

ANNUAL REVIEW OF FERTILIZER PRODUCTION AND CONSUMPTION 2020-21 HIGHLIGHTS

Mixed growth in production

- **Fertilizer nutrients:** Production in 2020-21: N: 13.75 million MT (+0.2%), P₂O₅: 4.74 million MT (-1.1%), N+P₂O₅: 18.48 million MT (-0.2%).
- **Fertilizer products:** Production in 2020-21: Urea: 24.60 million MT (+0.6%); DAP: 3.77 million MT (-17.1%); SSP: 4.92 million MT (+15.8%); NP/NPKs: 9.33 million MT (+7.6%).

High imports

- **Imports of fertilizer products in 2020-21:** Total products: 20.53 million MT (+10.7%)
- Urea: 9.83 million MT (+7.7%); DAP: 4.88 million MT (+0.2%); NP/NPKs: 1.39 million MT (+86.3%); MOP: 4.23 million MT (+15.2%).

Retail prices of fertilizers

- Basic retail price (MRP) of urea remained unchanged at Rs.5360/- per tonne (Rs.268 per bag of 50 kg). Size of bag rationalized from 50 kg to 45 kg. Price per bag of urea of 45 kg fixed at Rs. 242/- w.e.f. 1st March 2018. 5% extra for coating of urea with *neem* oil.
- MRP of P & K fertilizers is market driven under NBS policy.

Robust growth in fertilizer consumption

- **Consumption of nutrients in 2020-21:** N: 20.40 million MT (+6.8%); P₂O₅: 8.98 million MT (+17.2%); K₂O: 3.15 million MT (+21.0%); Total (N+P₂O₅+K₂O): 32.54 million MT (+10.8%).
- **Consumption of fertilizer products in 2020-21:** Urea: 35.04 million MT (+4.5%); DAP: 11.91 million MT (+18.1%); MOP: 3.42 million MT (+19.5%); NP/NPK complex fertilizers: 11.81 million MT (22.4%); SSP: 4.49 million MT (20.3%); Total products: 67.61 million MT (+11.6%).

NPK use ratio improved

- All-India NPK use ratio improved from 7.3:2.9:1 during 2019-20 to 6.5:2.8:1 during 2020-21.

Per hectare use increased

- Per hectare use of total fertilizer nutrients (N+P₂O₅+K₂O) increased from 145.6 kg in 2019-20 to 161.3 kg in 2020-21.

92% consumption in 13 states

- Uttar Pradesh had the largest share (17.3%), followed by Maharashtra (10.5%), Madhya Pradesh (8.9%), Karnataka (6.8%), Andhra Pradesh (6.2%), Gujarat (6.0%), Punjab and Bihar (5.9% each), Telangana (5.6%), Rajasthan (5.5%), West Bengal (5.3%), Haryana (4.5%) and Tamil Nadu (3.4%).

Above normal monsoon at the country level

- Rainfall was 109% of the LPA during Southwest monsoon 2020.
- Out of 36 meteorological sub-divisions, 31 received excess/normal rainfall and remaining 5 sub-divisions received deficient rainfall.

Production of major crops up

- **Production of major crops in 2020-21:** Food grains: 308.7 million MT (+3.7%); oilseeds 36.1 million MT (+8.7%), sugarcane 399.3 million MT (+7.8%); cotton 35.4 million bales (-1.9%) and jute & mesta 9.6 million bales (-3.2%).

Fertilizer Policies

• Payment situation

- The year 2020-21 started with unpaid subsidy dues of previous years of about Rs. 48,000 crores.
- Department of Fertilizers (DoF) consistently released higher funds for fertilizer subsidy in spite of quarterly restriction of 20% imposed by the Finance Ministry due to COVID situation. This facilitated clearance of past dues and timely payment of current bills right from the beginning of the year 2020-21.
- Additional allocation of Rs. 65,000 crore for 2020-21 helped clearing most of the long pending dues of the industry.

• Urea

- Implementation of modified NPS-III policy, as amended on 30th March, 2020 and payment of increased fixed cost for production upto reassessed capacity were made. Such payments for urea production beyond RAC remained to be made.
- Approval of minimum fixed cost remained under consideration of the Government.
- Energy norms of 2018 under NUP 2015 for remaining 14 gas based urea units implemented w.e.f. 1st October, 2020.

• P & K fertilizers

- NBS rates for N, P, K and S reduced during 2020-21 compared to 2019-20. A new grade of fertilizer 14-28-0-0 was included in the notification of NBS scheme for 2020-21.
- Issue of equitable treatment of taxes like GST in cost and realization in determination of reasonableness of profit/MRP remained under consideration of the Government.

• Taxation

- Customs duty on raw materials and intermediate products continued to impact competitiveness of domestic manufacturing of P&K fertilizers compared to imports. Rate of subsidy on domestic and imported P&K fertilizers is same.
- The issue of delay in refund of accumulated input tax credit arising from inverted GST structure on inputs, non-refund of ITC on account of input services and IGST on ocean freight on imported on CIF basis remain to be addressed. ■