

ANNUAL REVIEW OF FERTILISER PRODUCTION AND CONSUMPTION 2018-19 HIGHLIGHTS

Marginal decline in production

Production of fertilizer nutrients in 2018-19

- N: 13.34 million MT (-0.6%); P_2O_5 : 4.59 million MT (-2.8%); $N+P_2O_5$: 17.93 million MT (-1.2%).

Production of fertilizer products in 2018-19

- Urea: 23.90 million MT (-0.5%); DAP: 3.90 million MT (-16.2%); SSP: 4.08 million MT (+4.2%); NP/NPKs: 8.98 million MT (+9.0%).

Higher imports

Imports of fertilizer products

- Total products: 18.93 million MT (+21.1%)
- Urea: 7.45 million MT (+24.7%); DAP: 6.60 million MT (+56.6%); NP/NPKs: 0.55 million MT (+9.4%); MOP: 4.21 million MT (-11.0%).

Retail prices (MRP) of fertilizers

- Basic 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.

Increase in fertilizer consumption

Consumption of nutrients in 2018-19

- N: 17.90 million MT (+5.6%); P_2O_5 : 6.86 million MT (+0.03%); K_2O : 2.53 million MT (-9.0%); Total ($N+P_2O_5+K_2O$): 27.29 million MT (+2.6%).

NPK use ratio widened

- All-India NPK use ratio widened from 6.1:2.5:1 during 2017-18 to 7.1:2.7:1 during 2018-19.

Per hectare use increased

- Per hectare use of total fertilizer nutrients ($N+P_2O_5+K_2O$) increased from 133.9 kg in 2017-18 to 137.4 kg in 2018-19.

92% consumption in 13 states

- Uttar Pradesh had the largest share (16.4%), followed by Maharashtra (10.2%), Madhya Pradesh (9.6%), Punjab (6.9%), Karnataka (6.4%), Bihar (6.1%), Andhra Pradesh and Gujarat (5.7% each), Rajasthan (5.6%), West Bengal (5.5%), Haryana (5.3%), Telangana (4.9%) and Tamil Nadu (3.5%).

Below normal monsoon at the country level

- Rainfall was 91% of the LPA during south-west monsoon 2018.

- Out of 36 meteorological sub-divisions, 24 received excess/normal rainfall and remaining 12 sub-divisions received deficient rainfall.

Production of major crops up

Production of major crops in 2018-19

- Food grains: 284.95 million MT (-0.02%); oilseeds 32.3 million MT (+2.5%), sugarcane 400.2 million MT (+5.3%); cotton 28.7 million bales (-12.5%) and jute & mesta 9.8 million bales (-2.6%).

Fertilizer Policies

- Fertilizer Industry continued to suffer due to inadequate budget allocations with large amount of unpaid subsidy dues.
- **Indian urea sector continued to suffer due to:**
 - Non-payment of increased fixed cost
 - Unreasonable reduction in energy consumption norms
 - Unfavourable policy for production beyond 100% of re-assessed capacity
- **P & K fertilizers**
 - NBS rates for P and S increased and for N and K reduced
 - A committee constituted by the Government to study the reasonableness of MRP of P & K fertilizers
 - A committee constituted by the Government to consider and make recommendations on :
 - i) Requirement of pre analysis of Egyptian rock phosphate for production of SSP
 - ii) Freight subsidy for SSP industry at par with P & K industry
- **GST**
 - GST rates for phosphoric acid (fertilizer grade) reduced from 12% to 5% w.e.f. 21st July, 2018. With this revision, GST rate is now 5% for rock phosphate, sulphur, phosphoric acid and also finished fertilizers. However, GST rate for ammonia and sulphuric acid continues at 18%.
- **DBT**
 - The industry continued to face a number of issues under the current model of DBT of fertilizer subsidy including software glitches, procedural issues, etc. Under DBT, requirement of working capital has increased manifold due to change in the procedure for disbursement of subsidy.