

Fertilisers

The Indian Meteorological Dept has predicted that this year's monsoon is likely to be below normal at around 96 per cent of the long term average rainfall. While stating that a drought is unlikely, the MET has assigned a 21 per cent probability of a drought this year. This does not bode well for the fertiliser industry.

If the MET department's forecast turns out to be accurate, fertiliser consumption is likely to decline in 2003–04. However, production decline is not expected to be very sharp. Since imports are much more expensive than the subsidised domestic produce, they are likely to take a hit if the monsoon is unfavourable. A clearer picture would emerge only upon the onset of the monsoon. The distribution of rainfall in the key urea consuming states of Punjab, Haryana and Madhya Pradesh would have a major bearing on total consumption.

The poor and erratic performance of the agricultural sector in recent years has severely affected imports and marginally affected domestic production. For instance, even though agricultural production declined in 1999–00 and 2000–01, fertilisers production in these years grew by 4.3 per cent and three per cent respectively. A lagged adverse impact did follow in 2001–02 but even that was not very severe. Production declined marginally by 0.8 per cent in 2001–02, which was an extremely favourable year for agricultural production. The drought of 2002 has affected production of 2002–03. But again, the adverse impact is not severe. Imports on the other hand declined to a ten year low of 31.1 lakh tonnes in 2000–01 and has never recovered after that.

Recent trends of production and imports reflect a declining trend. In February 2003, fertilisers production fell by 2.3 per cent. The latest imports data of January 2003 also reflect a sharp drop of over 50 per cent to Rs.58.6 crore. But the cumulative production rose, albeit marginally by 0.9 per cent during April–February 2002–03. Cumulative imports on the other hand fell sharply by 21 per cent.

Fertiliser firms put up an improved performance in the December 2002 quarter. This mainly reflects the improvement in performance of firms that benefited from the revision of retention prices for the seventh and eighth fertiliser pricing periods.

Production by Nutrient Type
Apr–Feb

	'000 tonnes	% chg.
Fertilisers		
2001–02	13497.4	-0.88
2002–03	13622.7	0.93
Nitrogenous Fertilisers		
2001–02	9974.4	-1.82
2002–03	9870.5	-1.04
Phosphatic Fertilisers		
2001–02	3523.0	1.80
2002–03	3752.4	6.51

Fertilisers Imports
Apr–Jan

Value	Rs.crore	% chg.
2001–02	1887.67	1.31
2002–03	1440.44	-23.69
Volume	'000 tonnes	% chg.
2001–02	2942.20	-0.89
2002–03	2244.70	-21.02
Imports Cost	Rs./Kg	% chg.
2001–02	6.64	2.22
2002–03	6.42	-3.38