

ANNUAL REVIEW OF FERTILISER PRODUCTION AND CONSUMPTION 2016-17 HIGHLIGHTS

Marginal Increase in Production 2016-17 over 2015-16.

- Production of total nutrients (N+P₂O₅) registered a marginal increase of 0.1% during 2016-17 over 2015-16. While N production declined by 0.7%, P₂O₅ increased by 2.8% during the period.

- Production of Urea and SSP declined by 1.1% each and NP/NPKs by 5.4% during 2016-17 over 2015-16. However, production of DAP recorded a robust increase of 13.4% during the period.

Low Imports

- Imports of Urea and DAP were lower in 2016-17 compared to 2015-16. Import of MOP increased.

- Import of Urea, DAP and MOP was of the order of 5.48 million metric tonnes (MMT), 4.39 MMT, and 3.74 MMT, respectively, during 2016-17. Import of NP/NPK complex fertilisers was about 521 thousand MT (KMT) during 2016-17.

Retail Prices (MRP) of Fertilisers

- Basic MRP of urea remained unchanged at Rs.5360/- per tonne. GOI allowed the manufacturers / importers to charge 5% extra for coating of urea with neem oil.

- MRP of P & K fertilisers have been market driven under NBS policy. Fertiliser industry reduced substantially MRP of P & K fertilisers during 2016-17.

Decline in Fertiliser Consumption

- Total fertiliser nutrient consumption declined by 3% in

- The consumption of N, and P₂O₅ declined by 3.3% and 1.6%, respectively, during 2016-17 over 2015-16. However, the consumption of K₂O increased by 4.4% during the period.

NPK Use Ratio Changed

- NPK use ratio changed from 7.2:2.9:1 during 2015-16 to 6.7:2.7:1 during 2016-17.

Per hectare Use Reduced

- Total nutrient consumption per hectare of gross cropped area reduced from 134.9 kg in 2015-16 to 130.8 kg in 2016-17.

78% Consumption in 10 States

Uttar Pradesh had the largest share (16.4%), followed by Maharashtra (10.8%), Madhya Pradesh (7.6%), Punjab (7%), Andhra Pradesh (6.5%), Karnataka (6.3%), Gujarat (6.2%), Bihar and West Bengal (5.8% each) and Telangana (5.3%). These 10 states accounted for about 78% of the total consumption in the country.

Good Monsoon

- During south-west monsoon, out of a total of 36 sub-divisions, 27 sub-divisions received normal/excess and 9 received deficient/scanty rains. The rainfall was 97% of the LPA.

Production of Major Crops Up

- Production food grains increased from 251.6 MMT in 2015-16 to 275.7 MMT in 2016-17.

- Among principal crops, production of rice at 110.2 MMT, wheat at 98.4 MMT, coarse cereals at 44.2 MMT, pulses at 23 MMT and oilseeds 32.1 MMT recorded increase of 5.5%, 6.6%, 14.7%, 40.4% and 27.1%, respectively, during 2016-17 over 2015-16. Similarly, the production of cotton increased by 10.3% and jute and mesta increased by 0.7% during the period. However, the production of sugarcane at 306.7 MMT declined by 12% during the period.

Fertiliser Policies

- Fertiliser Industry continued to suffer due to inadequate budget allocations with large amount of unpaid subsidy dues carried forward from one year to the other.

- Urea industry continued to face severe liquidity problem due to delayed payment of subsidy, non-payment of increased fixed cost as per Modified NPS III policy and other governance and policy issues.

- NBS rates for N and P were reduced significantly for 2016-17. For K, it was reduced nominally.

- No development in regard to fixation of criteria for determination of reasonable MRP of P & K fertilisers.

- Some of the issues of the SSP industry continued to remain unaddressed. These *inter-alia* include i) Removal of restrictions on import of specified sources of rock phosphate, ii) payment procedure of SSP to be at par with other P & k fertilisers and iii) payment of notional freight to SSP industry.