Self-sufficiency in Urea

What is the issue?

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- Urea is getting to be the most consumed and heavily import-dependent fertiliser.
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- It is thus essential to achieve self-sufficiency in this sector by boosting domestic production and curbing its superfluous consumption.
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What are the government efforts?

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- **Production** - A New Urea Policy was launched in 2015 focussing specifically on maximising domestic output, promoting energy efficiency in production and rationalising subsidies.
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- It offered incentives to fertiliser units to produce more than their reassessed capacities.
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- Supplementary measures like allowing few plants to continue production using naphtha as feedstock till they get assured gas supply were taken.
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- A new gas pooling policy has been put in place to supply gas to all urea units at uniform rates.
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- **Curbing extravagant use** - Unregulated use of urea and diversion to non-agricultural activities are getting to be concerns for crops and the environment.
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- The governmental measures in this regard include:
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i. Neem-coating of urea - to be applied in relatively smaller doses to get the same crop yields; also, it is unfit for non-farm use.
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ii. Smaller Packages - packing of urea in 45 kg bags, instead of usual 50 kg, to economise on its use because number of bags per hectare is the count for farmers.
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iii. Soil health cards - to recommend the laboratory test-based exact doses of different fertilisers needed for each farm holding.
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What are the outcomes?

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- Flawed official policies and inordinate delays in subsidy reimbursement to the industry kept fresh investments in abeyance.
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- However, a series of reform-oriented steps in the last few years have altered the investors' outlook on urea.
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- Notably, annual growth rate of indigenous production is optimistic and imports are also shrinking.
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- Furthermore, the government and public sector fertiliser units are planning to spend on renovation and modernisation of existing plants and revival of closed fertiliser factories.
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- Despite these positive outcomes, there is a need to bring urea under the nutrient-based subsidy regime.
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- This is essential to ensure a balanced use of the three major plant nutrients (nitrogen, phosphate and potash) to maintain soil fertility.
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Source: Business Standard

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