

SUBSIDY BILL HAS REMAINED ABOVE ₹1 L CR IN LAST 3 YEARS

Fertiliser Min Sees Subsidy Bill at ₹2.30 L Cr, Finmin Disagrees

Allocation likely to remain below ₹1.50 L cr as Finmin expects situation to improve

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New Delhi: India's fertiliser subsidy outgo in FY24 is unlikely to come down with the government expecting global prices and demand to remain firm next year. The ministry of chemicals & fertilisers has estimated FY24 fertiliser support at ₹2.30 lakh crore in its pre-budget discussions with the finance ministry, about the same level as the current fiscal year. However, budgetary allocation is likely to remain below ₹1.50 lakh crore, officials said.

"Global fertiliser prices are expected to remain firm and domestic demand is also likely to be strong... Next year's subsidy bill will be around ₹2.30 lakh crore," a senior official, aware of the discussions,

Fertiliser price has doubled in international market due to high natural gas cost and Russia war disrupting exports

told ET. The subsidy projection is based on fertiliser prices in the international market for the next six months.

The finance ministry, however, has taken a more conservative view and expects the outgo to be lower on some softening in prices as supply situation improves. "The allocation will not be as high as the projection by the fertiliser department," another official said, adding that the need for import for kharif will not be as high as estimated by the fertiliser department.

The official added that if required, the budget may be enhanced later on.

The fertiliser subsidy bill has remained above ₹1 lakh crore in the last three years, up from ₹73,000 crore in FY 2018-19 to ₹1.33 lakh crore in 2021 and then to ₹1.62 lakh crore in the last financial year.

For the current financial year, the Centre had provided ₹1.05 lakh crore, which was further increased to ₹2.15 lakh crore and is now expected to be around ₹2.3 lakh crore.

The prices of fertilisers have almost doubled in the international market due to the high cost of natural gas, along with the disruption in exports from Russia and Ukraine. India has a large dependence on imported fertilisers.

The finance ministry has already asked both the ministry of agriculture and the ministry of chemicals & fertilisers to work on ways to reduce fertiliser subsidy bills.