

Report Summary

Self-Sufficiency in Production of Fertilisers with a View to Curb Import of Fertilisers - Review of Constraints thereof

- The Standing Committee on Chemicals and Fertilisers (Chair: Mr. Azad Kirti Jha) presented its report on ‘Self-sufficiency in production of fertilisers with a view to curb import of fertilisers – Review of constraints thereof’ on December 1, 2025. Fertilisers such as urea, di-ammonium phosphate (DAP), and nitrogen, phosphorus, potassium (NPK) are used to ensure adequate food production to meet the domestic demand. The observations and recommendations of the Committee are as follows:
 - **Enhancing domestic capacity:** The Committee noted a gap between domestic consumption and production of fertilisers. It recommended constituting a task force to promote domestic urea production under the New Investment Policy. It further recommended that production capacity of phosphatic and potassic (P&K) fertilisers should also be expanded through fiscal and tax incentives for setting up of new units. The Committee also observed dependence on foreign companies for licensing of process technology. It recommended development of indigenous technology for setting up fertiliser plants and maintaining them.
 - **Reducing import dependence:** The Committee observed that 90% of the total cost of urea is natural gas which is largely imported through long-term agreements. Only 26% of the natural gas is domestically procured. It recommended that the gas procurement mechanism be modified to ensure constant supply of natural gas at competitive prices. This will also reduce the cost burden of the subsidy on the government. The Committee recommended that the government expedite its natural gas extraction projects to reduce its import dependence and production cost.
 - **Increase production of P&K fertiliser:** The country currently imports 95% of its phosphate and 100% of its potash requirements. The Committee observed that increase in global prices of raw materials, exchange rate fluctuations, and global supply chain disruptions impact domestic cost of fertilisers. The Committee recommended ensuring timely completion of the projects initiated to enhance domestic production of P&K fertilisers. It also recommended facilitating long-term agreements and joint venture projects with raw material rich countries.
 - **Upgradation of aging urea plants:** The Committee observed that out of the 33 operational urea plants, 27 plants are older than 25 years and 7 plants are older than 50 years. It highlighted that the sector would need to transition to new technology in the next five years. It recommended setting up a special task force for upgradation, modernisation, and revival of these plants. It also recommended that the government implement new brown-field and green-field fertiliser projects to minimise import requirements.
 - **Controlling malpractices during fertiliser sale:** The Committee highlighted black marketing and diversion of fertilisers as a concern since a large fiscal burden is borne by the government to provide subsidies. To address this, the Committee recommended: (i) formulating stringent policies to stop black marketing, (ii) establishing a network of labs to check fertiliser quality, and (iii) setting up a grievance redressal mechanism.
 - **Urea subsidy schemes:** The Urea Subsidy scheme is a central sector scheme offering: (i) urea subsidy to indigenous plants, (ii) subsidy for imports of urea, and (iii) freight subsidy for movement of urea across the country. The Committee observed that the scheme is resulting in better crop yields and reduced expenditure for farmers. It recommended that the Department of Fertilisers assess the extension of the Urea Subsidy Scheme beyond March 31, 2025.
 - **Production and promotion of nano fertilisers:** The Committee noted that nano fertilisers are effectively cheaper than conventional fertilisers in the long-term. This is due to: (i) lower raw material requirements for production, (ii) higher nutrient uptake, and (iii) higher crop yields with lower fertiliser usage. It recommended: (i) promotion and higher production of nano fertilisers and (ii) introducing a Production Linked Incentive (PLI) scheme for drones for spraying nano fertilisers.
 - **Ensuring balanced use of fertilisers:** The Committee observed that imbalanced use of chemical fertilisers (primarily urea), neglect of micro-nutrients, and low addition of organic matter is leading to micro-nutrient deficiencies in the soil. The Committee recommended training farmers to encourage balanced use of fertilisers, crop rotation, and natural ways of farming.

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