

GOVERNMENT OF INDIA  
MINISTRY OF CHEMICALS & FERTILIZERS  
DEPARTMENT OF FERTILIZERS

**RAJYA SABHA**

**UNSTARRED QUESTION NO. 827 TO BE ANSWERED ON: 30.07.2024**

**CONCERNS OF UREA PRODUCERS**

827: DR. AJEET MADHAVRAO GOPCHADE:

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

- (a) the steps taken to address the concerns of urea producers who are experiencing economic difficulties because of the lack of upward revision of fixed costs and energy norms; and
- (b) the expected time frame to sort out the above said issues?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS  
(SMT. ANUPRIYA PATEL)

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(a) & (b): Urea is provided to the farmers at a statutory notified MRP and the difference between the delivered cost of urea at the farm gate and net market realization is paid as subsidy to the urea manufacturer by the Government of India. The Concession rate i.e. normative cost of production of Urea consists of two components namely Fixed costs and Variable costs. The fixed Cost component comprises the Conversion cost, Capital related cost and selling expenses, which varies from unit to unit where as variable cost consists of the cost of bag, water and energy cost which is pass-through item. With the objective of promoting energy efficiency and maximizing indigenous urea production, New Urea Policy (NUP) - 2015 was made effective from 1st June 2015. Under NUP-2015, the existing gas-based urea units were classified into three groups based on their pre-set energy norms. The energy norms of the 25 gas-based urea units were revised for a period of three years i.e. 2015-16 (w.e.f. 1st June, 2015) to 2017-18. Each group was given Target Energy Norms of 5.5 GCal/MT, 6.2 GCal/MT and 6.5 GCal/MT respectively w.e.f. 1st April 2018. Presently, out of the 25 units under NUP-2015, 19 units have achieved target energy norms and revised energy norms of the remaining 6 units have been extended till 31.03.2025 with prescribed penalties.

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