

Fertilizer Consumption

30. For obtaining the best response from fertilizer use, it is imperative that all the three nutrients i.e. N, P and K are used in a balanced proportion which is termed as optimum NPK ratio. At the national level, a consumption ratio of 4:2:1 has been referred to as being optimum. This ratio is mainly for food crops and among food crops mainly for rice and wheat. For cash crops, plantation and horticultural crops, the optimum NPK ratio varies according to crop needs and soil nutrient status. The NPK ratio at national level is shown in Table 8.12.

Fertilizer Production and Subsidy

31. Domestic production of nearly 13 million tonnes of nitrogenous and phosphatic fertilizers (NP) falls short of consumption by over 20 percent. Domestically produced nitrogenous fertilizer, urea, is still price controlled and involves a heavy subsidy. The shortfall in domestic production of N and P is met from imports which invariably involve a subsidy since domestic selling prices are kept low compared to the landed cost of imported fertilizers. In case of potash (K) the entire requirement is imported. In 1998-99, the production of N+P is expected to increase to 13.42 million tonnes (10.42 million tonnes of nitrogen and 3 million tonnes of phosphate). Production, imports and, subsidy is listed in Table 8.13.

Year	Nitrogen (N)	Phosphate (P)	Potash (K)
1960-61	7.2	1.8	1
1970-71	6.5	2.0	1
1980-81	5.9	1.9	1
1990-91	6.0	2.4	1
1995-96	8.5	2.5	1
1996-97	10.0	2.9	1
1997-98	7.9	2.8	1
1998-99*	8.3	3.0	1

* Estimated

32. To encourage balanced fertilizer use, the Central Government continues to provide subsidy on decontrolled fertilizers such as DAP and MOP. For rabi 1998 season (October to December) this subsidy ranged from Rs. 3000 per tonnes for MOP to Rs. 4400 per tonnes for indigenous DAP. On complex fertilizers it ranged from Rs. 2477 to Rs. 4071 per tonne.

33. Subsidy for Urea in 1998-99 was estimated at Rs.6983 crore out of a total fertilizers subsidy of Rs. 9983 crore (BE). Administered price of Urea was raised from Rs. 3.66 per Kg. to Rs. 4 per Kg. with effect from January 28,1999 which will offset some proportion of the subsidy in the next fiscal year.

Year	Production		Imports N+P+K	Subsidy (Rs. crore)		
	N	P		Imported Fertilizers	Domestic Fertilisers	Total
1960-61	98	52	419	-	-	-
1970-71	830	229	629	-	-	-
1980-81	2164	841	2759	335	170	505
1990-91	6993	2052	2758	659	3730	4389
1995-96	8777	2558	3955	1935	4300	6235
1996-97	8599	2556	1975	1350	4743	6093
1997-98	10086	2976	3174	826	9200	10026
1998-99(BE)	10426	2998	2165*	983	9000	9983

(BE) Budget Estimate. * Upto November, 1998.