Frank Notes

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South West Monsoon and Rabi Prospects

Agricultural production and fertilizer use in India are highly dependent on rains received mainly from South-west monsoon. About 70 per cent of the total annual rains are received during this monsoon season spread across four months from June till September. Distribution of rainfall over time and space influences fertilizer use. Despite a record of good rains received at the aggregate level during the just concluded monsoon season, its improper distribution affected sowing of crops and fertilizer use adversely.

The arrival of South-west monsoon in 2019 was delayed by a week. It marked a disappointing beginning with heavy deficit in rainfall of about 36 per cent of long period average (LPA) in June 2019. This was followed by incessant rains from middle of July to September 2019 causing floods/flood like situation in as many as thirteen states. Rainfall recorded in July was 105 per cent of the LPA and in August, it was 115 per cent of the LPA. During September, there was record rainfall of 152 per cent of the LPA, that is, second highest reported after 1917. During the entire South-west monsoon 2019, overall rainfall was 110 per cent of the LPA. Out of 36 meteorological sub-divisions, 12 meteorological sub-divisions consisting 31 per cent of the total area of the country received large/excess rainfall, 19 meteorological sub-divisions constituting 54 per cent of the total area of the country received normal rainfall and 5 meteorological sub-divisions constituting 15 per cent of the country received deficient rainfall. Central India and South Peninsular India received excess rains to the tune of 29 per cent and 16 per cent of the LPA, respectively. Incessant rains caused floods and flood like situation in the states of Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Gujarat, Madhya Pradesh, Maharashtra, Goa, Odisha and a few other states. In contrast, East and North East India had shortfall of 12 per cent and 2 per cent, respectively, during the period.

Uneven distribution of rainfall affected crop acreage as well as fertilizer use. There was shortfall in sowing of *kharif* crops compared to normal area as well as over the level of the previous year. Compared to normal area for whole *kharif* season, shortfall in sowing was about 1.15 million hectares. Compared to previous *kharif* (*i.e.*, 2018), the shortfall was 2.74 million hectares in *Kharif* 2019. There was reduction in area under almost all *kharif* crops including rice, bajra, pulses, oilseeds, cotton and sugarcane. Total area under *kharif* crops was 105.45 million hectares in 2019 as against 108.20 milllion hectares in the previous *kharif* 2018.

As regards fertilizer use, all major fertilizers showed negative growth in sale as per records of Department of Fertilizers. Sale of urea at 15.37 million MT in *Kharif* 2019 was marginally lower (-0.5%) over *Kharif* 2018. But sale of DAP at 3.57 million MT and NP/NPKs at 4.33 million MT were lower by 5.5 per cent and 9.4 per cent, respectively, over the previous year. Sale of MOP at 1.18 million MT was 17.8 per cent lower over the previous year. Sale of fertilizers was lower than previous *kharif* in most of the states except UP, HP and Odisha where all the fertilizers showed positive growth. Among other states which showed positive growth in some of the major fertilizers include AP, Assam, Chhattisgarh, Gujarat, Jharkhand, Kerala, Rajasthan and Uttarakhand.

Central Water Commission (CWC) monitors 120 major reservoirs in the country which have total live capacity of 170.33 Billion Cubic Meter (BCM) at Full Reservoir Level (FRL). Live storage in the 120 major reservoirs as on 24th October, 2019 was 151.68 BCM as against 119.06 BCM on the 24th October 2018 and 119.72 BCM of normal storage. Current year's storage is 127% of last year's storage and average of last 10 year's storage.

Most of the reservoirs are brimming with water which augurs well for the winter crop season. This is one of the best water storage levels we have had in a decade. "There is adequate water in most reservoirs in the

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country currently. If farmers use water judiciously, this would be sufficient to meet their requirements till the next monsoon arrives," according to Water Planning and Projects at CWC.

Better soil moisture content, higher reservoir levels expected to increase acreage of *rabi* crops. The demand for fertilisers during the *rabi* season is also expected to go up substantially.

During the rabi campaign held on September 20, 2019 organized by the Ministry of Agriculture and Farmers Welfare, the government had reviewed the *kharif* 2019 situation and set a target of agricultural production for *rabi* 2019-20. The target of foodgrains production for *rabi* 2019-20 has been set at the level of the previous *rabi*, at 143.2 million MT. This includes 14 million MT for rice, 100.5 million MT for wheat, 7.6 million MT for maize, 12.5 million MT for coarse cereals and 16.2 million MT for pulses. The target for oilseeds production is 10.26 million MT. Government has made preparations for effective implementation of on-going government schemes besides timely availability of inputs, including seeds fertilizers, micro-nutrients and plant protection chemicals. The government has also taken step for timely arrangement of crop insurance cover and credit. Weekly video conferencing will be organized to review crop situation.

As regards fertilizers, the government has made provisions for higher availability of all fertilizers, including urea. The expected requirement of urea during the 2019-20 *rabi* season would be 17.40 million MT nearly 7 per cent more than 16.24 million MT consumed in the corresponding period last year. The assessed requirement of DAP for the coming *rabi* season is 5.16 million MT as against 4.6 million MT used in the previous *rabi* season and 5.01 million MT of NPK complex fertilisers will be made available. The demand for MOP is also expected to be higher at 1.78 million MT compared to 1.28 million MT in the previous *rabi* season.

To fulfill the requirement of fertilizers, there is a need for positioning of fertilizers in time. Imports of fertilizers especially of urea which is canalized should be made in time to fill the gap between demand and domestic production.

Government had set an ambitious production target of 13.92 million MT urea which had taken into account production from two new urea plants during balance period of the current year. However, there is unlikely to be any production from these plants during the current year. Moreover, a few existing urea units are also shut-down due to liquidity problems. Therefore, the production will fall short of target by 1.5-2 million MT which necessitates higher imports of urea to ensure sufficient supply in *rabi* crop season. Production of other fertilizers is expected to meet the targets. Evacuation of fertilizers from plants and ports is equally important. There had been difficulty in availability of railway rakes last year hampering smooth flow of fertilizers through distribution channels.

There is real time monitoring of requirement and supply of fertilizers through FMS, iFMS, Dash Board, at aggregate level. However, State governments should monitor the availability of fertilizers at district level. Department of Fertilizers urged each state/district to preposition and maintain buffer stock in order to meet unexpected situation.

Indian fertilizer industry has been performing onerous task of ensuring availability of fertilizers in every nook and corner of this vast country both with indigenous production and imports. Industry has also been reaching fertilizer subsidy to 146 million farmers by selling fertilizers at government regulated prices for last forty years. However, industry continues to face serious problems on various fronts, viz., policies, procedures, payments, etc. For example, industry has continuously struggled to maintain liquidity due to undue delay in payment of subsidy. Some of the policy parameters have affected the determination and reimbursement of cost of production of urea units. This has already affected the urea production for last few years and there is real danger of further reduction in urea production if immediate corrective measures are not taken.

Present fertilizer pricing policies are also hampering the capacity of industry to provide better products and services to the farmers which can help boost the crop productivity. Therefore, policy makers need to pay immediate attention for timely course correction for ensuring fertilizers and hence food security of the country.■