

GOVERNMENT PUSH FUELS BRIGHT GROWTH OUTLOOK FOR

INDIA'S FERTILIZER INDUSTRY



OCTOBER- 2025





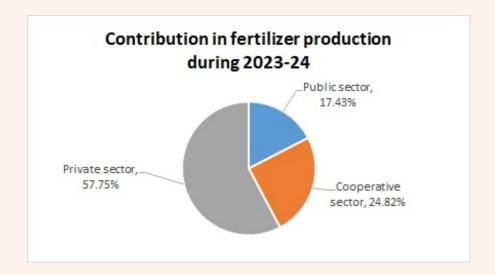
GOVERNMENT PUSH FUELS BRIGHT GROWTH OUTLOOK FOR INDIA'S FERTILIZER INDUSTRY

Fertilizers play a crucial role in enhancing agricultural productivity, especially for key crops like rice, wheat, sugarcane, and vegetables. Along with quality seeds and reliable irrigation, fertilizers are one of the key factors driving higher crop yields. The use of fertilizers has grown steadily over the years, particularly after the Green Revolution. Fertilizers help to increase yields, improve production quality, and replenish soil nutrient deficiencies. Increasing use of fertilizers in the country has contributed significantly in enhancing food grain production and bringing self-sufficiency in food grain production in the country. Fertilizers are concentrated plant nutrients made from inorganic chemicals. Unlike organic manure, fertilizers contain nutrients in higher amounts and are applied in smaller quantities. Fertilizers are classified as sole fertilizers, mixed Fertilizers, and those that contain micronutrients. Sole Fertilizers contain only one primary nutrient. This includes nitrogenous (Urea, Ammonium sulphate, Calcium Ammonium, Nitrate), Phosphatic (Single super phospate, triple super phosphate), and Potassic (Muriate of potash, potassium sulphate). Mixed/Complex Fertilizers contain two or more primary nutrients. This includes Di-Ammonium Phosphate, Nitro-Phosphate, Ammonium Phosphate Sulphate, and Calcium Ammonium Nitrate. Further, micronutrients are seven elements essential for crop growth in very low quantities - boron, chlorine, copper, iron, manganese, molybdenum & zinc.



India is the second largest consumer and third largest producer of finished fertilizers in the world. Also, the country is net importer of fertilizers, both finished products as well as raw materials. The production of fertilizers is mainly classified in three sectors that is public, private and cooperative. The major contributor in the fertilizer production is private sector with 57.75% share during 2023-24, while public sector and cooperative sector contributed 17.43% and 24.82%, respectively.





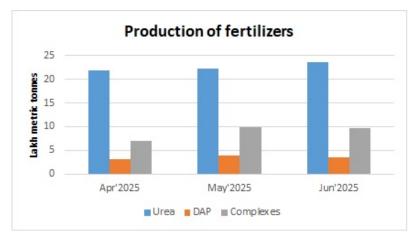




PRODUCTION OF FERTILIZERS

The domestic fertilizer production has shown a significant growth over the years. Urea production, which stood at 22.71 million metric tonnes in 2013-14, has increased to 30.66 million metric tonnes in 2024-25, marking a 35% rise. Similarly, the combined production of DAP and NPK fertilizers has grown from 11.009 million metric tonnes to 15.878 million metric tonnes during the same period, reflecting a 44% increase. Moreover, in the month of June 2025, production of urea stood at 23.64 lakh metric tonnes (LMT) over 22.36 LMT in May 2025. Earlier, it was 21.89 LMT in April 2025. Urea is the most widely used fertilizer because it is a rich source of nitrogen, an essential nutrient for plant growth. Urea is a readily available and affordable nitrogen source for farmers, making it a popular choice. It can also be easily stored and transported, making it a convenient choice for both farmers and manufacturers.

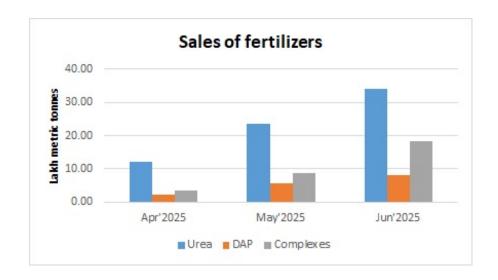
DAP production stood at 3.41 LMT in June 2025 over 3.81 LMT in May 2025. Earlier, it was 3.13 LMT in April 2025. DAP (Diammonium phosphate), a kind of Phosphates (phosphatic fertilizer), is widely used and versatile fertilizer in modern agriculture. It is highly valued for its balanced nutrient composition, convenience, and effectiveness in promoting plant growth and productivity. Meanwhile, production of complex fertilizers stood at 9.75 LMT in June 2025 over 9.89 LMT in May 2025. Earlier, it was 6.99 LMT in April 2025.





SALES OF FERTILIZERS

Sales of fertilizers have improved in the month of June 2025 on account of increased demand ahead of kharif cropping season in the country which generally runs from June to October. Crops are sown at the start of the monsoon, typically in June or July. Sales of urea jumped 44.92% to 34.20 LMT in June 2025 as compared to 23.60 LMT in May 2025. The strength of the monsoon season significantly impacts agricultural demand and urea sales. The India Meteorological Department (IMD) had forecasted promising outlook for the rainy season (June to September) 2025. Nationwide rainfall was forecast to be above normal, exceeding 108% of the LPA. Sales of DAP increased by 44.29% to 8.21 LMT in June 2025 as compared to 5.69 LMT in May 2025. Besides, sale of complex fertilizers stood at 18.28 LMT in June 2025 over 8.66 LMT in May 2025, a growth of over 2-fold.





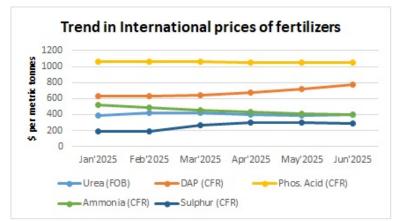


INTERNATIONAL PRICES OF FERTILIZERS

The price of Urea (FOB) has increased by about 15.16% from \$343 per metric tonnes (MT) in June, 2024 to \$395 per MT in June, 2025. The price of DAP (CFR) has increased by about 46.67% from \$525 per MT in June, 2024 to \$770 per MT in June, 2025. The price of MOP (CFR) has increased by about 9.40% from \$319 per MT in June, 2024 to \$349 per MT in June, 2025. The price of Phosphoric Acid (CFR) has increased by about 11.29% from \$948 per MT in June, 2024 to \$1055 per MT in June, 2025. The price of Rock Phosphate (CFR) has increased by about 3.59% from \$167 per MT in June, 2024 to \$173 per MT in June, 2025. The price of Sulphur (CFR) has increased by about 182.35% from \$102 per MT in June, 2024 to \$288 per MT in June, 2025. However, the price of Ammonia (CFR) has decreased by about 0.50% from \$400 per MT in June, 2024 to \$398 per MT in June, 2025. International prices of fertilizers remained almost steady and were hovering in the tight range during January 2025 to June 2025 period.



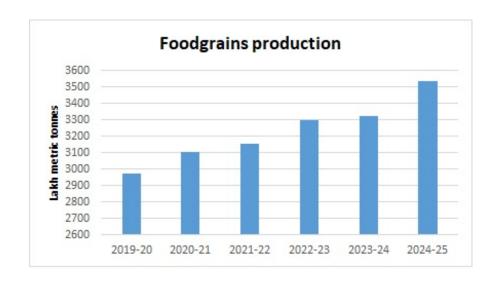






FAVOURABLE FACTORS FOR FERTILIZER INDUSTRY

Robust growth in agriculture sector: With solid forward linkages, the agriculture and allied activities sector significantly contributed to the country's overall growth and development by ensuring adequate food security. Fertilizers support the agriculture to improve their productivity. Fertilizers provide the essential nutrients - such as nitrogen, phosphorus, and potassium (NPK) - that plants need for healthy growth. Growth in agriculture helps fertilizer's industry to grow better. India has achieved a record foodgrain production and is estimated at 3539.59 LMT the agricultural year 2024-25, which is higher by 216.61 LMT than the foodgrain production of 3322.98 LMT in 2023-24 registering an around 6.5% increase, on account of continuous reforms and farmer-centric initiatives by the government. Further, enhanced adoption of technology, robust policy support, and improved agri-infrastructure have together contributed to a record increase in crop production.







Nutrient Based Subsidy scheme

The government introduced the Nutrient Based Subsidy (NBS) scheme on April 01, 2010 for phosphatic and potassic Fertilizers. Under this scheme, a fixed subsidy is provided for subsidised P and K Fertilizers, including di-ammonium phosphate, based on their nutrient content. The subsidy rates are decided on an annual or bi-annual basis. The P and K sector has been decontrolled, which allows Fertilizer companies to set the maximum retail price at reasonable levels. These prices are monitored by the Government, while the companies produce or import Fertilizers in line with market demand. On March 28, 2025, the government approved revised rates for the Nutrient Based Subsidy scheme. The new rates are in effect for the 2025 Kharif season, which runs from April 01 to September 30, 2025. The total subsidy outlay for this season is Rs 37,216.15 crore. This amount is roughly Rs 13,000 crore more than what was provided during the previous Rabi season. Due to global market pressures, a one-time special subsidy of Rs 3,500 per tonne was extended for DAP (diammonium phosphate) from April 2024 to March 2025. This measure supports farmers by ensuring DAP remains affordable.





Final Budget allocation for the Department of Fertilizers increased:

As against the Budget allocation of Rs 1,68,130.81 crore in Budget Estimate (BE) 2024-25, the final allocation has increased to Rs 1,91,836.29 crore through Supplementary Demands for Grants passed by the Parliament. Similarly, in the NBS scheme, against the Budget Allocation of Rs 45,000 crore in BE (2024-25), the final allocation has increased to Rs 54310 crore through Supplementary Demands for Grants passed by the Parliament. In Pradhan Mantri Krishi Sinchayee Yojana, extended till 2025-26, the overall outlay of Rs 93,068.56 crore have been approved by the Government for the period 2021-22 to 2025-26. Further, in order to ensure smooth availability of DAP at affordable prices to farmers, the Government has provided special packages on DAP over and above the NBS subsidy rates on need basis. Budget allocations provide financial assistance to the industry by supporting the fertilizer subsidy regime. This subsidy helps the industry players to manage costs, especially for raw materials like natural gas, which can fluctuate in price.



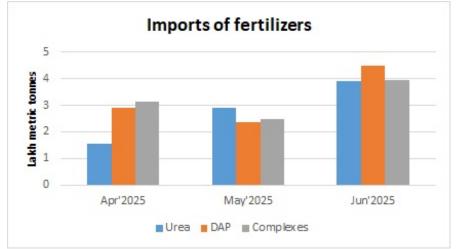




CHALLENGES FOR FERTILIZER INDUSTRY

Heavy reliance on import of raw materials:

India does not produce enough fertilizers or their raw materials to meet its domestic demand of fertilizers. DAP is the country's second most consumed fertiliser. A significant portion of the consumption comes from import. This is because the country has limited rock phosphate deposits. The country is 100% dependent on import for MOP (Muriate of Potash), as there are no domestic potash reserves. Similarly, India imports about 90% of its phosphatic fertilizers. This heavy import dependence makes the country highly vulnerable to geopolitical events (like the Ukraine-Russia conflict, Gaza crisis), supply chain disruptions, and fluctuations in international prices of fertilizers and their raw materials (e.g., natural gas, phosphoric acid, rock phosphate). This directly impacts the cost of fertilizers for farmers and the government's subsidy bill. Urea import increased by 34.36% to 3.91 LMT in June 2025 from 2.91 LMT in May 2025. DAP import jumped 90.25% to 4.49 LMT in June 2025 from 2.36 LMT in May 2025. Complexes fertilizers import rose 59.51% to 3.94 LMT in June 2025 from 2.47 LMT in May 2025.





Concern over China to reimpose specialty fertilizer export curbs:

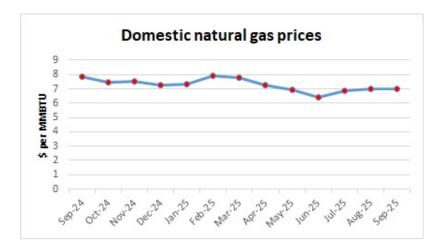
There are concerns that China, a leading fertilizer supplier globally, may reimpose specialty fertilizer export curbs, which likely to affect the prices of the fertilizer in India. The temporary resumption of Chinese specialty fertiliser exports has provided short-term relief, but this reprieve will be brief as China plans to tighten export controls through increased inspections and consignment delays in coming months. Recently, China had halted export permits for DAP since mid-2023 and ceased shipments of specialty fertilizers to India entirely over the two months (July 2025 and August 2025), although exports to other nations have continued. This abrupt disruption has led to a sharp decline in global supply and pushed prices upward, impacting Indian farmers at a critical time - especially ahead of the kharif (monsoon) sowing season. Meanwhile, India imports an average 60% of its annual DAP consumption and more than half of it comes from China. Further, the demand for fertilizers in India is likely to peak up in coming months as the country will enter its winter or rabi cropping season. China's restrictions may affect the availability of fertilizer in the country as well as prices of the fertilizers.





Stagnant natural gas prices in India:

Natural gas forms majority of the input cost for urea production and is an important input for other fertilisers as well. Out of total domestic gas production, more than 50% is consumed by the fertiliser sector followed by other sectors. Natural gas is used as a feedstock to produce ammonia, a source of nitrogen essential for plants. Ammonia is further processed and combined with other plant nutrients like phosphorous and potassium to produce different types of fertilizer. Because of the prevalent use of natural gas in the production of ammonia-based fertilizers, natural gas prices tend to be correlated with fertilizer prices. In India, natural gas prices are stagnant at around \$7 per MMBTU (Metric Million British Thermal Units) on Gross Calorific Value (GCV) basis. It may negatively impact the domestic prices of the fertilizers, pushing them higher.





INTERNATIONAL FERTILIZER DEALS & SUPPLY AGREEMENTS

India continues to deepen its global cooperation in the fertilizer industry through long-term agreements and strategic investments with neighbouring countries. Key developments include:

India signs fertilizer supply agreements with Saudi Arabia:

Indian companies- viz, Indian Potash (IPL), Krishak Bharati Cooperative (KRIBHCO) and Coromandel International (CIL) have signed Long-Term Agreements with Saudi Arabian Co - Maaden for supply of overall enhanced 3.1 million metric ton of Diammonium Phosphate (DAP) fertilizer per annum for five years from 2025-26 onwards with further extension of five years with mutual consent. Both sides underscored their commitment to broadening the scope of bilateral relations to include other key fertilizers such as Urea along with DAP aiming to further ensure India's fertilizer security.

Bhutan requests India to supply fertilizers:

The Royal Government of Bhutan has requested India to supply 5,000 metric tonnes of Fertilizers annually for a period of five years. The requested Fertilizers include Urea, Suphala (NPK), Single Super Phosphate (SSP), Muriateof Potash (MOP), and Borax. Bhutan has sought to procure these Fertilizers at subsidised rates, similar to those provided to Indian farmers. To facilitate this, the Department of Fertilizers has nominated the Brahmaputra Valley Fertilizer Corporation (BVFCL) to manage the supply.

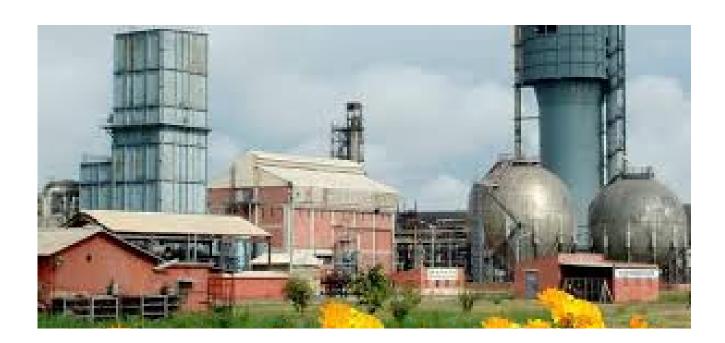




GOVERNMENT INITIATIVES AND RECENT DEVELOPMENTS

Govt approves setting up of new Brownfield Ammonia-Urea Complex Namrup IV Fertilizer Plant

The government has approved the proposal for setting up of a new Brownfield Ammonia-Urea Complex of 12.7 LMT annual capacity of Urea production within the existing premises of Brahmaputra Valley Fertilizer Corporation (BVFCL), Namrup Assam, with an estimated total project cost of Rs 10,601.40 crore with Debt Equity ratio of 70:30 through a Joint Venture (JV), under the New Investment Policy, 2012 read with its amendments on October 07, 2014. The tentative overall time schedule for commissioning of Namrup-IV Project is 48 months. Additionally, the government also approved the National Fertilizers' (NFL's) equity participation of 18% in relaxation to the limits prescribed in Department of Public Enterprises (DPE) guidelines; and constitution of an Inter-Ministerial Committee (IMC) to oversee the process of setting up of Namrup-IV Fertilizer Plant. The project will increase the domestic Urea production capacity in the country especially in the North-Eastern region. It will meet the growing demand of Urea fertilizers of North East, Bihar, West Bengal, Eastern Uttar Pradesh, and Jharkhand.





Govt approves extension of one-time Special Package on Di-Ammonium Phosphate

The government has approved the proposal of the Department of Fertilizers for extension of one-time Special Package on Di-Ammonium Phosphate (DAP) beyond the NBS subsidy at Rs 3,500 per MT for the period from January 01, 2025 till further orders to ensure sustainable availability of DAP at affordable prices to the farmers. The tentative budgetary requirement for above would be approximately upto Rs 3,850 crore. The government in July, 2024 had approved one-time Special Package on DAP beyond the NBS subsidy at Rs 3,500 per MT from April 01, 2024 to December 31, 2024 with approximate financial implication of Rs 2,625 crore. 28 grades of P&K fertilizers are made available to farmers at subsidized prices through fertilizer manufacturers/importers. The subsidy on P&K fertilizers is governed by NBS Scheme with effect from April 01, 2010.

Nano DAP made available at Pradhan Mantri Kisan Samridhi Kendras

The government has notified Nano DAP under the Fertilizer Control Order (FCO) - 1985 on the basis of the bio efficacy trials and toxicology tests. M/s Coromandel International (CIL), M/s Zuari Farm Hub and M/s Indian Farmers Fertiliser Cooperative (IFFCO) have been granted permission to manufacture Nano DAP. Indian Council of Agricultural Research (ICAR) has informed that IFFCO and CIL have developed Nano DAP and have conducted preliminary field trials on selected crops in selected ICAR Institutes/State Agriculture Universities.





OUTLOOK

Fertilizer industry in India has shown a steady growth over the years and this growth is likely to be continue in the coming time with government support and favorable rainfall. The government has consistently supported the fertilizer industry through various initiatives and policies. Some of it are heavy subsidies to make fertilizers affordable for farmers, investment in new plants and revival of closed units, research and development programs for the fertilizers and import policies to ensure adequate supply of the fertilizers in the country. Further, the country's fertilizer strategy during the Amrit Kaal focuses on balanced use of nutrients, sustainable practices, affordability, and innovation. The government has introduced advanced options such as nano and neem-based Fertilizers while also reviving major production plants across the country. Smart monitoring systems are being adopted to improve efficiency and transparency. These efforts are designed to empower farmers, protect the environment, and reduce dependency on import. The aim is to ensure that Indian agriculture remains strong and self-reliant while contributing to food security and economic progress.

Moreover, favorable rainfall in the year 2025 is also likely to support the fertilizer industry. The IMD had predicted an early onset of the monsoon along with above-normal rainfall for the 2025 season. An early onset of monsoon lead to a pick-up in sowing activity and increased demand for fertilisers. Meanwhile, India's growing population is likely to create food demand which directly increases the need for fertilizers to boost crop production. However, concerns over China may reimpose ban on exports of specialized fertilisers may affect industry. But Indian companies are tapping the other markets like Europe, Russia and West Asia for import of raw materials for manufacturing specialized fertilizers may support the industry to stay on growth path in the coming time.





EQUITY HELPLINE!





Call Us: 1800 889 0255

Contact Information



+91 90716-13599



info@sukhanidhi.in



www.sukhanidhi.in



TOLL FREE: 1800 889 0255



https://sukhanidhi.in/industry-anaylsis/

