Need for Reducing Urea

Why in news?

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PM Modi has requested farmers to cut urea consumption by half in the next 5 years.

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What is the basis?

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- To drive the point for urea reduction, the PM cited ‘Hamirpur district in Himachal Pradesh’ where farmers had reduced urea consumption.
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- Apparently, this had increased wheat productivity by three times and increased their income by Rs 5000-6000 per acre.
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- While this is indeed optimistic, the question of whether scaling up is possible at an all-India level by 2022 remains.
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What is the anomaly?

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- India is currently an important urea market with consumption of about 30 million tonnes (mt) of urea annually, of which about 24.5 mt is domestically produced.
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- Notably, the government itself is trying to increase urea production by about 5.2 mt by reviving four of its dormant urea plants.
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- Given this, the call for reducing urea consumption, had raised concerns in the fertilizer industry.
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What are the concerns?

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- **Prices** - Urea prices in India are perhaps the lowest in the world, with most countries in the neighobourhood having 2-3 times higher prices than India.
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- Extremely low prices of urea lead to its diversion for non-agricultural uses as well as smuggling to neighbouring countries.
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- **Dosage** - There is a practise among farmers of using higher doses of urea (nitrogen) than the recommended level.
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- This leads to the lack of sufficient phosphate and potash in the soil, which is subsequently affecting the yields.
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- **Deficiency** - There is a massive deficiency of micro-nutrients like zinc, which is leading to zinc deficiency in wheat and rice, contributing to child stunting.
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- As all of these need urgent correction, the call for slash urea consumption by half, needs serious thought.
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What are the government efforts?

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- While there is an overall increase in consumption, in the last five-six years, urea consumption on per hectare basis has stagnated in India.
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- These trends are probably due to some government measures and other factors.
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- **SHC –** 'Soil Health Card' Scheme provides for guidelines on nutrients use in the soil.
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- **NCU –** 'Neem Coated Urea' policy began in 2008; when initially 20% of urea produced was to be neem-coated, since 2015, 100% neem coated urea was

mandated.
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- The concept is that NCU can improve nitrogen-use efficiency (NUE) by about 10% by slowing the release of nitrogen.
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- SHC Scheme and NCU policy are already working for reducing urea consumption.
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- If implemented comprehensively, this can help further rationalise the use.
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What is the way forward?

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- The pricing policy for urea continues to remain highly subsidised.
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- This makes it difficult to achieve any significant reduction in urea consumption.
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- There are talks for ‘Direct Benefit Transfer’ (DBT) for fertilizer subsidies.
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- If DBT is implemented, market forces would decide fertilizer prices.
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- Consequently, this would encourage the industry to innovate and also eliminate all diversions to non-agri-uses and cross-border smuggling.
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- This will also incentivise farmers to use fertilizers in appropriate ratios.
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Source: Financial Express

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