility of the proposal of compulsorily selling one bottle of Nano Urea with purchase of 4 bags of conventional urea to the farmers, to promote the use of Nano Urea.

## **Provision of Direct Cash Transfer (DCT) to farmers for fertilizer subsidy**

10. The Committee note that as per the suggestions/recommendations contained in the Third-Party Evaluation report of the Urea subsidy Scheme, since there is need to continue subsidizing the urea for farmers, it will not be suitable option that the subsidy could directly be transferred in the accounts of farmers since Direct Benefit Transfer (DBT) to farmers is a complex system and therefore, it is suggested that under the scheme, subsidy amount should be given to the manufacturing/ importing companies as per the current policy. The Committee, are of the considered view that the present urea subsidy scheme should be continued in such a manner that it causes the least inconvenience to farmers.

11. The Committee are happy to note that the Department has taken up the introduction of DCT fertilizer subsidy at various levels in the Government. A Nodal Committee co-chaired by Secretary (Fertilizers) and Secretary (DA&FW) has been constituted in this regard to examine issues related to it. The primary bottleneck in implementation of DCT is identification of beneficiaries (farmers), their land records, soil type, cropping pattern, fertilizer requirement, etc. as all such information is being maintained by State Governments. It has been decided to merge the database of farmers maintained by the respective State Governments with subsidy payment system of DoF to provide subsidy directly to the farmers and also to initiate the project on pilot basis in few districts / talukas of different States. Some of the States have furnished their consent in this regard. In view of the foregoing, the Committee desire that the Department should initiate the pilot project in right earnest in coordination with all the

stakeholders for effective implementation of Direct-Cash Transfer of Fertilizer Subsidy to farmers/ producers. The Committee would like to be apprised of the progress in the matter.

**PM-PRANAM- Promotion of organic fertilizers, bio-fertilizers, etc.**

12. The Government has announced PM Programme for Restoration Awareness and Nourishment and Amelioration of Mother Earth (PM-PRANAM) in the budget 2023-24 with an objective to restore the health of the Mother Earth through promoting balanced/ sustainable use of chemical fertilizers; adopting alternate fertilizers like organic/bio and nano fertilizers; promoting natural/ organic farming; etc. which will thus save the soil, human health, ground water and environment. The scheme which is still under consideration of the Ministry of Finance aim to incentivize States and UTs which are involved in promotion of organic fertilizers, natural farming and organic farming. The Committee supports the idea of the Government to promote balanced use of fertilizers by the farmers all over the country. The Committee trust that PM-PRANAM scheme, subject to its effective implementation would be able to achieve its intended objectives. The Committee impress upon the Department to follow up status of scheme with the Ministry of Finance and keep them apprised.

**Initiatives taken to introduce Innovative/alternate fertilizers**

13. The Committee appreciate that the Government, as part of its initiatives to promote alternate fertilizers, is considering use of two new fortified Urea combinations in the country viz (i) Sulphur Coated Urea(SCU) also called as Urea Gold and (ii) a combination of Single Super Phosphate and Urea (SSP+Urea) which is used instead of DAP. As per the study conducted by ICAR, use of SCU leads to reduction in urea consumption by 25% and therefore it is proposed to introduce SCUas a premium urea in the market in 40 kg bags which will also meet

the deficiency of Sulphur content in the soil. Its two main advantages are its slow-release mechanism and increased nitrogen adsorption efficiency by 40%. It also improves the plant growth/ quality and the yield of seeds, especially oilseeds. Rashtriya Chemicals and Fertilizers Limited (RCF) has produced in-house laboratory scale SCU with specifications of FCO, 1985. The pilot scale plant/ commercial production is yet to be set up by RCF and results are yet to be seen. The initial studies conducted by RCF are at laboratory scale. Field trials of SCU are going on by RCF. Keeping in view the numerous benefits of the SCU and (SSP+Urea), the Committee hope that the Department/RCF would expedite the field trials in respect of (SSP+Urea) and SCU and soon start their pilot scale plant/ commercial production. The Committee would like to be kept informed of the developments with regard to SCU and (SSP+Urea).

**Scheme for providing Market Development Assistance for production and use of organic manure, compost, etc.**

14. The Government in budget 2023-24 has made announcement of the SATAT and GOBARdhan Schemes for promotion of organic manures, compost, etc. While SATAT Scheme is managed by Ministry of Petroleum and Natural Gas (MoP&NG), GOBARdhan scheme is managed by Department of Drinking Water & Sanitation (DDWS) and Ministry of New and Renewable Energy (MNRE). SATAT programme promotes compressed bio-gas plants wherein the by-product is fermented organic manure (FOM) GOBARdhan scheme promotes bio-gas plants and FOM is the by-product which is a bio-manure. The Department of Fertilizers will be promoting the use of bio-manure which is produced under these two schemes as a by-product. There is an EFC Proposal for granting Market Development Assistance for FOM/ PROM/ other organic fertilizers & bio-fertilizers with focus on SATAT and "GOBARdhan scheme. 5000 compressed biogas plants are to be



set up under SATAT scheme by 2023 while 400 bio gas plants are to be set up under the GOBARdhan scheme. The Committee would like to be updated on the matter from time to time.

15. While drawing attention towards the reported failures of Bio-gas plants operating in the country due to various technical reasons and also to the fact that because of less nitrogen content in the organic manure its use and application is too costly compared to Urea which is available at subsidized rates, the Committee earnestly desires that while approving the two schemes, the Government may consider granting suitable Market Development Assistance for the production and sale of bio-manure, compost, etc. produced from the plants so that they are available at affordable rates to the farmers to promote their use. Moreover, the fertilizer companies and agencies may be incentivized to promote the sale and use of organic manures by the farmers. The Committee also exhorts the Ministry to take cogent measures for ensuring the availability of trained technical manpower at the village/ block/ district levels for maintenance of the bio-gas plants and constituting of a Central monitoring agency for ensuring their effective and efficient operation.

New Delhi;  
.... March, 2023  
... Phalguna 1944 (Saka)

DR. SHASHI THAROOR  
Chairperson,  
Standing Committee on  
Chemicals & Fertilizers.

**Name of Fertilizer Plants and reasons for shortfall in production.**

Name of the plant/unit	Reasons for low production during 2020-21 for Urea
<b>NFL:Nangal</b>	Owing to 14 days shutdown taken for GTG hook up and various annual maintenance jobs, wef 17.01.2021.
<b>NFL:Vijaipur-I</b>	Low production mainly due to the shutdown taken w.e.f. 08.09.2020 to 12.10.2020 for partial implementation of ESP-II schemes & various Annual Turn Around jobs.
<b>RCF:Trombay-V</b>	Plant is shutdown during 4th February to 11th February 2020 due to raw material (CO <sub>2</sub> ) limitation due to shut down of Ammonia plant.
<b>RCF:Thal</b>	Shut down of Thal Urea 21 (from 30 Sept to 7 Nov 2018) and 31 unit (from 28 Sept to 2 Nov 2018) for implementation of various energy saving schemes. Shut down of Thal Urea (from 23 Oct to 6 Nov, 2018) for annual turnaround jobs. Urea 31 remained shut down from 12th Nov 2018 to 7th Dec 2018 due to failure of outer shell course of the multi-layered urea reactor.
<b>MFL:Chennai</b>	Urea and Ammonia plants have availed shut down to undertake jobs such as Statutory Annual Inspection of Boilers, Annual Turnaround Maintenance, Feed Stock Conversion and stabilization from Naphtha to RLNG between March 30 and July 27, 2019.
<b>BVFCL:Namrup-II</b>	Only on stream of the Urea plant is being operated due to not having sufficient feedstock availability. Plants suffered two major failures on 17.05.2019 and 06.01.2020. The plant also remained under shut down from 18.05.2019 to 08.09.2019 for about 113 days due to shearing-off of process?Gas outlet line of Synthesis Gas Boiler to BFW pre-heater to hot exchanger.  The plant remain under shut down till date due to a 2nd failure on 06.01.2020 in Ammonia Synthesis Section, caused by shearing off of a pipeline carrying high pressure Synthesis Mix Gas, going to Ammonia Synthesis Reactor inlet.
<b>BVFCL:Namrup-III</b>	Low production due to maintenance jobs
<b>ZIL:Goa</b>	Shut down taken due to raw material shortage.
<b>Matix Group Corp.</b>	Due to shortage of required feed stock, plant shut down since 15th November 2017.

Name of the plant/unit	Reasons for low production during 2020-21 for P&K Fertilizers
<b>GSFC:Sikka</b>	Due to Marketing constraint.
<b>ZACL</b>	Plant under planned shutdown.
<b>GFL:Tuticorin</b>	Annual turnaround/ Raw material shortage.
<b>MCF:Mangalore</b>	Phosphoric Acid stock out during April 2020. Plant stopped for dryer maintenance (re-scheduled from April 2020 to September 2020 due to COVID-19). Ammonia Stock out during March 2021.
<b>PPL:Paradeep</b>	Silo space Limitation. One train revamp delayed due to covid-19 lockdown. Non availability of rakes. Less bagging & Loading of fertilizers due to shortage of manpower during COVID-19 lockdown. Raw materials (NH3 & P2O5) shortage.
<b>RCF</b>	Plant remained shutdown till 9th April, 2020 due to Covid-19 pandemic. For remaining period in the month of April, May and June 2020, plant was operated at optimum load considering the rake and man power availability (Due to COVID 19 issue). In March 2021, plant was operated on low load and further remained under shut down from 09th to 16th March 2021 due to raw material (MAP) limitation.
<b>MFL</b>	NPK production is low as plant was shutdown from April 2020 to July 2020 and during 2020 for want of raw materials due to working capital constraints.
<b>GSFC</b>	Due to Marketing constraint. Plant was under low load due to high stock.
<b>ZACL</b>	Raw Material shortage (Lack of fund).
<b>GFL:Tuticorin</b>	Annual turnaround/ Raw material shortage.
<b>MCF:Mangalore</b>	Plant stopped for dryer maintenance (re-scheduled from April 2020 to September 2020 due to COVID-19).

Name of the plant/unit	Reasons for low production during 2021-22 for Urea
<b>Urea</b>	
<b>RCF-Thal</b>	<p>Plant was operated on low load (from 02nd to 11th April 2021) due to shutdown of one stream of Urea (Urea-31) for carrying out statutory IBR inspection of Carbamate Condenser (E-5).</p> <ul style="list-style-type: none"> <li>• Plant was operated on low load from 30th April to 01st May 2021 and from 15th to 19th June 2021 due to raw material limitation (CO<sub>2</sub>) from Ammonia plant.</li> <li>• On 22nd and 23rd July and from 29th to 31st July 2021, plant was operated on low load due to maintenance job in Urea Ammonia plant (Raw material) respectively.</li> <li>• Urea plant was operated on low load intermittently in the month of Aug 2021, due to maintenance jobs in Ammonia and Urea plants. Further from 29th Aug to 11th Oct 2021, only two streams of Urea plants were in operation, due to Catalyst replacement and other maintenance jobs in Ammonia (Line II &amp; I respectively) plant.</li> <li>• In Nov 2021, production of Urea was affected on 20th Nov 2021 due to tripping of service boiler and the plant was operated on low load till 22nd Nov 2021 due to maintenance job in Process Air Compressor in Ammonia plant (Raw Material).</li> <li>• In Dec 2021, Urea production was affected due to maintenance job in Process Air Compressor in Ammonia plant (Raw Material limitation) from 20th to 25th Dec 2021.</li> <li>• In January 2022, Production of Urea was affected from 20th to 26th January 2022 due to maintenance job in Process Air Compressor in Ammonia plant (Raw Material limitation).</li> </ul>
<b>RCF-Trombay</b>	<p>Plant remained under shut down from 17th June to 20th June and again from 28<sup>th</sup> June 2021 to 05th July 2021 due to carbamate condenser tube leakage.</p>

	<ul style="list-style-type: none"> <li>□ Again from 28th July 2021 to 02nd Aug 2021, plant remained under shut down due to maintenance job in Ammonia (raw material) plant.</li> <li>□ Urea Plant remained under shut down from 04th to 08th Sept 2021, due to Urea Stripper outlet line vapour leakage.</li> <li>□ In the month of October 2021, plant remained under shut down from 12th to 16th Oct 2021 due to tube leakage in carbamate condenser.</li> <li>□ Urea plant was shut down from 3rd Nov to 5th Nov to due to Carbamate condenser tube leakage. Further, the plant was operated on restricted load throughout the month of Nov 2021 due to the carbamate condenser limitation( to avoid sudden breakdown due to tube leakage)</li> <li>□ In the month of Dec 2021, Urea plant was operated on restricted load from 01<sup>st</sup> to 22nd Dec 2021 due to suspected leakage in carbamate condenser. Planned shutdown was taken from 23rd Dec 2021 onwards, to attend the leakage job in carbamate condenser.</li> <li>□ In January 2022, Urea plant remained under shut down from 05th to 10th Jan 2022 and again from 29th Jan 2022 onward due to maintenance job in Carbamate condenser. Plant was operated on the restricted load for their remaining period of the month due to imitation of the Carbamate condenser.</li> </ul>
<p><b>Indorama India Private Limited - Jagdishpur</b></p>	<p>Actual production in Jan' 22 is lower by 31689 MT compare to target due to less on-stream days because of plant shutdown from 24th Jan'22 for Annual Plant Maintenance which was deferred from the month of Nov/Dec-21 to Jan/Feb-22.</p>
<p><b>CFCL:GADEPAN-I</b></p>	<p>Production loss in Gadepan-I is due to reduced load operation of Ammonia plant on account of higher journal bearing temperature of Synthesis gas Turbine.</p>
<p><b>CFCL:GADEPAN-II</b></p>	<p>Production loss in Gadepan-II is due to limitation in Synthesis gas Turbine and leakage from BFW pre-heater.</p>

<b>CFCL:GADEPAN-III</b>	Production loss in Gadepan-III is mainly due to optimization of plant load in view of approved annual capacity of 12.7 lac MT for Gadepan-III. Production target is likely to complete by 11th March 22, DOF approval shall be required for production thereafter.
<b>GSFC-Vadodara</b>	Low production due to emergency shutdown of Plant.
<b>SPIC</b>	Lower load operation due to CO2 exchanger leaks, Rector Block valve leak.
<b>MFL-Chennai</b>	Urea production was slightly low due to the RLNG supply failure and flow restrictions imposed by IOCL between Jan 13-19, 2022.
<b>NFCL-II</b>	Gas stoppage notice received from GAIL, Unit-II shutdown taken at 12:10 hrs of 17th Aug 2021.
<b>Name of the plant/unit</b>	<b>Reasons for low production during 2021-22 for P&amp;K Fertilizers</b>
<b>RCF-Trombay</b>	<p>Plant was operated on low load throughout the month of April 2021 due to raw material (MAP/DAP) limitation. Further, the plant remained under shut down from 08th May to 07th June 2021 and again from 11th to 13th June 2021 due to raw material (MAP/DAP) limitation.</p> <p><input type="checkbox"/> In Dec 2021, plant was operated on low load intermittently due to maintenance and reaction tanks cleaning jobs.</p> <p><input type="checkbox"/> In Jan 2022, plant was operated on low load on 13th Jan due to reaction tanks cleaning job and operated on low load from 25th Jan to 29th Jan 2022 due to raw material (Nitric Acid) limitation</p>
<b>GSFC-Vadodara</b>	Low production due to raw material PA shortage and Maintenance job.
<b>GSFC-Sikka</b>	<p>(1) Plant load restricted for 06 days as per NPA level and to conserve WNA stock.</p> <p>(2) Plant was under shutdown from 10/01/22 (16:00 hrs.) to 31/01/22 due to raw material shortage.</p> <p>(3) Higher Nil days ( Budgeted : 1 Day Vs Actual : 21 Days)</p>

<b>GFL</b>	Non availability of raw material
<b>MFL-Chennai</b>	NPK Production was low due to higher Raw Material cost.
<b>Name of the plant/unit</b>	<b>Reasons for low production during 2022-23 (upto November 2022) for Urea</b>
<b>Urea</b>	
<b>NFL : Panipat</b>	Forced stoppage of urea plant from 24.08.2022 to 05.09.2022 in account of electrical fault in the motor of the CO2 Compressor in ure,
<b>NFL : Nangal</b>	One emergent shutdown taken in May/June 2022 for 19 days to attend sudden leakage in one of the heat exchanger in Urea plant and plant tripping in July 2022 owing to sudden fall in gas pressure from GAIL Station, Nangal.
<b>Vijaipur –I: Unit</b>	Unforeseen shutdown taken on account of sudden excessive leakage in the Reformed Gas (RG) boiler in Ammonia plant on 02.04.2022 to 19.04.2022.
<b>GSFC : Vadodara</b>	In the month of August 2022 shutdown for mechanical maintenance job.
<b>BVFCL-II : Namrup</b>	Ammonia & Urea plant shut down due to failure of Ammonia Synthesis Section.
<b>MFL : Chennai</b>	In the month of October, 2022 Urea Reactor was under maintenance to attend top lid leak .
<b>RFCL : Ramagundam</b>	Stoppage of Urea plant on upstream belt and Prilling tower rotary scrapper's seal strip damage in the month of July, 2022. Shutdown taken for a period of 25 days from 07.09.2022.
<b>HURL : Gorakhpur</b>	In the month of September, 2022 power failure both Ammonia and Urea plants. The control valve gland and the body flanges were leaking resulting in damage to instruments which closed the valve.
<b>Indorama India Private Ltd : Jagdishpur</b>	Force shutdown of Ammoni/Urea plant operation during 17 <sup>th</sup> September, 2022 to 10 <sup>th</sup> October, 2022.
<b>KFCL : Kanpur</b>	In the month of October, 2022 some major fault at KESCO end . .

<b>Matix : Panagarh</b>	In the month of November, 2022, GTPAC tripped on low steam pressure. Plant takes entire month shutdown .
<b>Name of the plant/unit</b>	<b>Reasons for low production during 2022-23 (upto November 2022) for P&amp;K Fertilizers</b>
<p>P&amp;K fertilizers is a de-controlled commodity and under Open General License ((OGL) under the NBS scheme. The P&amp;K fertilizer industry take their business decisions according to their commercial viable terms. P&amp;K fertilizer industry go for import whenever they feel it is more profitable than producing these fertilizers in the country. India does not have sufficient raw materials for production of DAP and other P&amp;K fertilizers.</p>	



## **STANDING COMMITTEE ON CHEMICALS & FERTILIZERS**

**(2022-23)**

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

The Committee sat on Tuesday, the 14<sup>th</sup> February, 2023 from 1100 hrs. to 1300 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

#### **PRESENT**

**Dr. Shashi Tharoor – Chairperson**

#### **MEMBERS**

##### **LOK SABHA**

2. Shri Dibyendu Adhikari
3. Shri Kripanath Mallah
4. Shri Satyadev Pachauri
5. Shri Arun Kumar Sagar
6. Shri Pradeep Kumar Singh
7. Shri Uday Pratap Singh
8. Shri Parbhubhai Nagarbhai Vasava

##### **RAJYA SABHA**

9. Dr. Anil Jain
10. Shri Arun Singh

#### **SECRETARIAT**

- |    |                        |   |                     |
|----|------------------------|---|---------------------|
| 1. | Shri Vinay Kumar Mohan | - | Joint Secretary     |
| 2. | Shri N. K. Jha         | - | Director            |
| 3. | Smt. Geeta Parmar      | - | Additional Director |
| 4. | Shri Kulvinder Singh   | - | Deputy Secretary    |
| 5. | Shri Panna Lal         | - | Under Secretary     |

#### **WITNESSES**

#### **Representatives of the Ministry of Chemicals and Fertilizers (Department of Fertilizers)**

- |    |                     |   |                   |
|----|---------------------|---|-------------------|
| 1. | Shri Arun Singhal   | - | Secretary (Fert.) |
| 2. | Shri Sanjay Rastogi | - | Addl. Secy. & FA  |

- |     |                      |                 |
|-----|----------------------|-----------------|
| 3.  | Ms. Neeraja Adidam   | - Addl. Secy.   |
| 4.  | Ms. Aneeta C Meshram | - Joint Secy.   |
| 5.  | Shri Arvind Kumar    | - Joint Secy.   |
| 6.  | Shri Priya Ranjan    | - JS, D/o Agri. |
| 7.  | Dr. Pratibha A       | - Eco. Advisor  |
| 8.  | Shri Avtar S. Sandhu | - CCA           |
| 9.  | Dr. Tina Soni        | - Director      |
| 10. | Sh. M. Subramanian   | - Director      |

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened for consideration and adoption of the Draft Report on the subject 'Nano-fertilizers for sustainable crop production and maintaining soil health" pertaining to the Department of Fertilizers as well as for taking oral evidence of the representatives of the Department of Fertilizers on Demands for Grants for the year 2023-24.

3. The Chairperson then welcomed the representatives of the Department of Fertilizers to the sitting of the Committee. Drawing their attention to Direction 58 of the 'Directions by the Speaker' regarding confidentiality of the proceedings, the Chairperson asked the Department to apprise the Committee about the reasons for reduced allocation of funds for the year 2023-24 than what was proposed, the schemes/programmes of the Department which will suffer the most due to less allocation this year, measures being taken to speed up the implementation of various schemes/programmes, expected utilization of funds up to 31 March, 2023 against the allocated funds during 2022-23, carry over liabilities in respect of Urea and NBS subsidy scheme, status regarding continuation of Urea subsidy scheme, reasons for seeking a token amount of Rs. 0.10 crore for Grant-in aid to R&D Budget Head, for promoting research in fertilizers sector, efforts made to facilitate the fertilizer units to timely achieve the target energy norms and also the major thrust areas of the Department during 2023-24.

4. The Secretary, Department of Fertilizers made a power point presentation inter-alia highlighting the salient features of the demands for grants for the year 2023-24, the consumption of major fertilizers over the years, production data of Urea and P&K

fertilizers, imports of fertilizers during the last 5 years, international price trends, fertilizer subsidy schemes, budget allocation and expenditure during 2019-20 & 2021-22; BE, RE and expenditure (up to January, 2023) during 2022-23 and BE 2023-24. The Secretary also informed about the Budget 2023-24 announcements like “PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth” (PM-PRANAM); proposal for Market Development Assistance for Fermented Organic Manure (FOM), Phosphate Rich Organic Manure (PROM) and other organic fertilizers & bio-fertilizers with focus on SATAT and GOBARdhan schemes, amendments in the First Schedule to the Customs Tariff Act, 1975 for fertilizer grade Urea; other initiatives of the Government related to integrated Fertilizer Management System (iFMS); Pradhan Mantri Kisan Samridhi Kendras (PMKSK); One Nation One Fertilizer (ONOF); Fertilizer flying squad & top 20 buyers. The Secretary also mentioned about the introduction and promotion of innovative/ alternate fertilizers like Nano Urea, Nano DAP and new fortified Urea combinations like Sulphur coated Urea (Urea Gold) and Single Super Phosphate and Urea (SSP + Urea) instead of DAP.

5. The Members raised several queries which *inter-alia* included the efforts made to minimize the effects of international price rise in fertilizers; steps for availability of trained technical mechanics in the villages for repair and maintenance of bio-Gas plants to ensure their long term operation; efforts to minimize the use of Urea by the farmers; need to promote Sulphur coated Urea and combination of SSP + Urea (instead of DAP); incentivize the use of Bio-fertilizers, organic fertilizers, bio-manures, alternative fertilizers, etc.; proper monitoring at district level to check black marketing and diversion of Urea; promotion of Nano Urea by making mandatory the sale of one (01) bottle of Nano Urea with purchase of 04 bags of conventional Urea; promotion of Nano Urea production; reasons for non-introduction of Direct Benefit Transfer (DBT) and Direct Cash Transfer (DCT) in respect of fertilizers subsidy; reasons for discontinuation of City Compost scheme; achieving of Energy norms by the fertilizers manufacturing plants; spreading awareness about use of Nano Urea at the PMKSKs; providing subsidy on the purchase of drones for spray of Nano fertilizers; bringing production of drones under PLI scheme; making available other hand/ battery operated sprinklers to the farmers for use of Nano fertilizers; etc. The representatives of the Department of Fertilizers replied to the queries of the Members.

6. The Chairperson thanked the Secretary and other representatives of the Department of Fertilizers for furnishing valuable information on the subject and

responding to the queries of the Members. The Chairperson also asked the Secretary, DoF to furnish written replies to the queries raised by the Members which remained unanswered during the sitting of the Committee, within 2-3 days.

7. A copy of the verbatim record of the proceedings of the sitting has been kept.

(The witnesses then withdrew)

Thereafter, the Committee took up for consideration the draft Report on the subject, "Nano-fertilizers for sustainable crop production and maintaining soil health" pertaining to the Department of Fertilizers and adopted the same without any modifications/amendments. The Committee, then authorized the Chairperson to finalize and present the Report to the Parliament in light of factual verification received from the Department of Fertilizers, Ministry of Chemicals and Fertilizers.

**The Committee then adjourned.**

**STANDING COMMITTEE ON CHEMICALS & FERTILIZERS  
(2022-23)**

**Minutes of the Twelfth Sitting of the Committee**

The Committee sat on Monday, the 20<sup>th</sup> March, 2023 from 1600 hrs. to 1630 hrs. in Committee Room No. 3, Block 'A', Parliament House Annexe Extension Building, New Delhi.

**PRESENT**

**DR. SHASHI THAROOR- Chairperson**

**MEMBERS**

**LOK SABHA**

- 2 Shri C.N. Annadurai
- 3 Shri Deepak Bajj
- 4 Shri Prataprao Patil Chikhalikar
- 5 Shri Rajeshbhai Naranbhai Chudasama
- 6 Dr. Sanjay Jaiswal
- 7 Shri Ramesh Chandappa Jigajinagi
- 8 Shri Satyadev Pachauri
- 9 Smt. Aparupa Poddar
- 10 Shri Uday Pratap Singh
- 11 Shri Parbhubhai Nagarbhai Vasava

**RAJYA SABHA**

- 12 Dr. Anil Jain
- 13 Shri Ram Nath Thakur
- 14 Shri Vijay Pal Singh Tomar

**SECRETARIAT**

1. Shri Vinay Kumar Mohan - Joint Secretary
2. Shri Nabin Kumar Jha - Director
3. Smt. Geeta Parmar - Additional Director
4. Shri Kulvinder Singh - Deputy Secretary
5. Shri Panna Lal - Under Secretary

2. The Chairperson took up for consideration the following Draft Reports and adopted the same with minor modifications:

(i) Demands for Grants 2023-24 of the Department of Fertilizers, Ministry of Chemicals and Fertilizers;

(ii) XXX	XXX	XXX	XXX
(iii) XXX	XXX	XXX	XXX

3. The Committee then authorized the Chairperson to finalize the Reports and present/lay the Reports in both the Houses of Parliament in light of factual verifications received from the concerned Ministry/Departments.

***The Committee then adjourned.***