

# Ukrainian crisis to push up fertiliser prices; govt subsidies

New Delhi, March 4 (IANS) India's agriculture sector is expected to face the heat from hostilities between Russia and Ukraine which are expected to push up prices and availability of -- Potash -- a key component used in the manufacturing of fertilisers.

At present, Belarus and Russia are key suppliers of Potash in the global market.

On the other hand, India is a major importer of Potash, which is used in the manufacture of fertilisers.

At an overall level, Russia, Ukraine and Belarus contribute 10-12 per cent of India's total fertiliser imports.

Earlier, India was exploring

opportunities to import Belarusian Potash through Russian ports, now with sanctions that option may face challenges.

Besides, other Potash miners mostly based in Canada are not willing to raise production, thereby, keeping the prices at an elevated level.

Consequently, the supply crunch is expected to increase Potash import prices to around \$500-600 per MT in the near term as against imports made at around \$280 per MT for the major part of FY2022.

Furthermore, higher prices will also drive up government subsidies.



“With both (Belarus and Russia) being sanctioned the supply crunch in the global market will rise,” said Rohit Ahuja, Head - Research and Outreach, ICRA.

“With already elevated

prices, the subsidy bill that the Government of India will have to foot to maintain a reasonable retail price for farmers, will also witness a sharp increase.”

According to Nitesh Jain,

Director, Crisil Ratings: “Russia-Ukraine issue would have moderate impact on fertiliser imports.”

“While, it needs to be seen if fertilisers qualify for exemption being an agricultural product, uncertainty over payment and logistics could still be a deterrent.”

In addition, Pallavi Bhati, Senior Analyst, India Ratings and Research said: “Given that Russia is one of the major exporters of fertilisers, including Urea, DAP, MOP and NPK, the impact of sanctions could be felt across in terms of increase in procurement costs.”