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## Expectations for the Indian Fertilizer Sector



**Santosh Sreedhar**

*(Partner, Avalon Consulting)*



[www.consultavalon.com](http://www.consultavalon.com)



The fertilizer Industry in India is **dominated by Urea and other bulk fertilizers** which is heavily subsidized, costing ~Rs. 165,000 Cr to the exchequer. The industry is unlikely to expect a higher subsidy allocation, but will be looking forward to any announcements that make the subsidy flow smoother and faster.

There have been recommendations in the Economic Survey to use the “Agri Stack” digital system to ensure equitable distribution of subsidies based on crop requirement to farmers. However, given the complexity of managing this, I don’t expect any specific announcements to this effect this year.

**Direct Benefit Transfer (DBT) of subsidies** using the e-RUPI digital payment mechanism is also recommended in the Economic Survey. The Industry will be happy with a fully operational DBT program as it takes away the burden of working capital to fund the subsidy. Any directions in this direction will hence be welcomed by the Industry.



Government is likely to lay emphasis on **promoting nano-fertilisers** as it helps to curb over-use of Fertilizers and to also reduce the subsidy bill. Government will not provide subsidies in nano-fertilisers, but support to promote the use of drones for application of nano-fertilisers may be given.

From an industry perspectives, a **PMI program focused on specialty fertilisers** will be very welcome. Specialty fertilisers are highly import dependent, and incentives can help indigenize production, and also tap export opportunities. However, since this is a subset of the chemical industry, its practically a tough decision to make for the Government.

Initiatives around rural employment generation, agri-processing & marketing, pricing improvement through MSP reforms etc. would help spur rural economy and hence the use of agri-inputs including fertilisers. The industry will be looking out for programs and budget allocations towards these.