

Fertiliser Subsidy : An Instrument to Improve Soil Health Through Balanced Fertilisation

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Nutrients for Soil Health

- Primary Nutrients
- Secondary Nutrients
- Micro Nutrients
- Organic Carbon



Major Policies

Year	
1957	Fertiliser Control Order (FCO) enacted
1976	Subsidy introduced on Phosphatic fertilisers @ Rs.1250 per tonne of P ₂ O ₅
1977	Retention Pricing Scheme (RPS) for nitrogenous fertilisers implemented
1992	Decontrol of P & K fertilisers based on the recommendations of JPC
2003	New Pricing Scheme (NPS) on urea implemented replacing RPS
2005	Task Force on Balanced Use of Fertilisers
2008	(i) Guidelines for production and use of Customized Fertilizers (ii) Policy for encouraging fortified and coated fertilizers
2010	Nutrient based subsidy policy on P & K fertilisers implemented. Urea continued to remain under control

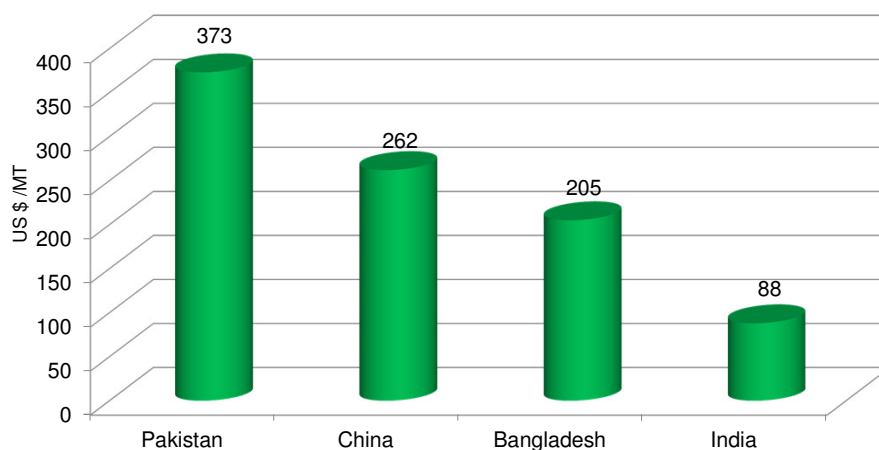


Policy for Urea

- Urea is the major carrier of nitrogen for Indian agriculture
- Urea is highly regulated
- Retail price of urea is controlled
- Production, movement, distribution are regulated
- Subsidy is determined according to New Pricing scheme (NPS).
- Subsidy varies from plant to plant
- Retail price of urea is low, far lower than neighbouring and other countries
- Dependence on subsidy is very high (70-75 per cent of cost of production/ import).
- Imports canalised through 3 State Agencies



Low Retail Price of Urea in India

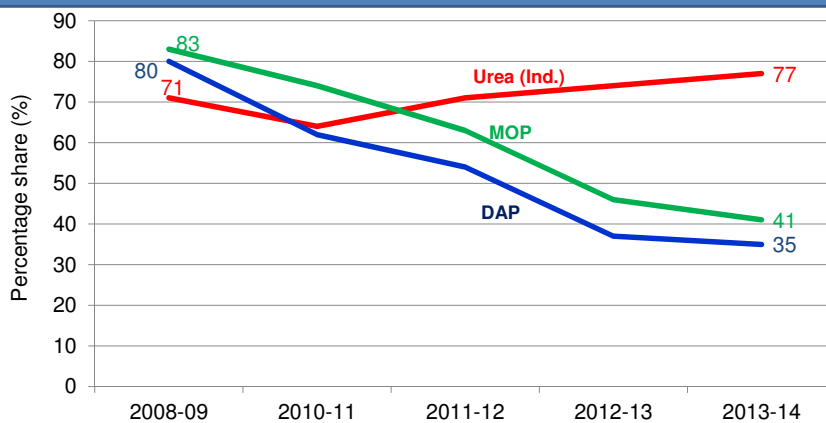


Policy for P & K Fertilisers

- P & K fertilisers are covered under Nutrient based subsidy (NBS) policy w.e.f 1st April 2010
- Fixed subsidy for N, P, K and S
- Additional subsidy for fertilisers fortified with boron and zinc
- Currently, NBS is applicable on 22 fertiliser products
- Subsidy under NBS is same both for domestic and imported products
- Dependence on subsidy is about 35 to 41 per cent of the cost of production/ imports
- Urea left out of the ambit of NBS policy



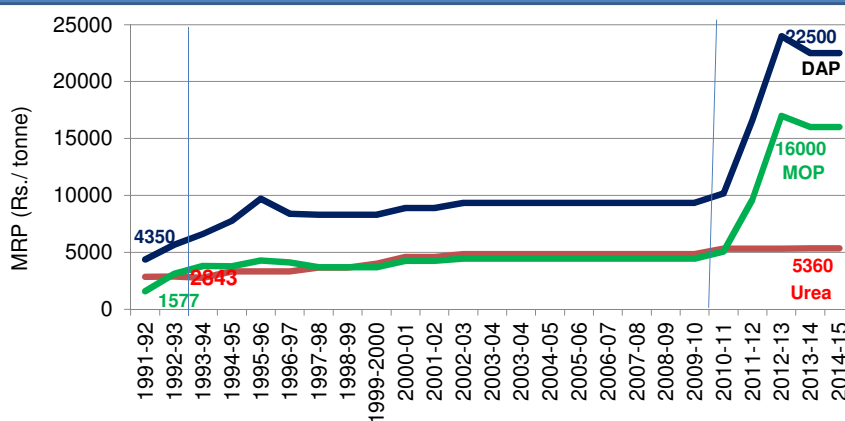
Share of Subsidy in Total Cost of Production / Import



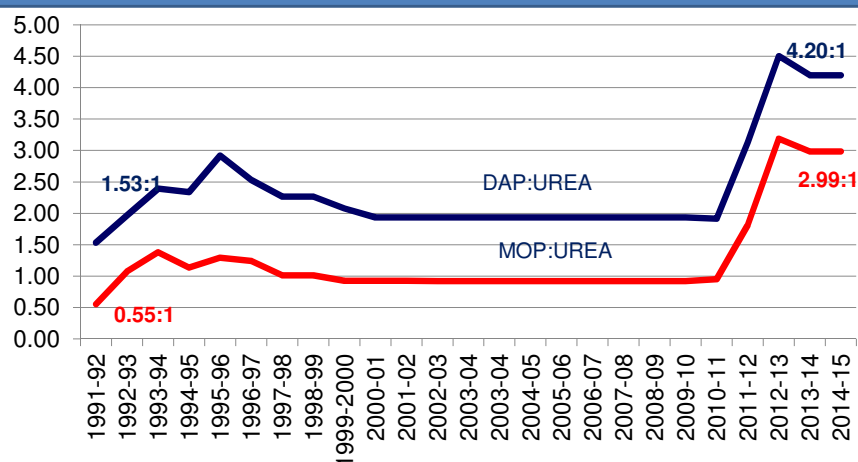
- Share of subsidy on urea has gone up
- Share of subsidy for NP/NPK fertilisers has come down



Trends in Average Retail Prices of Urea, DAP and MOP



Price Ratio of Urea vis-à-vis DAP and MOP



Inter product price distortion due to selective decontrol



Changing N:P₂O₅:K₂O Use Ratio with Policy Changes

Year	N:P ₂ O ₅ :K ₂ O (All-India)	State	N:P ₂ O ₅ :K ₂ O (2013-14)
Ideal ratio	4:2:1		
1991-92	5.9:2.4:1	Haryana	60.7:12.7:1
1992-93	9.5:3.2:1	Punjab	56.8:13.5:1
1993-94	9.7:2.9:1	Uttar Pradesh	28.4:7.3:1
2009-10	4.3:2.0:1		
2010-11	4.7:2.3:1		
2011-12	6.7:3.1:1		
2012-13	8.2:3.2:1		
2013-14	8.0:2.7:1		



Deficiency of Secondary and Micronutrients in Indian soils

Increasing deficiency of secondary and micronutrient have started limiting crop response to NPK application

Nutrient	% deficient samples
Sulphur	40
Zinc	48
Boron	33
Iron	12
Manganese	5



Policy for Micronutrients

- MRP for fortified urea with zinc is regulated which is non- remunerative
- The additional subsidy for NP/NPK fertilisers fortified with zinc and boron is also inadequate
- There has been only negligible production of fortified fertilisers



Organic Manure / Fertilizers

- Carbon content of soils is declining
- Organic content of soils is essential for improving physical and biological properties of soils
- Synergistic effect of organic manure & chemical fertilisers for higher use efficiency of plant nutrients is well known / established



Sources of Organic Matter

- City Compost
- Farm yard Manure



City Compost

- Potential for production of 4 million tonnes of city compost
- Production capacity : 1.5 million tonnes
- Cost for farmers : Rs. 6000 – 6500/MT
- Affordable price for farmers: Rs. 2500 – 3000/MT
- Actual production: 0.15 – 0.20 million tonnes



Farm Yard Manure

- Decreasing population of farm animals due to mechanisation
- Large population of animals of dairy, piggery and poultry farms
- Increasing use of LPG as cooking fuel
- Recycle of crop residue
- Composting of dung and crop residue has declined



Way Forward

- Need for price correction of primary nutrients
- Remunerative price / subsidy for fortified fertilisers
- Subsidy support for production and marketing of city compost
- Promote farm yard manure
 - Collective composting by village entrepreneurs
 - Financial support to composting



Message

- Fertiliser subsidy of more than USD 12 billion should be utilized to promote balanced fertilisation
- This will optimise use of natural resources, maximise return on investment and most important, will sustain soil health for sustainable agriculture



Thank you