

Fertilizer sector holds special relevance in Aatma Nirbhar Bharat

COVID 19 crisis has ushered in a new policy approach for economic growth based on the principal of Self-reliance or Aatma Nirbhar Bharat. The policy envisages reducing reliance on imports by enhancing domestic production across sectors.

This policy approach has significant relevance in sectors such as active pharmaceutical ingredients, electronics, defence equipments, where we are largely dependent on imports.

In the case of agriculture, the largest sector in terms of employment, India is a net exporter of farm commodities, although it is still dependent on imports for select commodities such as edible oil.

Aatma Nirbhar Bharat has special relevance to a sector that is closely related to agriculture and that is fertilizer. India is a net importer of fertilizer as the country requires more than 600 lakh tonne of fertilizers (urea and other fertilizers) compared to the annual production of around 415 lakh tonne.

Production and demand of major fertilizers (Urea, DAP, MOP, Complex and SSP)		
Year	Requirement (Demand)	Actual Production
2016-17	614.33	414.41
2017-18	598.95	413.61
2018-19	603	414.85
Source: Press Information Bureau, GoI		

While India is dependent on imports for 25% of urea, its import reliance is to the extent of 90% and 100%, in the case of phosphates and potash respectively.

India is home to 31 urea manufacturing plants, 20 complex fertilizer producing units, 110 Single superphosphate producing plants and thousands of dealer network to distribute fertilizer across the country.

Fertilizer is a critical input in farming as it enhances crop productivity and farmers' income. Considering the importance of fertilizer for food security of the country,

price and distribution of this commodity is highly regulated. Government of India regulates the price of fertilizers by providing subsidy to manufacturers.

Recently, the Cabinet Committee on Economic Affairs (CCEA), Government of India approved the fixation of Nutrient Based Subsidy (NBS) rates for Phosphatic and Potassic(P&K) Fertilizers for the year 2020-21. The CCEA also approved the inclusion of a complex fertilizer namely Ammonium Phosphate (NP 14:28:0:0) under NBS Scheme.

The expected expenditure for release of subsidy on P&K Fertilizers 2020-21 will be Rs. 22, 186.55 crore. The subsidy on the P& K will be provided on the subsidy rates approved by the CCEA to the fertilizer companies.

The subsidy on P&K fertilizers is being governed by NBS Scheme with effect from April 1, 2020.

(Source: Press Information Bureau, GoI)

Notifications

Press Information Bureau, Government of India

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<https://pib.gov.in/PressReleasePage.aspx?PRID=1632347>

DGFT

Amendment in export policy of hydroxychloroquine API

https://dgft.gov.in/sites/default/files/Noti%2013%20Eng_0.pdf

CBIC

Exchange rate notification

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt53-2020.pdf>