



Cabinet approves National Investment Policy for Urea-2026 for Atmanirbhar Bharat (NIPU-2026)

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The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, today has approved the proposal of the Department of Fertilizers on National Investment Policy for Urea-2026 for Atmanirbhar Bharat (NIPU-2026).

Benefits:

The policy will encourage new investments in the Urea sector for setting up the gas based Urea manufacturing units in the country. This will help in the achieving the goal of self-sufficiency. Further, the key changes in comparison to NIP-2012 includes the separation of fixed and variable costs for greater transparency, introduction of a viable Return on Equity (RoE) band with a floor at 12% and a ceiling at 16%, and mitigation of foreign exchange risk through conversion of fixed cost into INR after four years based on prevailing exchange rates. These measures are estimated to result in savings of over Rs.250 crore for each plant established under NIPU-2026 compared to NIP-2012.

Implementation Strategy and targets:

Setting up of new Urea manufacturing units will be covered under the National Investment Policy for Urea-2026 for Atmanirbhar Bharat (NIPU-2026).

Background:

To attract New Investments in the Urea sector, a policy for investments in the Urea sector was finalised by the Department of Fertilizers for Revamp, Expansion, Revival/Brownfield and Greenfield projects in 2012. Under New Investment Policy (NIP) – 2012, total 6 new Urea units have been set up which includes 4 urea units set up through Joint Venture Companies (JVC) of nominated PSUs and 2 urea units set up by the private companies. The period for new investment under NIP-2012 expired by October-2019.

At present, there are 33 operational Urea manufacturing units with total Reassessed/installed capacity of 269.42 LMT. There is a need to increase the indigenous production of Urea. There is a gap in the indigenous production and demand of urea in the country which is filled by the import of urea.

Department of Fertilizers have received various proposals for setting up of Urea units. Hence, a National Investment Policy for Urea is necessary.

MJPS

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