

'One nation, one fertiliser': All firms told to sell under the 'Bharat' brand

The Centre feels the subsidy it extends is not reflected in the companies' branding

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The government today announced the Pradhan Mantri Bhartiya Janurvarak Pariyojna (PMBJP) scheme under which all fertiliser products will be sold under one "Bharat" brand from October 2.

The meticulously planned scheme and its launch date show the government's resolve to implement it at any cost as its political dividends could be far-reaching.

'Not a sudden decision'

"It is not a sudden decision as the government has been discussing it with industry for quite some time. It does not make any difference for us as the country is not self-sufficient in fertiliser and whatever is produced always gets sold," said KS Raju, Chairman of the Fertiliser Association of India (FAI).

The government felt that farmers should know the financial burden it takes in providing the fertilisers — urea, DAP, MOP, and complex — to farmers at cheaper rates, he said.

Approximately 80-90 per cent of the cost of production of fertilisers is being paid to manufacturers in the form of subsidies by the government, whereas companies used to sell the produce under their own brands without mentioning the



The fertiliser subsidy bill may top ₹2-lakh crore this fiscal on high international prices

government's contribution. Initially, the plan was to launch the single brand in a phased manner, starting with urea, but it was decided to roll out the scheme for all products simultaneously, sources said.

Transport subsidies

Another argument for the launch of single-brand fertiliser is to reduce transport subsidies, estimated at over ₹6,000 crore per year, which is 100 per cent passed on to the companies to keep retail prices under check. Though the government has been tweaking rules on where the fertilisers can be sold from the point of a plant's location, some companies still sell them at different places where other factories are located.

For instance, the indigenous urea produced by a plant in Uttar Pradesh moves to Rajasthan and the urea produced by a plant in Rajasthan moves to Uttar Pradesh.

Industry clueless

FAI's Raju said the industry will not object if the government ensures sales of fertilisers by allocating a quantity for particular States, provided it takes care of any fall in demand in a region in case of a drought.

However, the industry is clueless about how the advertisements will be done and who will bear the cost, as many manufacturers have expressed reluctance to spend on a brand they do not own. "Once in a while, some companies may bear the expense, but it will be difficult to spend continuously on advertisements where the brand value for that company is zero," said an industry official.

A day after the Cabinet approved potash and phosphorous subsidies in April, three companies together issued advertisements in newspapers thanking the government, which, some sources alleged, were done under pressure.

Government officials also claim that the move at single branding may help in checking the diversion of about 10 lakh tonnes (lt) of urea for non-agricultural use, estimated to be causing a loss of ₹6,000 crore to the exchequer.

Under the nutrient-based subsidy plan, the Centre has fixed nitrogen subsidy for the current kharif season at ₹91.96/kg (against ₹18.78/kg last year), phosphorous at ₹72.74/kg (₹45.32), potash at ₹25.31/kg (₹10.11) and sulphur at ₹6.94/kg (₹2.37).

India's domestic consumption of urea was 333 lakh tonnes (lt) in 2021-22, down 5 per cent from the previous year. While about 260 lt were locally produced, about 91 lt were imported. The government's fertiliser subsidy bill is likely to be over ₹2-lakh crore this fiscal because of high international prices, whereas the Budget allocation is ₹1.05-lakh crore.