

Fertiliser manufacturers to gain from drop in phosphoric acid import price

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A decline in the price of imported phosphoric acid has come as a major relief to manufacturers of phosphatic fertilisers at a time when the industry is gearing up to meet the demand for the current rabi season.

Sources in the industry told *businessline* that phosphoric acid prices have dropped to around \$1,200 per tonne against over \$1,700 three months ago. However, it will likely take another month for the benefits to get passed on, as it depends on timely shipping schedules from importing destinations.

Phosphoric acid is the main component in the production of phosphatic fertilisers and it is mainly imported from Africa, Morocco and Jordan. Domestic fertiliser manufacturing companies import



phosphoric acid solutions to the tune of 2-3 lakh tonnes to meet their production requirements.

MAJOR FACTORS

The rising cost of various inputs such as ammonia has also put the domestic fertiliser industry in troubled waters. The worsening situation of war in Ukraine has further hit imports of urea, MoP and DAP from Russia and Belarus.

Similarly, the surging cost of

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LNG has also made things worse. However, Fertilisers And Chemicals Travancore Limited (FACT), which is using LNG as its feedstock for production, has not been affected much because of the rising gas price, thanks to the long-term contract entered with companies through Petronet LNG for the supply of gas at competitive prices.

Industry expert MP Sukumaran Nair said the gap between consumption and domestic production which

comes to 30 per cent of the requirement was always met by imports by way of raw materials intermediates and finished products.

MARKET STATS

During 2020-21 fiscal, India imported 9.14 million tonnes (mt) of urea, 5.46 mt of DAP and 2.46 mt of potash.

India is the second-largest fertiliser-consuming country, the third-largest producer, and the world's largest importer of fertiliser materials. Still, per hectare application of mineral fertiliser remains much lower than in most of the developed and emerging economies.

On an average, consumption is increasing by around 4 to 5 per cent every year. In the context of imports becoming dearer on account of the war and the pandemic, he said a renewed strategy may be needed to ensure plant nutrients to the farmers.