

CENTRE ENHANCES SUBSIDY FOR NON-UREA FERTILIZERS

Relevant for: Indian Economy | Topic: Issues related to direct & indirect Farm Subsidies and MSP

With urea and fertilizer prices shooting up in the wake of Russia's invasion of Ukraine, the Union Cabinet on Wednesday approved an enhancement in subsidies on non-urea fertilisers for the upcoming Kharif crop, to Rs. 60,939 crore.

While the government fixes the retail price of urea and subsidises producers based on the difference between costs and the fixed selling price, it pays a subsidy to non-urea fertiliser makers on the basis of nutrient-based rates.

"The increase in the international prices of Di-ammonium phosphate (DAP) and its raw materials have been primarily absorbed by the Union Government," the Chemicals and Fertilizers Ministry said.

The subsidy will be Rs. 2,501 per bag on DAP, instead of the existing subsidy of Rs. 1,650 per bag, which is a 50% increase over last year's subsidy rates.

The increase in the prices of DAP and its raw material is in the range of about 80%.

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