

Boost to Indigenous Urea Production

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Cabinet approves Amendment to New Urea Policy-2015

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi has given its approval for amendment in Para 5 of New Urea Policy (NUP) - 2015 relating to the production beyond Re-Assessed Capacity (RAC) and inclusion of Para 8 in NUP - 2015.

The said amendment will protect the production beyond RAC by the urea units and is expected to boost indigenous urea production in the country.

With the approval of Cabinet, New Urea Policy - 2015 was notified on 25th May, 2015 with the objective of maximising indigenous urea production, promoting energy efficiency in the urea units and rationalizing the subsidy burden on the Government. By aforesaid amendment, ceiling imposed on production beyond Re-Assessed Capacity during the year 2016-17, has been raised so as to enable all urea unit to produce additional production which otherwise were not able to do so due to low Import Parity Price.

Further, to address any future fluctuation in Import Parity Price that would have adverse impact on the production beyond RAC by urea units, Department of Fertilizers has been authorized to take appropriate decision in consultation with Department of Expenditure.

All stakeholders namely farmers, urea manufacturers and the Government would be benefitted from the amendment.

Background:

Earlier, with the approval of CCEA, Department of Fertilizers has made it mandatory for all the indigenous urea producers to neem coat 100% of their production of urea, with the objective of promoting balanced use of fertilizers, to increase Nitrogen Use Efficiency and to prevent diversion of urea for the purpose other than agriculture.

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