

ANNUAL REVIEW OF FERTILISER PRODUCTION AND CONSUMPTION 2017-18 HIGHLIGHTS

Marginal increase in production

Production of fertilizer nutrients in 2017-18

- N: 13.42 million MT (+0.3%); P₂O₅: 4.72 million MT (+3.8%); N+P₂O₅: 18.14 million MT (+1.2%).

Production of fertilizer products in 2017-18

- Urea: 24.03 million MT (-0.7%); DAP: 4.65 million MT (+7.4%); SSP: 3.91 million MT (-9.1%); NP/NPKs: 8.24 million MT (+4.0%).

Higher imports

Imports of fertilizer products

- Total products: 15.64 million MT (+9.5%)
- Urea: 5.98 million MT (+9.0%); DAP: 4.22 million MT (-3.8%); NP/NPKs: 0.50 million MT (-4.4%); MOP: 4.74 million MT (+26.8%).

Retail prices (MRP) of fertilizers

- Basic MRP of urea remained unchanged at Rs.5360/- per tonne. 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 2017-18

- N: 17.17 million MT (+2.6%); P₂O₅: 6.84 million MT (+2.0%); K₂O: 2.78 million MT (+10.8%); Total (N+P₂O₅+K₂O): 26.79 million MT (+3.2%).

NPK use ratio changed

- NPK use ratio changed from 6.7:2.7:1 during 2016-17 to 6.2:2.5:1 during 2017-18.

Per hectare use increased

- Total nutrient consumption per hectare of gross cropped area increased from 130.8 kg in 2016-17 to 135 kg in 2017-18.

92% consumption in 13 states

- Uttar Pradesh (17.4%), Maharashtra (11.0%), Madhya

Pradesh (7.5%), Gujarat (6.9%), Punjab (6.8%), Bihar (6.2%), Karnataka (6.0%), Andhra Pradesh & West Bengal (5.8% each), Haryana (5.1%), Telangana (5.0%), Rajasthan (4.8%) and Tamil Nadu (3.6%).

Normal monsoon at the country level

- Rainfall was 95% of the LPA during south-west monsoon 2017.
- Out of 36 meteorological sub-divisions, 30 received excess/normal rainfall and remaining 6 sub-divisions received deficient rainfall.

Production of major crops up

Production of major crops in 2017-18

- Food grains: 279.5 million MT (+1.6%); sugarcane 355.1 million MT (+16.0%); cotton 34.9 million bales (+7.1%).

Fertilizer Policies

- Fertilizer Industry continued to suffer due to inadequate budget allocations with large amount of unpaid subsidy dues carried forward from one year to the other.
- **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 and
 - Discriminatory policies for naphtha based plants.
- **NBS rates for 2017-18**
 - NBS rates for N and S increased and for P and K reduced.
 - Some of the issues of P & K sector need to be addressed. These include

- i) To dispense with furnishing of half yearly cost data

- ii) To notify criteria for reasonable MRP

- iii) Restructuring of import duty on raw materials. Presently, import duty on raw materials is higher than finished products.

• **Non-recognition of freight subsidy for SSP industry**

- Need for either merging freight with product subsidy under NBS as per the approval of CCEA or make provision of freight subsidy for SSP industry as well.

• **GST implemented from 1st July, 2017**

- GST rates on finished fertilizers initially fixed at 12% brought down to 5% w.e.f 1st July 2017.

- Rates of GST on raw materials (ammonia, phosphoric acid, sulphur, naphtha, etc.) were initially kept higher than finished fertilizers. After representation by the FAI and the industry, rates for phosphoric acid and sulphur have been brought at par with finished fertilizers.

- Rate of IGST on imported urea and MOP for manufacture of complex fertilizers was attracting 18%. GST council has clarified that the fertilizer supplied for use in the manufacturing of complex fertilizers for agricultural use will attract 5% IGST w.e.f 27th July, 2018.

• **DBT**

- DBT scheme for fertilizers rolled out in all states between 1st September, 2017 and 1st March, 2018. Fertilizer subsidy continues to be routed through the industry. Entitlement of subsidy takes place after sales are made by the retailer through the POS machine.
- Several policy and operational issues regarding implementation of DBT are delaying or even denying subsidy.