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MAGAZINE NOTES

National Investment Policy for Urea 2026 (NIPU-2026)

1 July 2026 · ECONOMY · GS3

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National Investment Policy for Urea 2026 (NIPU-2026)

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Feature analysis for PIB July 2026, built from verified PIB and ministry data.

On 15 July 2026 the **Cabinet Committee on Economic Affairs (CCEA)**, chaired by Prime Minister Narendra Modi, approved the **National Investment Policy for Urea-2026 (NIPU-2026)**. The policy is aimed squarely at one of India's most stubborn strategic vulnerabilities: its **dependence on imported urea and imported fertiliser inputs**. By de-risking large, capital-heavy investments in gas-based urea plants, NIPU-2026 seeks to add substantial new domestic capacity and move India closer to **self-sufficiency in nitrogenous fertiliser**.

WHY IN NEWS

Urea is the most consumed fertiliser in Indian agriculture and among the most heavily subsidised. India still imports a significant share of its urea, exposing the exchequer and farmers to global price swings and supply shocks. NIPU-2026 replaces the earlier **NIP-2012** framework with terms designed for today's cost structures, offering investors an assured return so that new plants actually get built.

WHAT THE POLICY DOES

The policy aims to add nearly **10 million tonnes of annual urea production capacity** through an estimated **8 to 9 new gas-based urea plants** across the country. To attract private and public capital into a sector with long gestation and thin margins, it offers a package of de-risking measures.

FEATURE	PROVISION
Assured Return on Equity (RoE)	12 per cent to 16 per cent
Foreign exchange protection	Cover against currency fluctuation on eligible costs
Expected fresh investment	About Rs 35,000 crore
Capacity addition target	Nearly 10 million tonnes per year
New plants envisaged	8 to 9 gas-based units
Savings vs NIP-2012	More than Rs 250 crore per new plant

The **assured RoE of 12 to 16 per cent** is the heart of the policy. Urea plants are enormous, long-payback investments, and without a guaranteed return investors stay away. By assuring a floor return and protecting against forex swings, the government shifts a slice of the risk from the investor to the policy framework, which is precisely what unlocks new plant construction.

STRATEGIC RATIONALE

Fertiliser is a **food-security input**, not just an industrial product. Reliable, affordable urea underpins the productivity of Indian farms. Reducing import dependence:

- **Cuts the import bill** and insulates the economy from volatile international urea and gas prices.
- **Protects farmers** from supply disruptions during the crucial sowing seasons.
- **Strengthens strategic autonomy** in a commodity that has, at times, been subject to global supply tightness.

The government estimates savings of **more than Rs 250 crore for every new plant** established under NIPU-2026 compared with projects approved under the older NIP-2012, reflecting more efficient terms and updated cost benchmarks.

UPSC ANGLE

- **GS3 (Economy, Agriculture):** Fertiliser subsidy, food security, and import substitution. NIPU-2026 links the fertiliser-subsidy debate to industrial-investment policy.
- **Prelims:** Cleared by **CCEA** on 15 July 2026; targets nearly **10 million tonnes** new capacity via **8 to 9 gas-based plants**; RoE band **12 to 16 per cent**.
- **Mains way forward:** Balance the self-sufficiency goal against the need to rationalise fertiliser subsidy, promote nano-urea and balanced nutrient use, and manage the gas-supply and emissions footprint of new plants.

Facts Corner: NIPU-2026 replaces NIP-2012; it de-risks urea investment through an assured RoE of 12 to 16 per cent and forex protection; expected to draw about Rs 35,000 crore in fresh investment.

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