

Nod for additional fertilizer subsidy

One-time measure to provide relief in kharif season

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The Cabinet Committee on Economic Affairs has approved the proposal to hike subsidy rates for phosphorus and potassium-based fertilizers by 140% in a bid to provide relief to farmers as

the kharif sowing season begins. The estimated additional subsidy burden is around ₹14,775 crore, with the Centre emphasising that this is a one-time measure as part of COVID-19 relief.

Unlike urea, where the Centre sets a fixed maximum retail price, non-urea fertilizer prices are decontrolled, with the Centre fixing nutrient-based subsidy rates each year. So far, a 50 kg bag

of di-ammonium phosphate (DAP), the fertilizer most popular with Indian farmers after urea, was sold at ₹1,200, including a subsidy of about ₹500.

Raw material price up

However, the bull run in the global commodity markets has seen a surge in prices of the imported raw materials as well as the finished fertilizer.

In early April, a number of Indian fertilizer companies hiked their DAP prices to ₹1,900 per bag.

Farmers' groups protested against the ₹700/bag hike, pointing out that along with the rise in diesel and petrol prices, their input costs for the kharif season would spiral out of control in the midst of a pandemic.

CONTINUED ON ▶ PAGE 8