



भारतीय कृषि एवं खाद्य परिषद्  
INDIAN COUNCIL OF FOOD AND AGRICULTURE

# INDIAN FERTILIZER MARKET



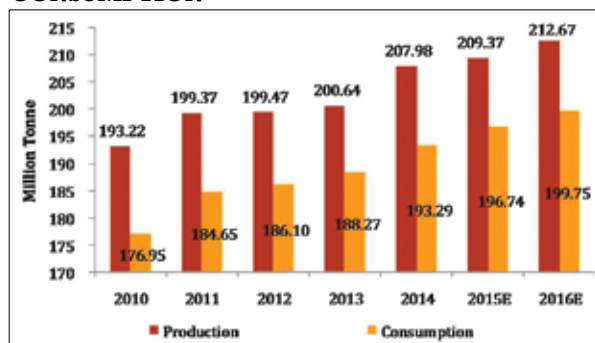
[www.icfa.org.in](http://www.icfa.org.in)



# Indian Fertilizer Market

The Indian fertilizer industry has played a pivotal support role in the Indian agricultural industry. The growth in the use of chemical fertilizers amongst the farmers has been the secret of nation's green revolution in the late sixties. Today India is the third largest producer and second largest consumer of fertilizers in the world. The fertilizers industry is distributed between three major participants' viz., Private sector undertakings, public sector units and cooperative societies. The Government of India subsidizes fertilizers to ensure that fertilizers are easily available to farmers and the country remains self-sufficient in agriculture. The same has been achieved largely by controlling the price of fertilizer and the amount of production.

## INDIAN FERTILIZERS PRODUCTION AND CONSUMPTION

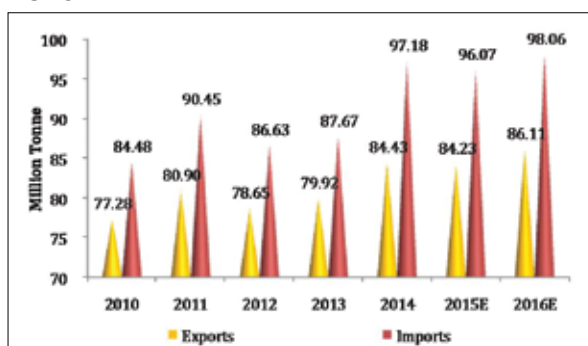


Source: FAO Statistics and ICFA

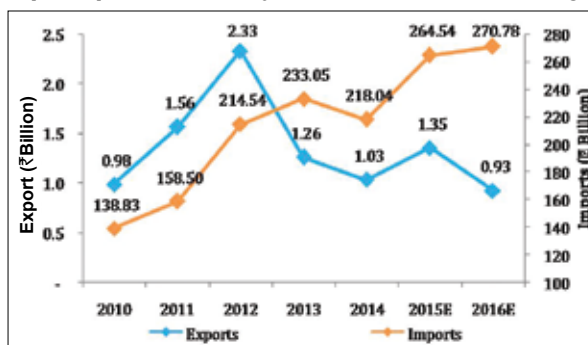


The production of fertilizers in India has increased at a CAGR of 1.48% during 2010-2014 and is expected to have reached 212.67 million tonnes in 2016. However, the

## INDIAN FERTILIZERS MARKET TRADE BY VOLUME



## INDIAN FERTILIZERS MARKET TRADE BY VALUE



Source: FAO Statistics and ICFA

surge in the consumption volume of fertilizers in India was quite high, at an annual growth rate of 20.23% during 2010-2014, while it is further expected to have increased to 199.75 million tonnes. This rise over time was due to land scarcity and increased demand for agricultural products.

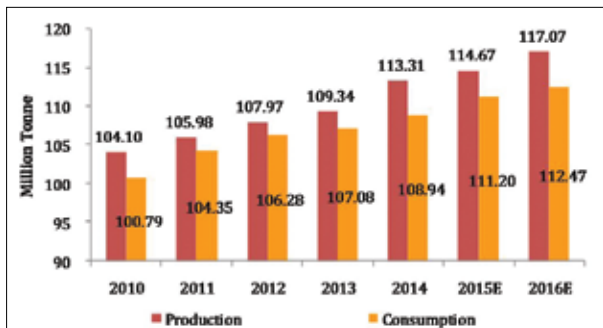
## INDIAN FERTILIZER MARKET TRADE ANALYSIS

The Indian fertilizers market is largely dependent on imports from various countries, especially potash fertilizers. There is a shortage of raw materials in the country and the consequent dependency on imports is leading to volatile prices in the fertilizer industry. However, the new policies will help in stabilizing the raw material prices during the coming years.

In terms of volume, the imports of the fertilizers increased during 2010-2014 at a CAGR of 2.84%, while in terms of value, imports grew at a CAGR of 1%. However, in 2012, the volume of imports declined, whereas the imports in terms of value increased. This may be attributed to the

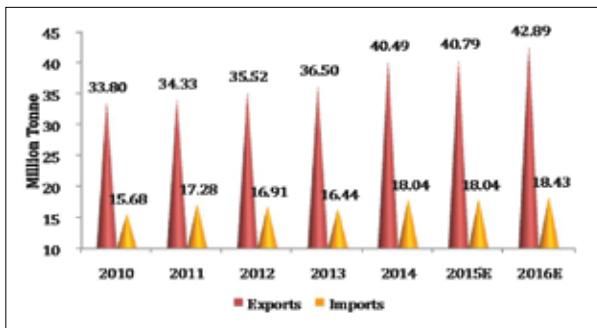


### INDIAN NITROGEN FERTILIZERS PRODUCTION AND CONSUMPTION



Source: FAO Statistics and ICFA

### INDIAN NITROGEN FERTILIZERS TRADE BY VOLUME



fluctuating foreign exchange rate.

### NITROGEN FERTILIZER MARKET

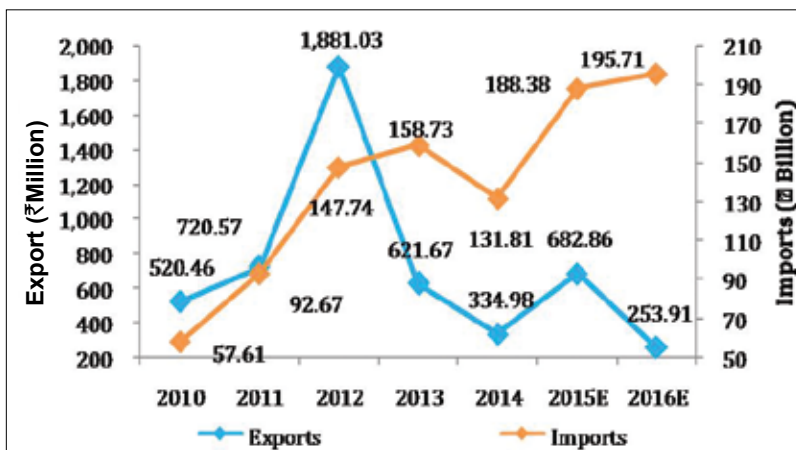
The nitrogenous fertilizers market is dependent upon the demand for grains and oilseeds crops that drives the fertilizer production uses. Fertilizer production uses 1.2% of the world's total energy out of which 90% is used for ammonia production, which is a key ingredient in the production of nitrogen fertilizers. The nitrogen fertilizer market price is driven by raw materials costs such as crude oil that saw volatility in prices with Brent crude oil and different gas price levels or mechanisms.

The production and consumption of nitrogenous fertilizers has increased over the years and is anticipated to have increased to 117.07 million tonnes and 112.47 million tonnes, respectively in 2016. During 2010-2014, the production increased at a CAGR of 1.71%, while consumption grew at an annual growth rate of 1.57%. The urea segment accounted for the largest share in 2016.

The trade for nitrogenous fertilizers has grown exponentially in the last few years. The trade, in terms of volume increased over the years, while in terms of value, there has been a fluctuating trend due to the volatile foreign exchange rate.

However, the major restraints of

### INDIAN PHOSPHATE FERTILIZERS PRODUCTION AND CONSUMPTION



Source: FAO Statistics and ICFA

the nitrogenous fertilizers market are the trend toward organic food and non-food consumption, which in turn, is driving the demand for bio-fertilizers. The nitrogenous fertilizers market has a number of large- and small-scale firms. Acquisitions and expansions were the key strategies adopted by market players to ensure their growth.

### PHOSPHATE FERTILIZER MARKET

The phosphate fertilizer consumption includes phosphoric acid based fertilizers and non phosphoric acid based fertilizers. The non phosphoric acid based fertilizers include phosphate in nitric acid based fertilizers and super phosphate.

The demand for phosphate fertilizers has been increasing due to

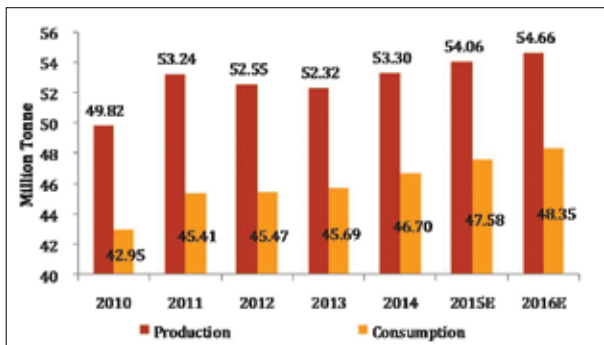
the growing population and increasing food demand. Increasing milk and meat consumption has necessitated large feed volume that in turn has increased the demand for maximum forage production.

However, India relies heavily on imports in order to meet its demand for phosphates. During summer 2013, a weakening currency challenged the profitability of importers and further reduced import activity. Lower domestic phosphate inventories and a slightly stronger currency have improved the outlook for DAP imports in 2014.

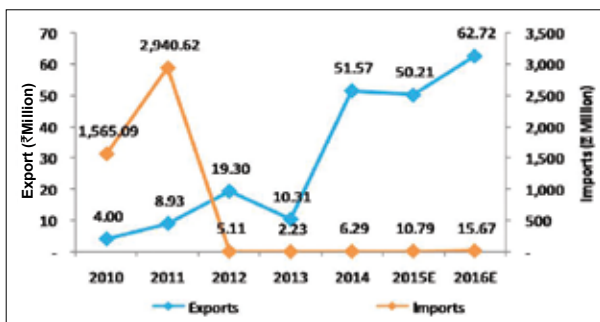
### POTASH FERTILIZER MARKET

Potash fertilizers are generally applied on vegetables, rice, sugar, fruits,

### INDIAN PHOSPHATE FERTILIZERS PRODUCTION AND CONSUMPTION



### INDIAN PHOSPHATE FERTILIZERS TRADE BY VALUE

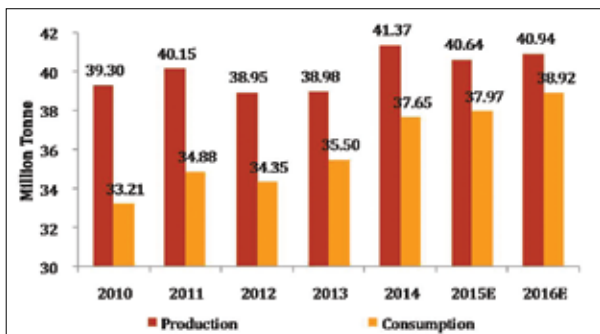


Source: FAO Statistics and ICFA

soybean, palm oil, and cotton owing to its capability to enhance crop productivity, crop yield, increase nutrient value, and resistance from diseases and harmful parasites. Rise in cattle feed consumption and increasing purchasing power in India are expected to contribute towards potash fertilizer market growth. However, variations in crop soil and climate condition in different regions are not much effective on some crops or soils, which might result in less demand.

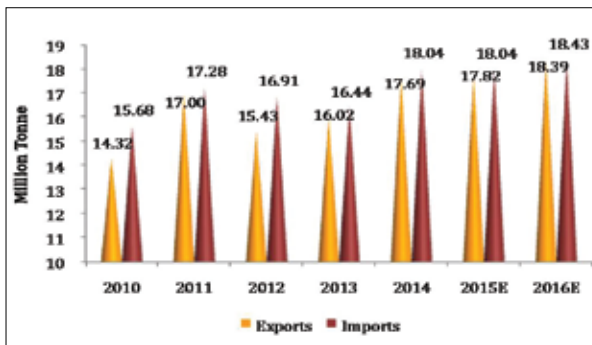
India is one of the major consumers of the potash fertilizer; however, large amount of demand is met by imports as India does not have commercially feasible

### INDIAN POTASH FERTILIZERS PRODUCTION AND CONSUMPTION



Source: FAO Statistics and ICFA

### INDIAN PHOSPHATE FERTILIZERS TRADE BY VOLUME

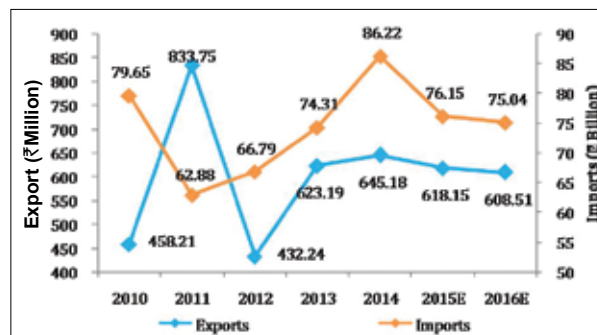


resources for the production of the same. However, India is anticipated to witness a notable increase in production owing to government support for technology improvement in farming sector.

India's Muriate of Potash (MoP) fertilizers import could reduce 5%-7% in the current fiscal i.e. 2017-18 due to firm global prices and cut in government subsidy. Last year, global potash prices were down, but this year it has increased slightly.

Chemical fertilizers have played key role in modern agriculture and in improving crop productivity of India. In spite of ranking second largest nitrogenous fertilizer producer and third largest phosphate fertilizer producer in the World, day by day the demand-supply gap of fertilizers

### INDIAN POTASH FERTILIZERS MARKET TRADE BY VALUE



Source: FAO Statistics and ICFA

in India is increasing. It is leading to increased dependency on fertilizer imports. India has witnessed a range of activities in the fertilizer market over the last few years. The country has witnessed an increase in demand bio-fertilizers or organic fertilizers, as intense use of chemical fertilizers have caused severe damage to the health, ecosystems and ground water of the country. Also, the demand of micronutrients and secondary macronutrients witness a surge. ■



**भारतीय कृषि एवं खाद्य परिषद्**  
**INDIAN COUNCIL OF FOOD AND AGRICULTURE**

**[www.icfa.org.in](http://www.icfa.org.in)**