



# Fertiliser Self-Sufficiency

## Why in News

Recently, the **Minister of Chemicals and Fertilisers** has reviewed the **initiatives of the Department of Fertilisers** for making India **Atmanirbhar in Fertilisers**.

- The **Government** is planning to liberalise **Market Development Assistance (MDA) policy** to promote the use of **alternative fertilisers**.

## Key Points

### ▪ MDA Policy:

- MDA policy was earlier limited to **city compost only**.
- There were **demands to expand this policy** by incorporating **organic waste** like **Biogas, Green Manure, organic compost of rural areas, solid/liquid slurry, etc.**
- This expansion will fully complement the [Swachh Bharat Abhiyan](#).

### ▪ Government Initiatives and Schemes:

#### ◦ **Neem Coating of Urea:**

- The Department of Fertilizers (DoF) has made it mandatory for all the domestic producers to produce **100% urea as Neem Coated Urea (NCU)**.
- The benefits of use of NCU are as under:-
  - Improvement in soil health.
  - Reduction in usage of plant protection chemicals.
  - Reduction in pest and disease attack.
  - An increase in yield of paddy, sugarcane, maize, soybean, Tur/Red Gram.
  - Negligible diversion towards non-agricultural purposes.
  - Due to slow release of Nitrogen, Nitrogen Use Efficiency (NUE) of Neem Coated Urea increases resulting in reduced consumption of NCU as compared to normal urea.

#### ◦ [New Urea Policy \(NUP\) 2015:](#)

- Objectives of the policy are-
  - To maximize **indigenous urea production**.
  - To promote energy efficiency in the urea units.
  - To rationalize the subsidy burden on the Government of India.

#### ◦ **New Investment Policy- 2012:**

- The Government announced **New Investment Policy (NIP)-2012** in January, 2013 and made amendments in 2014 to facilitate fresh investment in the **urea sector** and to make **India self-sufficient in the urea sector**.

#### ◦ **Policy on Promotion of City Compost:**

- The Government of India approved a **policy on promotion of City Compost**, notified by the DoF in 2016 granting Market Development Assistance of Rs. 1500/- for scaling up production and consumption of city compost.
- To increase sales volumes, compost manufacturers willing to market city compost were allowed to sell city compost in bulk directly to farmers.
- Fertilizer companies marketing city compost are covered under the [Direct Benefit Transfer \(DBT\)](#) for Fertilizers.
- **Use of Space Technology in Fertilizer Sector:**
  - DoF commissioned a three year Pilot Study on “**Resource Mapping of Rock Phosphate using Reflectance Spectroscopy and Earth Observations Data**” by National Remote Sensing Centre under ISRO, in collaboration with Geological Survey of India (GSI) and the Atomic Mineral Directorate (AMD).
- **The Nutrient Based Subsidy (NBS) Scheme:**
  - It has been implemented from **April 2010 by the DoF**.
  - Under [NBS](#), a **fixed amount of subsidy decided on an annual basis**, is provided on each grade of subsidized Phosphatic & Potassic (P&K) fertilizers depending on its nutrient content.
  - It aims at ensuring the balanced use of **fertilizers, improving agricultural productivity, promoting the growth of the indigenous fertilizers industry** and also reducing the burden of Subsidy.

### Fertilizer Consumption in India

- **India’s fertiliser consumption in FY20** was about 61 million tonnes — of which 55% was **urea**—and is estimated to have increased by 5 million tonnes in FY21.
  - Since **non-urea (MoP, DAP, complex) varieties** cost higher, many **farmers prefer to use more urea** than actually needed.
  - The government has taken a number of **measures to reduce urea consumption**. It introduced **neem-coated urea** to reduce illegal diversion of urea for non-agricultural uses. It also stepped up the **promotion of organic and [zero-budget farming](#)**.
  - Currently, the fertiliser production of the country is 42-45 million tonnes, and **imports are at around 18 million tonnes**.
- **Subsidy on Urea:** The Centre [pays subsidy](#) on urea to fertiliser manufacturers on the basis of **cost of production** at each plant and the units are required to sell the fertiliser at the government-set Maximum Retail Price (MRP).
- **Subsidy on Non-Urea Fertilisers:** The MRPs of non-urea fertilisers are **decontrolled or fixed by the companies**. The Centre, however, pays a flat per-tonne subsidy on these nutrients to ensure they are priced at “reasonable levels”.
  - Examples of non-urea fertilisers: **Di-Ammonium Phosphate (DAP), Muriate of Potash (MOP)**.
  - All **Non-Urea based fertilisers are regulated under Nutrient Based Subsidy Scheme**.

[Source: PIB](#)