Urea

The domestic production of Urea in FY 2015-16 at 24.5 million tonnes

was 2 million tonnes higher than FY 2014-15. This remarkable growth

was aided by an improved viability of volumes produced above

the re-assessed production capacity. Urea imports into India at 8.5

million tonnes was marginally lower by about 0.2 million tonnes. The

increased availability resulted in an increased sale of about 1 million

tonnes (sales estimated at 32 million tonnes) and an increase of

stocks with industry of 0.8 million tonnes.

The year also saw increased activity from the Government in terms of

advocating the New Urea Investment Policy. Only one producer has

announced an expansion project. The Company continues to hold to

its decision of not undertaking any new investment in Urea capacity,

in view of uncertainties on policy, gas availability, etc.

During the year, the Government’s New Urea Policy attempted to

move industry towards a common set of energy parameters over the

next 3-4 years. As a part of this exercise, the energy norms for the

Company also were revised marginally downwards.

The Government also announced a Gas Pooling Mechanism during

the year. Under this policy, the inputs for all natural gas based

fertiliser plants will be recognised for subsidy on the basis of pool

price, irrespective of their actual sources. The difference between

their purchase price and the pool price is to be settled between the

companies through GAIL (nominated as the pool operator).