JM BAXi
THE PORT SPECIALIST
MARINE SERVICES

FERTILIZER Update

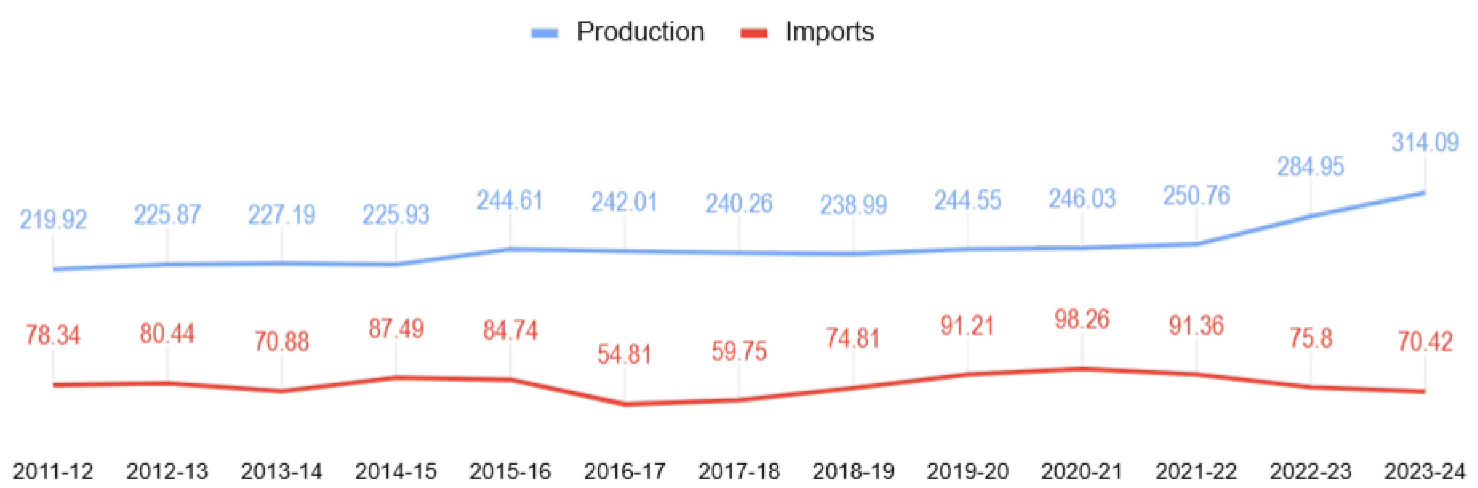
JANUARY 2025

Contents

FERTILIZER TRAFFIC INDIAN PORTS

UREA SCENARIO

- Between 2011-12 and 2023-24, India's domestic urea production has risen from 22 million to 31.4 million tonnes.
- Imports fell from 7.8 mt to 7 mt after peaking at over 9.8 mt in 2020-21.
- The current fiscal has so far recorded a further 31.7% drop in imports.



Recently Commissioned Urea Plants (in thousand tonnes)				
Company	Plant/Location	Start Date	Capacity	Production
Chambal Fertilisers	Gadepan-III	Jan 2019	1,271	1,384
RFCL	Ramagundam	Mar 2021	1,271	1,115
Matix Fertilisers	Panagarh	Sept 2021	1,271	1,499
HURL	Gorakhpur	Apr 2022	1,271	1,350
HURL	Barauni	Oct 2022	1,271	1,057
HURL	Sindri	Nov 2022	1,271	1,144

Increased Domestic Urea Production: India has significantly ramped up domestic urea production, reducing import dependence.

New Greenfield Projects: Six new energy-efficient urea plants have been established, primarily in eastern India, boosting production capacity.

Make-versus-Buy Dilemma: The economics of producing urea domestically versus importing are complex, influenced by gas prices, taxes, and transportation costs.

Regional Considerations: Importing urea may be more cost-effective for western and southern India, while domestic production is favored in the north and east.

Curbing Consumption: Unbalanced fertilizer consumption growth, driven by frozen urea prices, necessitates measures to promote judicious use and reduce reliance.

Atmanirbharta Goal: Increased domestic production and strategic imports contribute to India's goal of self-reliance in urea.

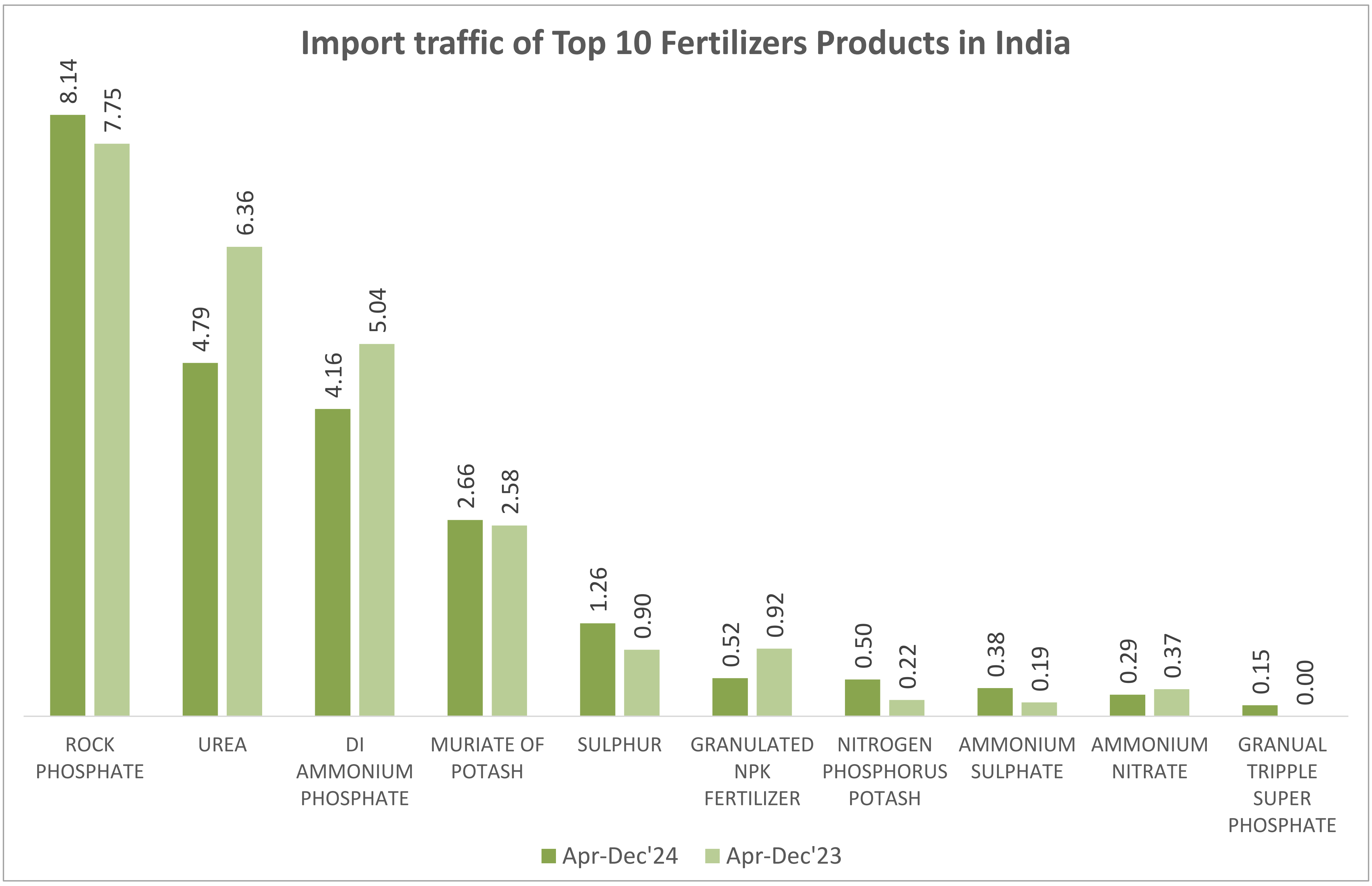
IMPORT TRAFFIC OF FERTILIZERS AT INDIAN PORTS

- Imports of fertilizer in Apr-Dec'24 decreased at 23.54 MMT as compared to 25.56 MMT in Apr-Dec'23.
- The highest recorded import of fertilizers in Apr-Dec'24 was in Paradip port at 5.13 MMT.

Ports	Apr-Dec'24	Apr-Dec'23
PARADIP	5.13	4.40
KANDLA	2.83	2.58
MUNDRA	2.70	3.28
VISAKHAPATNAM	2.33	2.71
KAKINADA	2.12	2.60
HAZIRA	1.33	1.33
KRISHNAPATNAM	1.23	1.25
PIPAVAV	1.11	1.31
TUTICORIN	1.03	1.23
DAHEJ	0.61	1.04
HALDIA	0.51	0.42
MANGALORE	0.49	0.41
GANGAVARAM	0.42	0.58
MUMBAI	0.22	0.34
DIAMOND HARBOUR	0.21	0.22
BEDI	0.20	0.36
JAIGAD	0.20	0.11
MORMUGAO	0.18	0.12
CHENNAI	0.17	0.26
DHARAMTAR	0.16	0.05
Grand Total	**23.54**	**25.56**

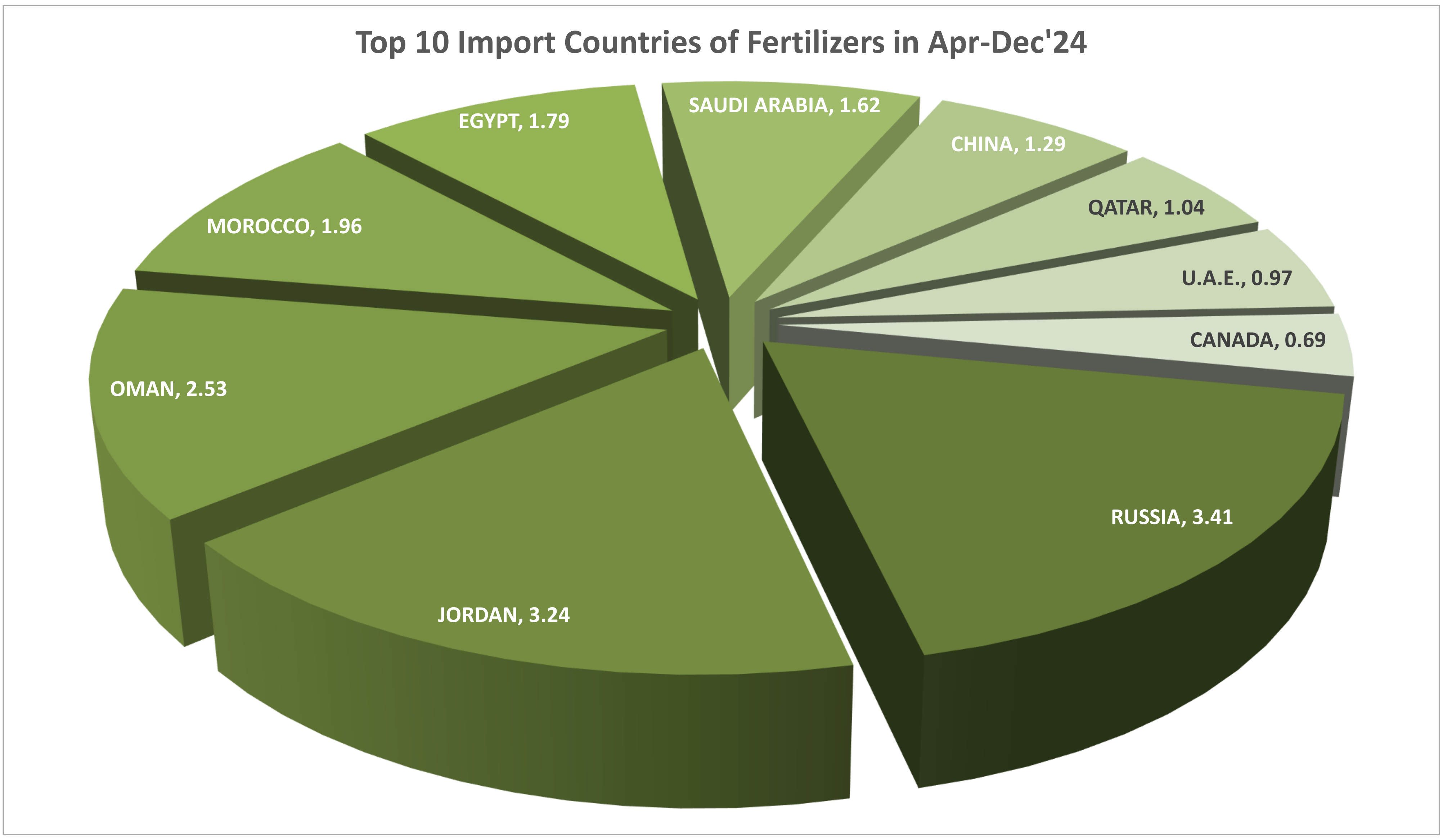
Top 5 Fertilizer Commodities Import Traffic

- India imported highest quantities of Rock Phosphate, Di Ammonium Phosphate, Urea, Muriate of Potash and Sulphur in Apr-Dec’24.
- Paradip port recorded the highest traffic of Rock Phosphate and Sulphur at 3.81 MMT and 0.76 MMT respectively.
- Mundra port saw the highest traffic of Di Ammonium Phosphate at 1.48 MMT.
- Kakinada port recorded highest traffic of Urea at 0.82 MMT.
- Kandla port saw the highest traffic of Muriate of Potash at 0.93 MMT.
- The total import of these 5 commodities for Apr-Dec'24 is 21.01 MMT.



Top 5 Fertilizer Commodities' Country-wise Import Traffic

- India imported highest amount of Rock phosphate from Jordan at 2.91 MMT in the period of Apr-Dec'24.
- Highest amounts of Urea was imported from Oman at 2.08 MMT.
- Di Ammonium Phosphate was imported from Saudi Arabia at 0.93 MMT.
- Muriate of Potash was imported from Russia at 1.28 MMT.
- Sulphur was imported from UAE at 0.49 MMT.
- Total Country-wise Imports of Major Fertilizers for Apr-Dec'24 were 7.69 MMT.



Major Importers of Fertilizers in Apr-Dec'24	Qty in MMT
INDIAN FARMERS FERTILIZERS CO OP LTD.	4.28
INDIAN POTASH LTD.	3.84
COROMANDEL INTL. LTD.	3.32
PARADIP PHOSPHATES LTD.	1.90
KRIBHCO	1.28
RASHTRIYA CHEMICAL AND FERTILIZER LTD.	1.10
NATIONAL FERTILIZERS CO. LTD.	0.88
INDIAN PHOSPHATE LTD.	0.64
GREENSTAR FERTILIZERS PVT. LTD.	0.55
INDORAMA INDIA PVT. LTD.	0.42

MARKET OVERVIEW AND TRENDS

HIGHLIGHTS

01

Cabinet approves ₹12,000 crore revival boost for RINL, fresh equity infusion, working capital addition on cards

02

How urea has been an investment success story.

03

DAP subsidy extension.

Cabinet approves ₹12,000 crore revival boost for RINL, fresh equity infusion, working capital addition on cards

01

- The Indian government has approved a ₹12,000 crore revival package for Rashtriya Ispat Nigam Ltd (RINL), which includes ₹9,500–10,500 crore in equity infusion, ₹1,200 crore for working capital, and 7% non-cumulative preference shares redeemable after 10 years. This is one of the largest equity infusions for a struggling CPSE in recent years.
- RINL, with a 7.3 mtpa liquid steel capacity in Visakhapatnam, aims to achieve 92.5% capacity utilization within 18–24 months. The equity infusion is expected to make all three blast furnaces operational by August 2025 and help the company overcome its negative net worth of ₹4,538 crore and high liabilities.
- The move is expected to safeguard the livelihoods of approximately 30,000–35,000 employees. The plant's strategic location with direct connectivity to Visakhapatnam Port enhances its importance in India's steel industry and its potential for economic revival.
- ***Source: The Hindu Business Line***

How urea has been an investment success story.

02

- Since 2019, six new urea plants have been commissioned at a combined cost of over ₹60,000 crore, with a seventh plant under construction in Odisha at ₹17,080.69 crore. These plants, mostly gas-based, have increased India's domestic urea production capacity to 31.4 million tonnes in 2023-24, up from 22 million tonnes in 2011-12.
- The new plants are located in "new Green Revolution" states like eastern Uttar Pradesh, West Bengal, Bihar, Jharkhand, and Telangana, providing better access to these regions. They are also more energy-efficient, consuming about 5 GCal/tonne compared to older plants' 5.5–6.5 GCal/tonne.
- While producing urea domestically currently costs more than importing it, factors like lower taxes on feedstock and reduced transport costs for supplying to northern and eastern regions narrow the gap. Strategically, a combination of domestic production for hinterland markets and imports for peninsular India could balance the cost and supply chain efficiency. Rationalizing urea pricing is also essential to curb overuse and reduce pressure on domestic production.
- ***Source: Business Standard***

DAP subsidy extension.

03

- The Union Cabinet extended the special subsidy on Di-ammonium Phosphate (DAP) fertilizer beyond December 31, 2024, aiming to maintain retail prices at ₹1,350 per 50-kg bag. This measure could cost the exchequer up to ₹3,850 crore and is intended to ensure sustainable availability of DAP at affordable prices for farmers.
- AIKS criticized the decision, alleging it prioritizes corporate profits over farmers' welfare. They highlighted that DAP prices have increased significantly from ₹9,350 per tonne in 2009-10 to ₹27,000 per tonne in 2023, alongside substantial cuts in fertilizer subsidies over the last three years, amounting to ₹87,339 crore in total reductions.
- India remains heavily import-dependent for fertilizers, with 60% of DAP and 100% of Muriate of Potash (MoP) being imported. AIKS attributed the price surge to monopoly control by a few global corporations, profiteering by fertilizer companies, and the rupee's depreciation. They also raised concerns about fertilizer shortages and black marketing, despite government claims to the contrary.
- ***Source: Business Standard***

Other Reports for January 2025

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