

New Urea Policy 2015

December 19, 2019

Source: *PIB & Live Mint*

Based on CCEA decision, Department of Fertilizers has notified New Urea Policy – 2015(NUP-2015) on in May 2015, with the following objectives:-

- To maximize indigenous urea production
- To promote energy efficiency in the urea units and
- To rationalize the subsidy burden on the Government of India

Three groups

- On the basis of actual energy consumption and preset norms, the units have been divided into three groups and revised energy consumption norms have been fixed for the next three financial years(2015-16 to 2018-19) and target energy norms have been fixed for 2018-19.
- It will drive urea units to select better technology and different measure to reduce energy consumption. The higher energy efficiency due to aforesaid measures will reduce the subsidy bill.

Neem Coating of Urea

- Vide Department of Fertilizers notification dated 25th May 2015, it has been **made mandatory for all the indigenous producers of urea to produce 100% of their total production of subsidized urea as Neem Coated urea.**
- Since **NCU cannot be used for industrial purposes**, illegal diversion of subsidized urea to non-agricultural use would not be possible.
- By curbing this illegal diversion of Urea for non-agricultural purposes, the government aims to **prevent**

subsidy leakages.

Significance of Neem Coated Urea

- Neem coated urea is required less in quantity with the same plot size and gives higher crop yields.
- Underground water contamination due to leaching of urea also gets reduced with neem coating since nitrogen in the neem coated urea gets released to plants very slowly. Neem coated urea is not fit for industrial use, so chances of its illegal diversion to industries will also be lesser.

Extention of the Policy

The Cabinet Committee on Economic Affairs in April 2019 approved the proposal of the Department of Fertilizers to extend the duration of New Urea Policy-2015 for existing gas-based urea units from Apr 1, 2019, until further orders.