

Urea crisis: fertile grounds for corruption

Farmers claim that black marketeers have earned Rs130bn because of the created shortage of fertilisers

By Mohammad Hussain Khan

CULTIVATION of winter's major wheat crop has now reached the final stage. Grain producers started the season by preparing land for winter crops amidst reports of a marked decline in the availability of urea fertiliser both in Punjab and Sindh.

Urea is a vital input for wheat. As the season progressed, hue and cry over its non-availability or black marketing became evident. Urea as a key input ensures improved productivity, and as per the government's assessment, its contribution towards crop yields is 30 per cent to 50pc. Its share in major crops' production cost is 10pc-15pc.

Diammonium Phosphate (DAP) is another fertiliser after urea that is used. Countywide use of urea shows that Punjab has a major share in urea's offtake, which is calculated at 67.7pc followed by 24.4pc for Sindh, 4.4pc for Khyber Pakhtunkhwa and 3.5pc for Balochistan as per the Economic Survey of Pakistan (ESP) 2022-23 statistics.

Overall domestic production of fertilisers (July-March) in FY23 decreased by 8.3pc compared to FY22. In addition, the import of fertiliser decreased by 26.2pc. Therefore, the total availability of fertiliser decreased by 11.2pc during the period.

Urea's offtake dropped considerably last year due to flooding and torrential rainfall. With the onset of winter crop season, growers started clamouring about the unavailability of the input as they considered it being black marketed, arguing there was no actual shortage.

The black marketing, they say, has deprived them of Rs130 billion — a reference to the amount they paid over and above the actual price of fertiliser in a year — which had been pocketed by profiteers.

"Against the annual production of 6.8 million tonnes of fertiliser production, 6.6m tonnes are used annually," contended Khalid Mehmood Khokhar, a Punjab-based Pakistan Kissan Ittehad leader. "Situation either in Sindh or Punjab remains same about urea's non-availability, leaving us and our counterparts high and dry," he remarked.

Urea fertiliser is produced locally almost throughout the year, but growers end up as losers when it comes to laying hands on a single bag of urea. Dealers attribute it to a shortage, while

companies claim that input is provided to dealers and that it is up to them now. "Is there anyone to verify what factories or dealers say?" asked Mehmood Nawaz Shah, Sindh Abadgar Board (SAB) president.

The Economic Coordination Committee (ECC) has lately allowed the import of 220,000 tonnes of urea fertiliser. Consignments are yet to land. According to growers, the government's decision to import 220,000 tonnes of urea itself is unrealistic and tends to show that fertiliser is available domestically.

Sindh's figures show 4,811,141 acres are to be brought under rabi crop sowing, for which 736,000 tonnes of fertiliser is needed. Likewise, 350,000 tonnes DAP and 124,000 tonnes Potash are required.

"I think the Ministry of National Food

tion," he argued.

Plants that manufacture fertiliser are operational in Punjab and Sindh. Though the company announces a price high enough to cover profit and dealer's overhead costs, dealers still charge an additional sum over and above the actual price.

"Growers are blamed for demanding a hike in wheat's support price because it will burden consumers in these days of inflation. However, people never ponder why 1kg of flour is sold at an abnormally high price rather than at a rate commensurate with the government's support price," he says, lamenting the high rates farmers have to pay to procure fertilisers.

The first water cycle of irrigation necessitates the first doze of urea; otherwise, the yields are affected. This lack of balance in using urea translates



HYDERABAD: Farmers led by Sindh Abadgar Ittehad President Nawab Zubair Talpur protest against black marketing of urea fertiliser.—Photo by Umair Ali

Security and Research has no control on production, imports or distribution of fertilisers," commented former Pakistan Agricultural Research Council (PAC) chairman Dr Yusuf Zafar.

According to him, commerce, industry and power ministry remained in business-as-usual mode, and fertiliser distribution was in the hands of local administration. Like flour distribution, the inept machinery created a mess and opened a new avenue for corruption.

"Dealers minted money and thrived at the cost of farmers. The golden opportunity created by higher prices and sufficient irrigation water to enable Pakistan to have surplus grain seems to have been lost due to lust for money, bad governance and implicit cooperation between dealers and administra-

into food insecurity and the import of grains in an economy that is already struggling to survive.

Reports indicate that at least four different control rates of urea are being claimed in Punjab: Rs3,410, Rs3,950, Rs3,625, and Rs3,695. In reality, a bag is sold for Rs4,700 to Rs5,200. A farmer requires about three bags of urea and a bag of DAP for wheat cultivation. DAP is being sold for Rs14,500 against the actual price of Rs13,000 in Sindh, and urea for Rs4700 to Rs5,000.

It looks as if the government has no control over fertiliser producers and dealers. While farmers face consequences for keeping stocks of fertiliser or wheat in their godowns, dealers are at liberty to fleece growers through this price spiral. ■