Economic Analysis of Using Subsidized Organic Fertilizer in Vegetables

Shree Prasad Vista[1], Niraj KC[2*] and Luna Kesari Kansakar[2]
[1]National Soil Science Research Centre/NARC, Khumaltar, Nepal
[2]Global Green Growth Institute, Kathmandu, Nepal
*Corresponding author's email: nirajkc21@gmail.com

Abstract

One of the major pillars of Nepali economy is the agriculture sector. In recent years, shortage of chemical fertilizer and increasing allocation of subsidy has become a chronic issue, thereby influencing the overall sector. This study, therefore, has been conducted to explore the benefit to cost (to the Government of Nepal) of promoting organic fertilizer (OF) by introducing a subsidy of NPR 10 per kg. The scope of organic fertilizer, however, considers fertilizer made of any relevant substances including co-composting of fecal sludge but adhering to the quality endorsed by the Government of Nepal (GoN). In this regard, the calculation considers three major vegetables including (Srijana) Tomato, (Pyuthane Rato) Radish and (Snow Mystique) Cauliflower, the data of which has been extracted from the related articles published in the journal and Microsoft Excel has been used for analysis. Regarding economic advantages, four major benefits have been considered including— increment in savings to farmers due to reduction in cost of production with the use of subsidized OF; increment in the income of the farmers and other value chain actors due to high volume of production and sales; savings from not having to provide subsidy on imported chemical fertilizer. Likewise, cost to the government includes the amount of subsidy provided. In a nutshell, overall benefit to cost ratio considering all three agriculture products is approximately 4:1, highest for (Snow Mystique) cauliflower at 5.9:1, followed by (Pyuthane Rato) Radish at 3.5:1 and (Srijana variety) Tomato at 2.6:1.

Keywords: Benefit to cost ratio, Economic benefits, Organic fertilizer, Productivity, Subsidy