

## ECONOMY

## 'Fertilizer sector sees tremendous future'

**Lalatendu Mishra**MUMBAI, JULY 15, 2017 20:29 IST  
UPDATED: JULY 15, 2017 22:05 IST**Centre, PSUs investing more than ₹50,000 crore to revive closed plants: report**

The Indian fertilizer sector has 'tremendous' growth potential in the coming years, CARE Ratings has said.

Fertilizer production in India is growing at a compounded annual growth rate of 4% from FY13 onwards and the agency has estimated that production touch 460-470 LMT (Lakh Metric Tonnes) by 2020. This compares with production of 413.24 LMT in FY17.

**'Eliminating imports'**

"The Make in India initiative is encouraging the production of fertilizers within the country to an extent the government wants to eliminate the imports of urea by 2021 and make India self-sufficient," CARE Ratings research analyst Urvisha H. Jagasheth and chief economist Madan Sabnavis said in a report.

Besides, the overall domestic output of fertilisers has been going up for the past three years and imports are falling.

“The Government has been very proactive by introducing reforms time to time to help production pick up pace as in the case of the New Urea Policy, where the government is incentivising production beyond reassessed capacity,” the report said.

CARE Ratings said the Centre, along with PSUs in the coal and oil sectors, were jointly investing more than ₹50,000 crore to revive closed fertilizer plants and setting up gas pipelines that would make India self-sufficient in urea.

The Centre has cleared outstanding subsidies which were about ₹35,000 in FY16 and that has now come down to ₹20,000 crore in the last fiscal.

To achieve sustained agricultural growth there would be requirement to improve productivity, diversify production towards high value agriculture, the report said.

Raising productivity requires large investments in Agri-R&D, irrigation and fertilisers and therefore it throws huge opportunities to the fertiliser sector, it said.

“This measure could help in promoting a balanced use of fertilizers in the coming years. This would improve sales of DAP and other Complex fertilisers,” it said.

CARE Ratings said the timely outgo of the subsidy will ensure the interest coverage of the fertiliser companies to reduce considerably which will further revive their profits. DBT will also help in reducing the working capital pressures of these companies, it said.

The recent farm loan waivers approved in U.P., Maharashtra, Karnataka and Punjab is expected to provide financial relief to the farmers and this could also have a positive effect on the fertiliser sector, the report said.

IMD has also predicted a normal monsoon for this fiscal year hence it will be beneficial for the fertiliser sector, the report added.

×

Printable version | Jul 17, 2017 11:24:13 AM | <http://www.thehindu.com/business/Economy/fertilizer-sector-sees-tremendous-future/article19285939.ece>

© The Hindu







