

Shastri Bhawan, New Delhi
Dated the 7th October, 2014.

To

All Chief Secretaries of State Governments

CMD/MDs

RCF/MFL/BVFCL/NFL/KRIBHCO/IFFCO/GSFC/GNVFC/SFC/NFCL/CFCL/TCL
ZAL/INDO-GULF/SPIC/KSFCL/MCFL/FCIL/HFCL/FACT/IPL/MATIX/KFCL

All Urea Manufacturing units

Subject: Amendment to New Investment Policy - 2012

Sir,

I am directed to refer to this department's letter of even number dated 2nd January, 2013 on the subject mentioned above and to state that it has been decided to make the following amendments in the New Investment Policy-2012 (NIP-2012):-

(i) Para 8.1 of NIP-2012 is replaced as follows:

'Only those units whose production starts within five years from the date of this amendment notification will be covered under the policy. Subsidy will be given only upon domestic sale as at present for a period of 8 years from the date of start of production. Thereafter, the units will be governed by the urea policy prevalent at that time.'

(ii) To ensure seriousness/credibility of the project proponents under NIP-2012 and for timely execution of the projects, all the project proponents will be required to furnish Bank Guarantee (BG) of Rs. 300 crores for each project. The BG will be linked to milestones in the project cycle. Out of Rs. 300 crores, Rs. 100 crores of BG will be released after finalization of LSTK/ EPCA contractors and release of advance to the contractor's account; Rs. 100 crores of BG will be released on completion of requirements ordering and supply to the site or midpoint of the project cycle, whichever is earlier; and the balance of Rs. 100 crores of BG on

completion, of the project. PSUs are, however, exempted from furnishing the BG.

- (iii) A committee of Secretaries comprising Secretary (Fertilizers), Secretary (Department of Expenditure), Secretary (MoPN&G), Secretary (Planning Commission) and Secretary (Agriculture) with Secretary (Fertilizers) as Chairman is constituted to take decisions on various issues which will arise during the implementation of NIP-2012.

Yours sincerely

[Signature]
7/11/14

(Sushil Kumar Lohani)

Joint Secretary to the Government of India

Tele : 23381294

Copy to:

1. Secretaries of the Department of Expenditure, Department of Revenue, Department of Economic Affairs, Department of Agriculture & Cooperation, Department of Commerce, Department of Industrial Policy & Promotion, Planning Commission, Ministry of Petroleum & Natural Gas.
2. Director General, The Fertilizers Association of India, 10-Shaheed Jit Singh Marg, New Delhi-110067
3. All Officers/Sections in the Department of Fertilizers and office of FICC, RK Puram, New Delhi
4. Director(NIC)

Copy also to :-

Smt. B.V.R. Subrahmanyam, Joint Secretary, Prime Minister's Office, South Block, New Delhi.