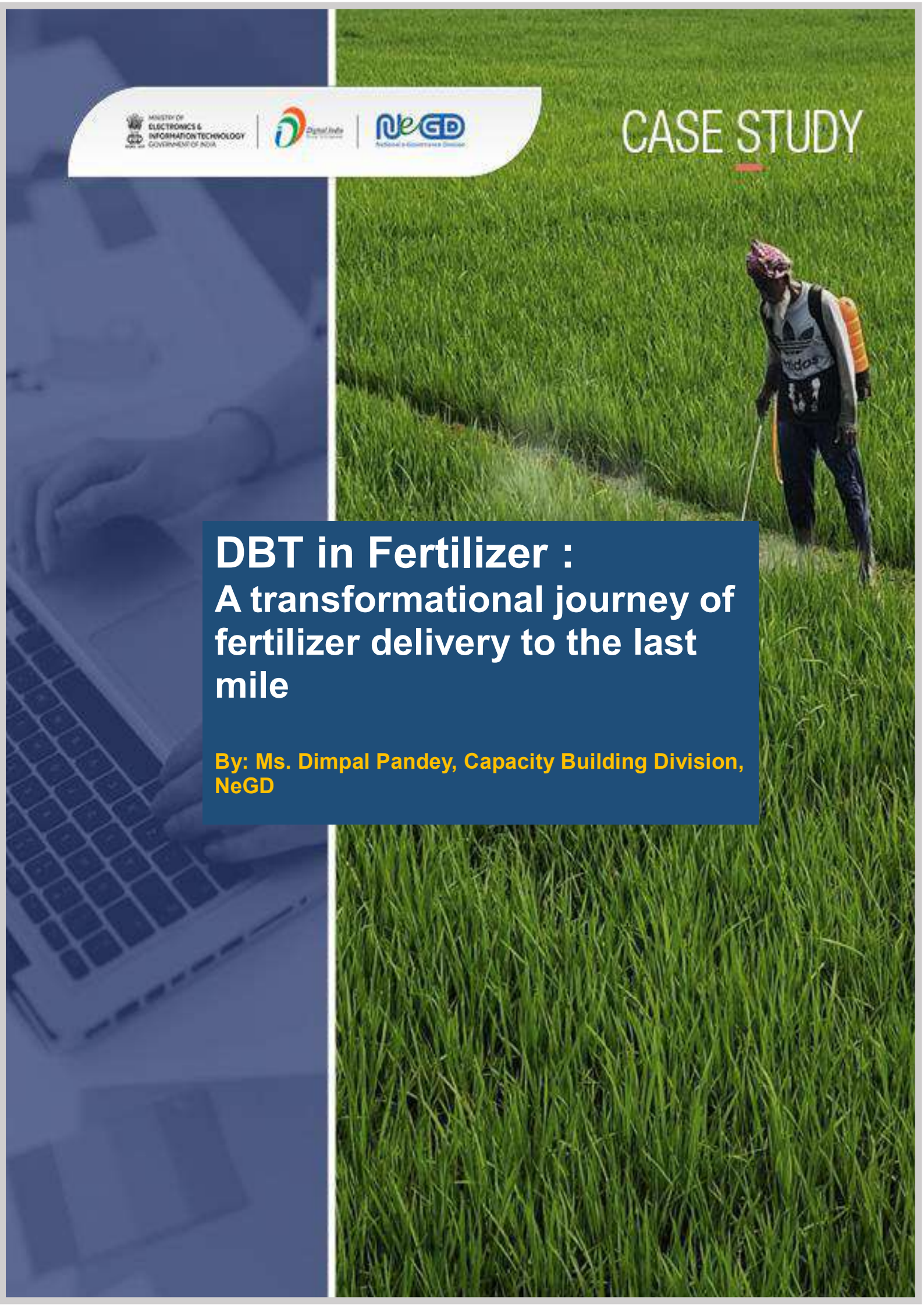

DBT in Fertilizer :
A transformational journey of fertilizer delivery to the last mile

By: Ms. Dimpal Pandey, Capacity Building Division, NeGD

Introduction

In alignment with the Digital India vision, the National e-Governance Division (NeGD) is dedicated to transforming governance through technology. A core component of this mission is our Capacity Building (CB) initiative, which aims to empower government officials and stakeholders by documenting and disseminating the knowledge and best practices derived from landmark digital projects.

This case study on **"DBT in Fertilizer: A Transformational Journey of Fertilizer Delivery to the Last Mile"** exemplifies this effort. It delves into one of the most significant and complex subsidy reform initiatives undertaken by the Government of India, showcasing how technology can be harnessed to enhance transparency, reduce leakages, and ensure that benefits reach the intended beneficiaries directly.

As with all our publications, this study has been developed through a meticulous process. It is based on comprehensive research, analysis of official data, and, most importantly, interviews with the key architects and implementers of the scheme, including officials from the Department of Fertilizers, state coordinators, and other critical stakeholders. This approach ensures that the narrative is grounded in real-world experiences and practical insights.

This document is intended to serve as a valuable resource for policymakers, administrators, and students of governance, providing a detailed blueprint of the strategies, challenges, and solutions involved in scaling a transformative national-level project.

Acknowledgment

The Capacity Building Division, NeGD, expresses its profound gratitude to **Ms. Dimpal Pandey** for authoring this comprehensive and insightful case study, capturing the intricate details of the DBT in Fertilizers journey.

We extend our sincere appreciation to the **Department of Fertilizers, Ministry of Chemicals and Fertilizers**, for their unwavering support and collaboration throughout the research process. Special thanks are due to **Mr. Dharampal**, former Additional Secretary, and **Mr. Niranjan Lal**, Director, whose firsthand accounts and strategic insights were invaluable in understanding the genesis and execution of this monumental project.

We also acknowledge the contributions of the numerous state coordinators, fertilizer company officials, retailers, and farmers who shared their experiences, providing a holistic view of the initiative's impact on the ground.

Furthermore, we thank the internal review team at NeGD for their rigorous scrutiny and valuable feedback, which greatly enhanced the quality and clarity of this document.

Disclaimer

This case study has been developed by the National e-Governance Division (NeGD) under its Capacity Building mandate for the purpose of knowledge sharing and academic reference. The information presented herein has been compiled from official government sources, project documents, and interviews with relevant stakeholders involved.

While every effort has been made to ensure the accuracy and reliability of the information, this document is intended for educational and illustrative purposes only. It should not be interpreted as an official policy statement or a guideline for implementation. The views and conclusions expressed are those of the author and contributors based on their analysis and do not necessarily reflect the official position of the Ministry of Electronics & Information Technology (MeitY) or the National e-Governance Division (NeGD).

The commercial use of this material is strictly prohibited. This case study is meant to be used as a learning tool for government officials, trainees, and individuals interested in e-Governance and public policy.

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The Case Study:

"Dbt in Fertilizer: A transformational journey of fertilizer delivery to the last mile"

Fertiliser subsidy is the second largest subsidy, after food, provided by the Government of India with a budget of INR 1,88,893.80 crore in FY 23-24[i] . The GoI, over the years, has been trying to streamline its distribution and usage with initiatives such as Direct Benefit Transfers (DBT) in fertilizer in 2016 and the implementation of the Nutrient Based Subsidy (NBS) policy on April 1st, 2010[ii]. Both initiatives have played a key role in streamlining distribution and subsidizing the use of chemical fertilizers over the years. According to the Economic Survey of 2023, the introduction of DBT in the fertilizer sector has led to a substantial reduction in fertilizer diversion and consumption, saving the government a significant amount of money.

Talking about the DBT fertilizer initiative, **Mr. Dharampal, the then Additional Secretary of the Ministry of Chemical & Fertilizers** reminisced about the genesis of the project He highlighted the challenges posed by the manual system, which involved a huge pile of unverified bills, the lack of transparency and traceability at the last mile, and the time taken to validate and process the bills. As a way to address these issues, the government envisioned a digital solution that would streamline the process and enhance accountability. He added that many times, the farmers were paying more than the Maximum Retail Price (MRP) for fertilizers due to artificial scarcity created by wholesalers/ retailers and in the absence of a proper price monitoring mechanism for checks & balances. Lastly, the subsidy was paid to fertilizer manufacturers based on fertilizer receipt at the district level and payment of subsidy bills took two to three months after submission.

Before initiative of Dbt system in fertilizer sector, the Government had no mechanism to identify or track the actual beneficiaries of the subsidized fertilizers. There was also no way to check the rate at which fertilizers were being sold at retail points, and no way to check pilferage or diversion, etc. Earlier, there was no mechanism to monitor the real-time movement of fertilizers from the plant/port to the district warehouse/wholesaler/retailers and the real-time fertilizer stock availability at the block level/district level/state level and pan-India level. As a result, it was difficult to plan the movement of fertilizers to ensure availability to the farmers at the right time (at the time of season) these above said reasons created a dire need for Direct Benefit Transfer in the Fertilizer Sector. Even though the passage of the Aadhaar Act in the Lok Sabha in April 2016 provided the necessary framework for implementing DBT in the fertilizer sector. The initiative drew inspiration from the success of the Pahal scheme for Liquified Petroleum Gas (LPG). However, significant challenges remained, such as the establishment of a Project Management Unit (PMU), identification of key stakeholders, development of a robust server-client infrastructure, and deployment of Point-of-Sale (PoS) machines for retail sales.

It was already anticipated that several challenges would arise, potentially hindering the feasibility and effectiveness of implementing Direct Benefit Transfer (DBT) in fertilizers. Poor network connectivity, limited accessibility in remote areas, and language barriers made it difficult for farmers and retailers to use digital systems,

further compounded by low technology acceptance. Disparities in subsidy components across companies for identical products led to confusion and lack of transparency. Operational issues such as high seasonal demand, authentication failures, slow transaction speeds, and unreliable PoS device performance in harsh rural conditions disrupted service delivery. Additionally, structural challenges like the need for Aadhaar seeding of soil health cards, linking of landholding records, and farmers' limited capacity to pay the full market price upfront for fertilizers posed significant hurdles to the smooth rollout of DBT in the sector.

The Government of India introduced the Fertilizer Control Order (FCO) in 1957 to regulate the sale, quality, and price of fertilizers. After 1977, the Government of India introduced various fertilizer subsidies to ensure price stability and efficient distribution of fertilizers. In the fertilizer sector, where India is spending a huge portion of its budget, various initiatives have been taken to enhance efficiency and transparency. In the Union Budget 2016-17, the Indian Government proposed to bring fertilizer subsidies under the (DBT) System to improve transparency, digitally transform the fertilizer subsidy system, and promote balanced nutrient usage by the farmers. Keeping pace with the digital transformation of India and the need for transparency at the level of beneficiaries, the Department of Fertilizers launched DBT in Fertilizers on a pilot basis in 17 select districts during 2016-17. This was followed by the Pan India rollout during 2017-18. The entire project was completed by March 2018 in a short span of one and a half years. The project was continuously monitored by NITI Aayog, the Cabinet Secretariat, and PMO and was appreciated by both NITI Aayog and Cabinet Secretariat ***Exhibit 1-2.***

This case study offers a comprehensive look into the multifaceted journey of implementing DBT in fertilizers—from the initial pilot phase to nationwide rollout. It highlights the real-world challenges encountered by departments and district authorities, while also showcasing the strategic efforts that transformed early obstacles into opportunities. Ultimately, it captures how the scheme evolved into a model of digital governance, earning the prestigious Digital India Award in 2020 and turning a success story into one of true excellence.

Introduction

India's Ministry of Chemicals and Fertilizers oversees the Fertilizers Department*. A primary objective is to guarantee fertilizer availability and a guarantee of sufficient amounts for all farmers at affordable prices and at accurate the timing, that must meet farmers needs to maximize the nation's agricultural production. The department plans, promotes and develops the fertilizer industry and it also manages financial aid—subsidies and concessions—for domestic and imported fertilizers.

The timeline of the various initiatives undertaken by the department is mentioned in ***Exhibit 3***

1. A Four-Decade Journey Towards Transparent Fertilizer Subsidy Delivery

The journey towards implementing Direct Benefit Transfer (DBT) in fertilizers has evolved through several key policy and technological milestones. It began in 1977 when the Government of India introduced fertilizer subsidies to ensure affordability

and promote agricultural productivity. With economic liberalization in 1991, reforms were introduced in the fertilizer sector, including the decontrol of phosphate and potash fertilizers. In 1992, the Retention Pricing Scheme (RPS) was implemented to reimburse manufacturers for the difference between the cost of production and the controlled selling price. Between 2007 and 2016, the Fertilizer Management System (FMS) was developed to monitor the supply chain, and neem-coated urea was mandated to curb diversion and improve nutrient efficiency. A significant policy shift occurred in 2010 with the introduction of the Nutrient-Based Subsidy (NBS) scheme, under which subsidies were linked to the nutrient content (N, P, K, S) rather than specific products, encouraging balanced fertilizer usage. The major transformation came in 2016 with the launch of the DBT system in fertilizers. Unlike typical DBT models, the fertilizer DBT credited subsidies directly to fertilizer companies after successful sales to farmers, authenticated through Aadhaar-enabled Point of Sale (PoS) devices. This digital intervention ensured real-time tracking, improved transparency, and enhanced efficiency in subsidy delivery, ultimately making the initiative a nationally recognized success and a recipient of the Digital India Award in 2020.The DBT project in the fertilizer sector is part of a broader initiative to streamline subsidy distribution across various sectors, ensuring that financial support is provided directly to those who need it the most. This approach not only promotes better accountability among manufacturers, wholesalers, and retailers but also helps in tracking the movement of fertilizers from production to end-users. ***Exhibit 4***

2. Direct Benefit Transfer in the Fertilizer Sector

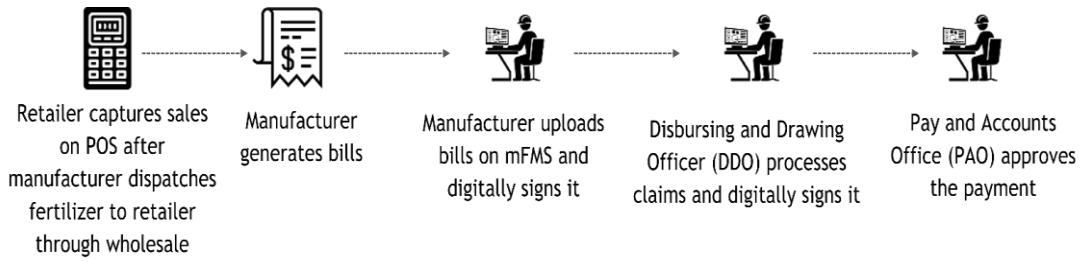
The DBT fertilizer initiative along with the Mobile Fertilizer Management System (MFMS) played a crucial step towards modernizing India's fertilizer subsidy framework, fostering a more sustainable and equitable agricultural sector. The implementation of the DBT pilot project in the fertilizer sector in India was a significant step towards enhancing transparency and efficiency in subsidy distribution.

**The Department of Fertilizers oversees the production, import and distribution of a sufficient quantity of fertilizer to guarantee a reliable supply. It administers several important public sector undertakings (PSUs) in the fertilizer sector. These PSUs play an undeniably meaningful role in guaranteeing a consistently stable supply of fertilizer*

DBT in fertilizers was a complex, IT-driven initiative. It enabled the department to monitor the availability of fertilizers across the country on a real-time basis, captures the sales transactions at retail points, and created a database of beneficiaries. It was an e-hub for a wide range of stakeholders viz., 173 fertilizer manufacturing companies, 30,754 wholesalers, 2.36 lakh retailers, and 14 crore farmers[iii]. This initiative aimed to enhance transparency and reduce leakages by linking subsidies directly to sales made to farmers through point-of-sale (PoS) devices. The DBT system is a significant step towards modernizing the subsidy framework and ensuring that financial support reaches the intended beneficiaries directly.

Implementation

The implementation of the DBT project in the fertilizer sector in India marks a significant shift in the way subsidies are managed and disbursed. Under this system, the subsidy on fertilizers is released to the fertilizer companies based on the actual sales made by the retailers to the farmers. This is facilitated through PoS machines that authenticate transactions using the unique identification number (unique Aadhaar ID) of the beneficiaries. The primary objectives of the DBT scheme include improving the efficiency of subsidy distribution, curbing the diversion of fertilizers for non-agricultural uses, and reducing the fiscal burden on the government. The infographic below showcases how the DBT fertilizer system works:



1. Framework for implementation of the DBT fertilizer

The planned framework for implementing Direct Benefit Transfer (DBT) in fertilizers was built around four key pillars: **Identity, Need, Entitlement, and Leakage**, each supported by a specific technological or institutional mechanism. Under **Identity**, the digital biometric verification of farmers was to be done using **Aadhaar**, with authentication facilitated through the **UIDAI server**, ensuring that only genuine beneficiaries could access the subsidy. For the **Need** component, the government intended to use the **Soil Health Card**, which captured the nutrient requirements of farmland, thereby encouraging balanced fertilizer application. This information was to be stored and managed through the **Soil Health Card Server**. The **Entitlement** pillar relied on verifying the farmer's landholding to determine the eligible quantity of subsidized fertilizer. This was planned to be achieved through integration with digitized **land records**, accessed via the **Web land server**. To address **Leakage**, the movement of fertilizers across the supply chain—from production to the end user—was to be tracked using the **mFMS (Mobile Fertilizer Management System)** server. This would enable real-time monitoring and prevent diversion or black marketing. Overall, the framework was designed to ensure targeted delivery, promote efficient use based on actual need, and bring transparency and accountability to the subsidy system. ***Exhibit 5***

2.Formulation of a Project Management Unit

After planning the framework for execution next step was formulation of a PMU as Human Resource was prime need. Accordingly, in order to effectively implement the Direct Benefit Transfer (DBT) scheme in fertilizers, the **Department of Fertilizers**

established a dedicated **Project Management Unit (PMU)** comprising **43 members**. This unit was tasked with overseeing the project from inception to execution, ensuring its successful rollout across the country. The PMU was headed by **Shri Niranjan Lal**, who served as the **Director**, providing strategic direction and overall leadership. He was supported by **Shri Rahul Singh**, who functioned as the **Project Lead (Project Manager)**, responsible for day-to-day planning, execution, and coordination of activities across various stakeholders.

The PMU played a pivotal role in managing both the **operational and technical dimensions** of the DBT rollout. One of its key functions was to maintain close coordination with **24 State Coordinators**, who acted as the primary points of contact at the state level. These coordinators helped bridge the gap between central directives and ground-level implementation, facilitating smooth communication and execution.

3.Launch of a Pilot Project

Following the establishment of a strong **Project Management Unit (PMU)** and the formulation of a **rigorous framework**, the Direct Benefit Transfer (DBT) in fertilizers initiative was ready for rollout. The Department of Fertilizers adopted a **phase-wise implementation strategy**, beginning with a **pilot project** to test the operational feasibility of the system before nationwide expansion.

The pilot was launched in **Krishna and West Godavari districts of Andhra Pradesh**, chosen for their readiness in terms of infrastructure, connectivity, and administrative coordination. This initial phase provided critical insights into ground-level challenges such as biometric authentication failures, PoS device performance, and coordination gaps between retailers, state authorities, and fertilizer companies.

Armed with this readiness, the DBT initiative was rolled out in a **phase-wise manner**, beginning with a **pilot project** in **Krishna and West Godavari districts of Andhra Pradesh**. These districts were selected for their infrastructure readiness and administrative cooperation, serving as a live test for operational workflows, technology integration, and field-level coordination. The pilot helped identify and resolve issues such as authentication failures, PoS device performance in rural conditions, and supply chain tracking bottlenecks.

After initial challenges, the use of soil health cards led to the establishment of three servers: one for soil health cards, another for Aadhar cards, and a third for the farmer database (land records). Due to the lack of digitization of land records nationwide and delays in authentication, the pilot design was adjusted and relaunched in six districts. Following success in these areas, the project expanded to 17 districts across various states from October 2016 to August 2017. After successful trials in these 17 districts, the pilot was implemented nationwide in October 2018. The success of pilot project was evaluated by (Micro Save Consultancy) MSC and report was submitted to Niti Aaayog and Cabinet Secretariat

4. Pre Pan India Rollout Activities

Building on the lessons from the pilot, the DBT system entered its **first wave of phased expansion in September 2017**, gradually covering more states and districts. By **March 2018**, the system had achieved **full-scale implementation** across all states and union territories, marking a transformative shift in India's fertilizer subsidy delivery**.** ***Exhibit 5***

With the institutional and technical blueprint in place, the DoF initiated **pre–Pan India roll-out activities** to build operational readiness. Fertilizer companies were issued **clear guidelines for procuring Point of Sale (PoS) devices** at retail outlets, with their procurement and deployment closely monitored. Extensive **training programs and awareness campaigns** were conducted for retailers, wholesalers, and farmers to familiarize them with the DBT system and PoS operations. Technical support was provided for device installation, configuration, and maintenance. The PoS devices were integrated with the **central DBT system**, supported by dashboards and reporting tools for real-time monitoring and decision-making. A **dedicated Project Monitoring Cell** was established within the DoF to track progress, supported by **24 State Coordinators** providing on-ground assistance. In parallel, **regular stakeholder consultations** with fertilizer companies, state governments, and farmers' associations built trust, addressed concerns, and strengthened coordination.

5.Nationwide Roll-out of DBT:

The nationwide rollout of the Direct Benefit Transfer (DBT) system in fertilizers commenced in **September 2017** and was successfully completed by **March 2018**, covering all states and union territories.A key milestone during this phase was the **large-scale deployment of Point of Sale (PoS) devices**, with over **2.60 lakh devices** installed at retail outlets across the country. These devices enabled Aadhaar-based beneficiary authentication and real-time transaction recording. To ensure their effective use, the **Department of Fertilizers (DoF)**, in collaboration with **Lead Fertilizer Suppliers (LFS)**, organized more than **15,954 training sessions** for retailers, wholesalers, and other stakeholders. Continuous technical support was also provided to address operational issues on the ground.To strengthen oversight, the DoF introduced a suite of **dashboards and reporting tools** tailored to various stakeholders, with the most significant innovation being the launch of the **Integrated Fertiliser Management System (iFMS) "Urvarak" Dashboard**. This platform allowed state governments, district administrations, fertilizer companies, and marketing federations to track supply, availability, and movement of fertilizers in real time. For farmers, a **"Kisan Corner"** provided stock position details, MRP information, and retailer listings, both online and through the **UMANG App**, making data more accessible than ever before.

The Urvarak Dashboard

The Urvarak Dashboard provided customized access for various stakeholders:
KISAN Corner (for farmers/general public): Displays the stock position of fertilizers at each retailer outlet, the price/MRP of fertilizers, and details of retailers in each district.
State Agriculture Departments: Provides state-wise requirement vs. supply data, all-India retailer sales, and purchase analysis of the top 100 buyers.
District Collectors/District Agriculture Officers: Shows district-level fertilizer requirements, sales, stock, material in transit, retailer/wholesaler details, expired licenses, and buyer analysis reports including top and frequent buyers.
Marketing Federations: Offers data on fertilizer availability at Markfed outlets and stock acknowledgment reports.

To increase accessibility, the KISAN Corner feature was integrated with the Government of India's UMANG App. Farmers could access fertilizer stock and price information by navigating through UMANG → Farmers → Kisan Suvidha → Fertilizers. These combined efforts during the nationwide rollout ensured that the DBT system was not only implemented uniformly across India but was also supported by robust infrastructure, trained stakeholders, and transparent, technology-driven monitoring mechanisms.

6.Operational and Adoption Challenges During Nationwide Rollout

However, scaling the DBT system nationwide also brought with it **significant challenges**. **Technological issues** were among the most immediate, particularly in rural and remote areas where network connectivity was unreliable and PoS devices sometimes malfunctioned. **Farmer awareness** posed another hurdle; the DBT model was a sharp departure from the traditional methods of bill clearance and fertilizer transactions, and many farmers were initially reluctant to adapt. This required sustained efforts in the form of **training programs, awareness drives, and capacity-building workshops**.

For many farmers, the phrase "changes are painful" became a lived reality, as adapting to this new digital process required breaking away from long-standing habits. Convincing them to embrace a technology-driven model involved **extensive training, awareness campaigns, sensitization programs, and capacity-building workshops**.

Operational costs added another layer of complexity. The initial setup—procurement of PoS devices, system integration, and infrastructure—combined with ongoing maintenance, represented a substantial financial outlay. Managing these expenses without compromising service quality was a constant balancing act.

7. Grievance Redressal: Strengthening Trust and Ensuring Smooth Implementation

Recognizing that these challenges could undermine the project's acceptance if left unresolved, the Department of Fertilizers embedded a **multi-layered grievance redressal mechanism** into the very architecture of the DBT system. This mechanism was designed not just as a reactive tool to fix problems, but as a proactive safeguard to maintain trust and sustain farmer participation.

At its core was a **dedicated toll-free helpline**, giving farmers a direct voice to report issues ranging from PoS malfunctions to stock availability concerns. A network of **call centres** ensured timely responses to queries, while **Kisan Centres** offered physical locations where farmers could receive in-person guidance and troubleshooting support. To strengthen coordination among stakeholders, each state maintained a **state-level WhatsApp group** linking agriculture department officials, district collectors, and other key personnel for real-time problem-solving.

The system also relied on **State DBT Coordinators**, who acted as the bridge between field-level realities and central oversight, addressing technical and operational issues promptly. For example, if a PoS device at a retailer failed due to a server error, the coordinator ensured that the issue was logged, forwarded to the concerned team, and resolved without delay.

By integrating this **grievance redressal framework** into the rollout strategy, the DBT initiative ensured that obstacles—whether technical, operational, or behavioural—were addressed swiftly and transparently. This not only minimized disruptions during the pilot but also laid the groundwork for smoother scaling during the nationwide rollout, reinforcing the system's credibility among farmers and other stakeholders.

Outcome

1. Impact of the project

The successful roll-out of the DBT fertilizer digitized the value chain from the factory to the last mile (as showcased in the infographic below). Some of the key impacts and outcomes of the project are as follows:

- **Reduced Leakages:** The DBT system significantly reduced subsidy leakages and ensured that subsidies were provided directly to the intended beneficiaries.
- **Improved Transparency:** The use of PoS devices and Aadhaar authentication enhanced transparency in the subsidy distribution process.
- **Better Inventory Management:** Real-time data on sales and stock levels helped efficient inventory management and reduced instances of stockouts or overstocking.

Based on the success of the pilot project, the DBT system was rolled out nationwide in a phased manner starting from September 2017. By March 2018, the system was implemented across all states and union territories of the country. The DBT pilot project in the fertilizer sector marked a significant step towards modernizing India's subsidy distribution framework. By leveraging technology and ensuring direct benefit transfers, the project aimed to create a more efficient, transparent, and accountable system that benefits millions of farmers across the country.

2.Evaluation After Successful Completion of Pan-India Rollout

Once the DBT system in fertilizers had been implemented nationwide, the **Department of Fertilizers (DoF)** turned its focus to assessing how well the initiative had worked in practice. To ensure an objective and thorough review, the DoF engaged **MicroSave Consulting (MSC)**, a leading consultancy with expertise in evaluating large-scale government programs. The aim was clear: to understand the DBT system's impact, identify challenges, and determine its overall effectiveness in modernizing India's fertilizer subsidy delivery framework.

The evaluation sought to answer key questions—how had the DBT system affected fertilizer distribution and subsidy disbursement? Had it successfully enhanced transparency and reduced leakages? What operational challenges persisted, and where could improvements be made? To answer these, MSC adopted a **mixed-methods approach**, blending quantitative and qualitative techniques. Surveys and interviews were conducted with farmers, retailers, fertilizer companies, and other stakeholders to capture their first-hand experiences. Field visits were carried out across diverse regions, allowing evaluators to observe the DBT system in action and note any on-ground issues. In parallel, transaction data from PoS devices and central databases was analysed to measure performance and track trends in subsidy flow and fertilizer availability.

The findings painted a largely positive picture. **Transparency and accountability** in the subsidy distribution process had improved significantly. By linking subsidy disbursal directly to actual sales recorded on PoS devices, the DBT system drastically reduced opportunities for diversion and ensured that benefits reached the intended farmers. **Leakages**—long a challenge in fertilizer subsidies—had notably declined, aided by Aadhaar-based beneficiary authentication that minimized fraudulent claims. ***Exhibit 6***

However, the evaluation also brought to light **operational challenges**. Connectivity issues persisted in some remote areas, affecting PoS device performance. Many retailers still needed ongoing training and technical support to handle the system confidently. **Farmer awareness**, while improved,

remained uneven—some farmers continued to struggle with the new processes and required further outreach and assistance.

The evaluation also noted the DBT system's **positive impact on fertilizer availability**. Timely subsidy payments to fertilizer companies ensured that supply chains remained steady, with fertilizers reaching retailers and farmers without major delays. In this, accurate **data management** emerged as a critical factor. Maintaining up-to-date beneficiary records and regularly syncing Aadhaar details were essential to the system's continued success.

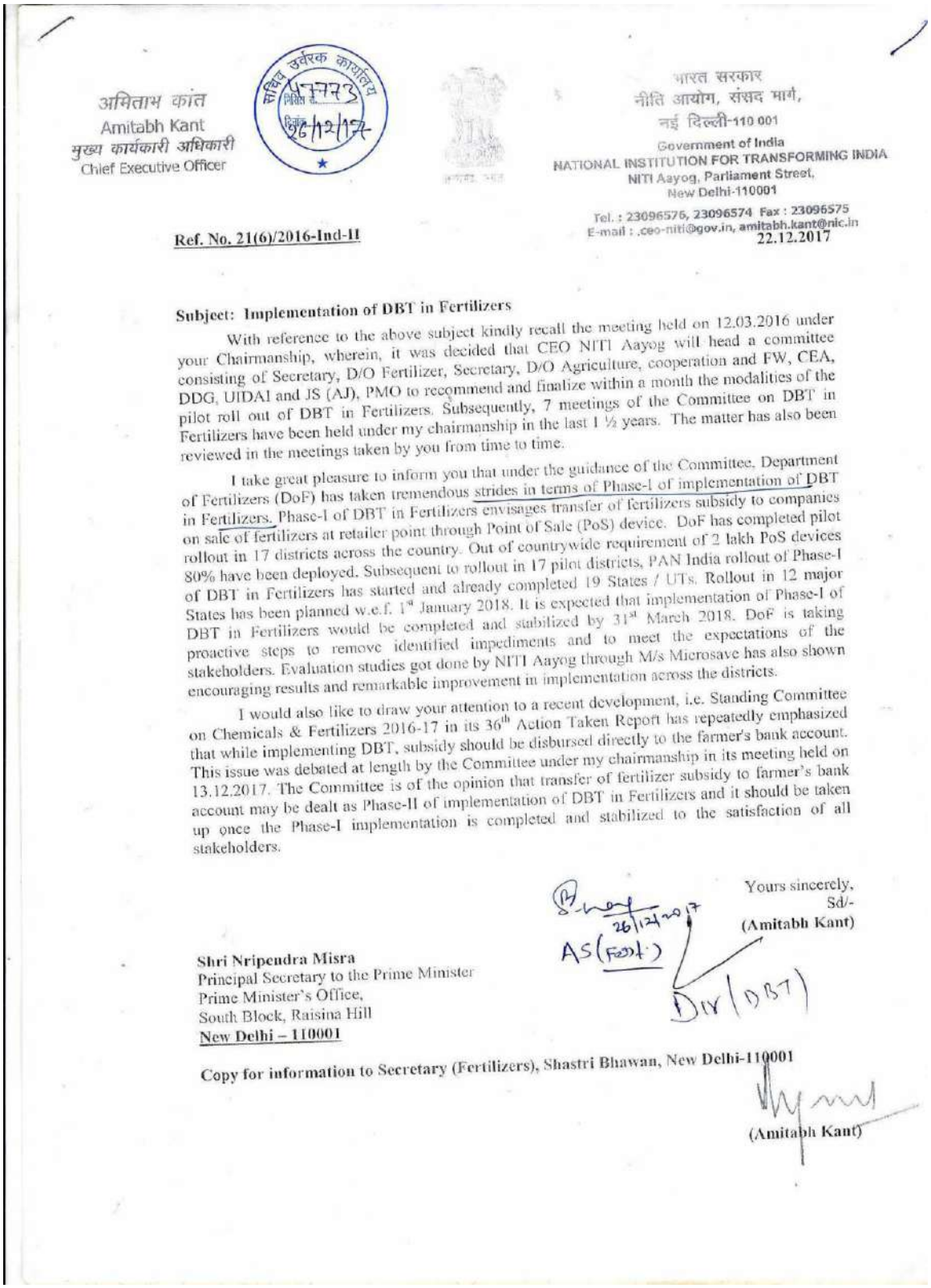
Overall, the evaluation confirmed that DBT in fertilizers had delivered on its core promises—reducing leakages, improving transparency, and strengthening the link between subsidy delivery and actual fertilizer sales—while also highlighting areas where sustained support, technological upgrades, and farmer engagement would be key to its long-term effectiveness.

Way Forward/ Food for thought…….

The evaluation of the DBT system in the fertilizer sector demonstrated its potential to transform subsidy distribution in India. By enhancing transparency, reducing leakages, and improving fertilizer availability, the DBT system has shown promising results. However, addressing the identified challenges and implementing the recommended improvements are essential for the system's long-term success and sustainability. While the DBT initiative in the fertilizer sector has successfully addressed critical issues like leakages and inefficiencies in subsidy distribution, it's crucial to acknowledge the potential for unintended consequences. The continued provision of substantial subsidies, even with DBT, can inadvertently incentivize excessive fertilizer use.

This "no-denial" approach, while aiming to ensure farmer access, may lead to over-application, potentially resulting in diminishing returns and environmental degradation. Addressing this requires a shift towards a more sustainable subsidy model.

How can we effectively promote balanced and appropriate fertilizer use while ensuring farmers have the necessary inputs for successful crop production, without placing additional burdens on them?



अमिताभ कांत
Amitabh Kant
मुख्य कार्यकारी अधिकारी
Chief Executive Officer

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Ref. No. 21(6)/2016-Ind-II

22.12.2017

Subject: Implementation of DBT in Fertilizers

With reference to the above subject kindly recall the meeting held on 12.03.2016 under your Chairmanship, wherein, it was decided that CEO NITI Aayog will head a committee consisting of Secretary, D/O Fertilizer, Secretary, D/O Agriculture, cooperation and FW, CEA, DDG, UIDAI and JS (AJ), PMO to recommend and finalize within a month the modalities of the pilot roll out of DBT in Fertilizers. Subsequently, 7 meetings of the Committee on DBT in Fertilizers have been held under my chairmanship in the last 1 ½ years. The matter has also been reviewed in the meetings taken by you from time to time.

I take great pleasure to inform you that under the guidance of the Committee, Department of Fertilizers (DoF) has taken tremendous strides in terms of Phase-I of implementation of DBT in Fertilizers. Phase-I of DBT in Fertilizers envisages transfer of fertilizers subsidy to companies on sale of fertilizers at retailer point through Point of Sale (PoS) device. DoF has completed pilot rollout in 17 districts across the country. Out of countrywide requirement of 2 lakh PoS devices 80% have been deployed. Subsequent to rollout in 17 pilot districts, PAN India rollout of Phase-I of DBT in Fertilizers has started and already completed 19 States / UTs. Rollout in 12 major States has been planned w.e.f. 1st January 2018. It is expected that implementation of Phase-I of DBT in Fertilizers would be completed and stabilized by 31st March 2018. DoF is taking proactive steps to remove identified impediments and to meet the expectations of the stakeholders. Evaluation studies got done by NITI Aayog through M/s Microsave has also shown encouraging results and remarkable improvement in implementation across the districts.

I would also like to draw your attention to a recent development, i.e. Standing Committee on Chemicals & Fertilizers 2016-17 in its 36th Action Taken Report has repeatedly emphasized that while implementing DBT, subsidy should be disbursed directly to the farmer's bank account. This issue was debated at length by the Committee under my chairmanship in its meeting held on 13.12.2017. The Committee is of the opinion that transfer of fertilizer subsidy to farmer's bank account may be dealt as Phase-II of implementation of DBT in Fertilizers and it should be taken up once the Phase-I implementation is completed and stabilized to the satisfaction of all stakeholders.

Yours sincerely,
Sd/-
(Amitabh Kant)

26/12/2017
AS(Fert.)
Dir(DBT)

Shri Nripendra Misra
Principal Secretary to the Prime Minister
Prime Minister's Office,
South Block, Raisina Hill
New Delhi – 110001

Copy for information to Secretary (Fertilizers), Shastri Bhawan, New Delhi-110001

(Amitabh Kant)

Exhibit 1: Letter of Appreciation of DBT in fertilizer from CEO NITI Aayog to Pr. Secy. to PM

File No. D – 19011/46/2017-DBT
Government of India
Cabinet Secretariat
Direct Benefit Transfer Mission

4th Floor, Shivaji Stadium Annexe
Rajiv Chowk, New Delhi – 110001
Dated: 30th November, 2017

OFFICE MEMORANDUM

Subject: -Implementation of DBT – Department of Fertilizers.

The undersigned is directed to refer to your D.O. letter no. 15011/12/2017-DBT dated 31st October, 2017 regarding implementation of DBT in Department of Fertilizers.

2. It has been observed that performance of Department of Fertilizers in implementing DBT is very good. The action taken on appointment of State Nodal Officers, District Consultants and establishment of DBT PMU is a good practice that could be followed by other Ministries/Departments. The advantages of DBT emerged from the study undertaken by NITI Aayog are being uploaded on DBT Portal.

3. Other observations requiring kind attention on some of the issues are enclosed. It is requested to direct the concerned officers to take necessary action as mentioned in the action points.

Encl: a/a.

30/11/2017
(Soumitra Mandal)
Director (DBT)
Tel.: 23343860 Extn. 319

To,

Shri Dharam Pal,
Additional Secretary,
Department of Fertilizers
Shastri Bhawan, New Delhi.

May kindly see.

Good. Keep up the work - full team led by you deserves credit

DHARAM PAL
Addl. Secretary

Exhibit 2: Mention of Appreciation of DBT in fertilizer by NITI Aayog

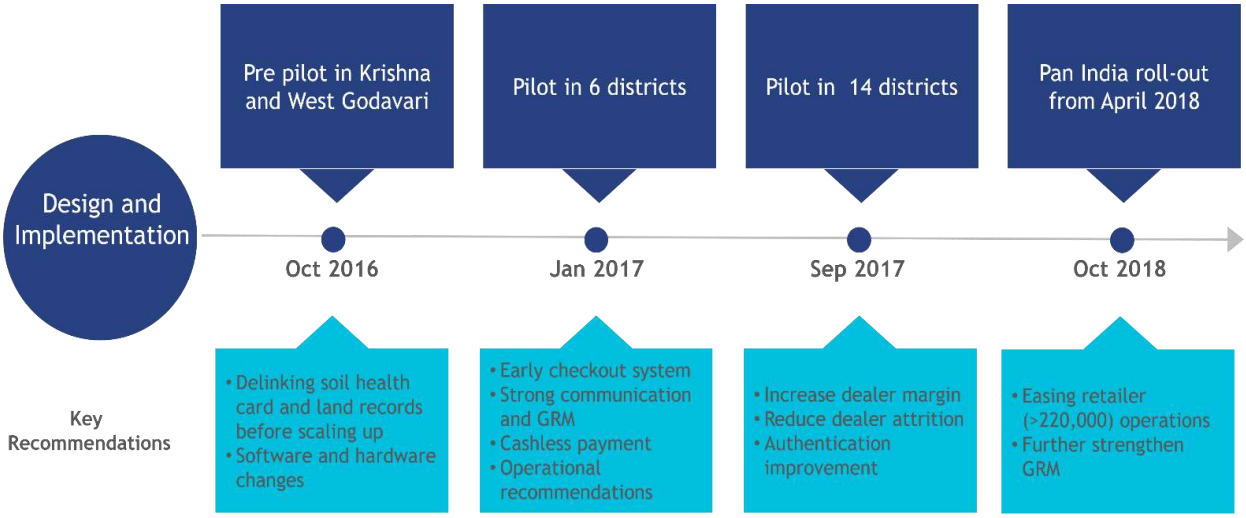

Exhibit 3:Time frame for nationwide roll-out of Dbt in fertilizers

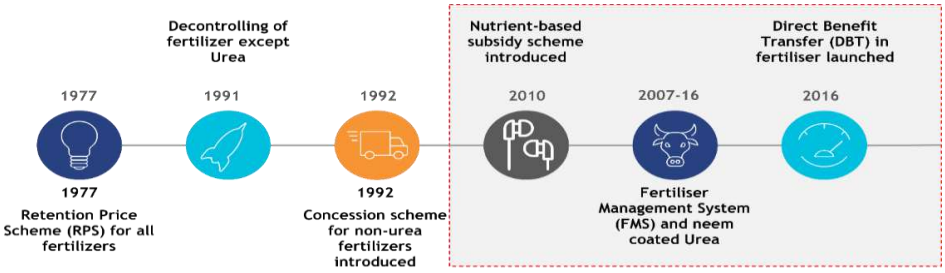

Exhibit 4: A Four-Decade Journey Towards Transparent Fertilizer Subsidy

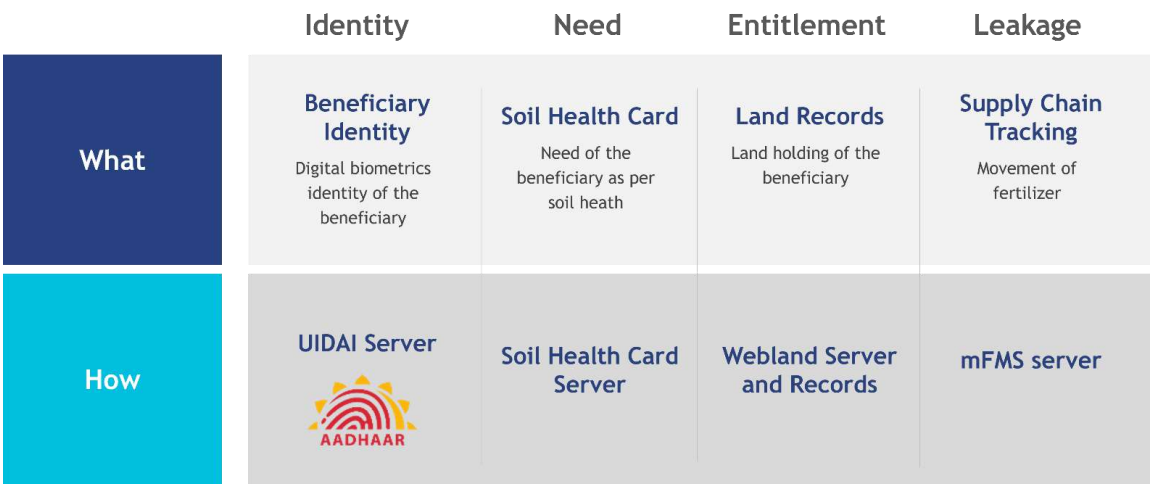

Exhibit 5:Frame work for Dbt in fertilizers implementation

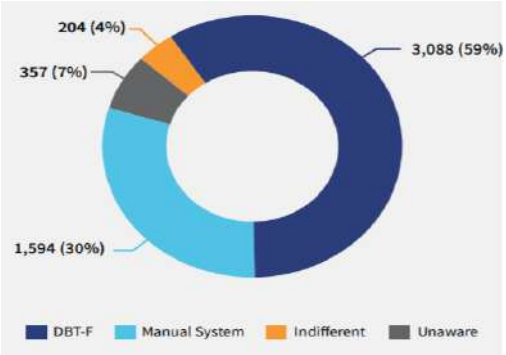

Exhibit 6: Farmers' Preference for Fertilizer Distribution System (n=5243 Farmers)

Source : MSC impact assessment report for dbt in fert pan India rollout.

Some supporting Photographs about the Project (DBT in Fertilizers)

Source: Department of fertilizers, Ministry of chemical & fertilizers

Sale of Fertilizers to farmer in Retail Outlet

farmer with Receipt for the sold Fertilizer

PoS Device with DBT in Fertilizer Software

Retailers' Training

DBT Workshop for Master Trainers

Digital India Award 2020

DBT in Fertilizers review in Jammu and Kashmir by Minister of Agriculture, Ghulam Nabi Lone Hanjura and Dharam Pal, Additional Secretary DoF in the presence of all state officers.

Hanjura for timely roll out of DBT scheme in fertilizers

TNN REPORT

JAMMU: Minister for Agriculture, Ghulam Nabi Lone Hanjura today directed the concerned officers to strictly adhere to instructions for timely roll out of Direct Benefit Transfer scheme in fertilizers in the State.

The Minister was addressing a meeting to review the implementation of Direct Benefit Transfer (DBT) in fertilizers here today, which was attended by Additional Secretary, Department of Fertilizers, Government of India, Dharam Pal, Commissioner Secretary Agriculture Production Department Mohd Afzal, Secretary Agriculture Production Showket Ahmad Beig, Director Agriculture Jammu H. K. Razdan, Director Law Enforcement and other senior officers of the department.

The meeting had a detailed review of preparedness of Agriculture Department, Fertilizer Companies, Wholesalers and the Retailers to Go-live for Direct Benefit Transfer (DBT) in fertilizers from 1st of February 2018, the deadline fixed by Government of India for the state.

Hanjura stressed upon officers and fertilizer supplying companies to strictly adhere to deadlines and guidelines to ensure transparency in public dealings and to curb mismanagement. He said that introduction of Point of Sale (POS) machines will give a clear picture of fertilizer supplies in the State.

The Minister instructed the fertilizer companies to take up the issue of proper fertilizer stocking at Udhampur Rake Point with the Railway authorities and the Railway Out Agency concerned and asked the enforcement agency to curb the movement and sale of damaged bags to the retailers or the farmers.

Among others present on the occasion included wholesalers, representatives of the Fertilizer companies, Enforcement Inspectors and Chief Agriculture Officers of Jammu Division.

DBT in Fertilizers review meeting in Jammu and Kashmir by Dharam Pal, Additional Secretary, DoF in the presence of all fertilizers company, state agriculture department & PoS vendors. (January 2018)

DBT in Fertilizers review meeting with Hon'ble Agriculture Minister of J&K. (January 2018)

Endnotes/References

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[ii] Department of Fertilizers. (2024). Direct Benefit Transfer (DBT). Retrieved from https://www.fert.nic.in/dbt

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[iii] Ministry of Finance, Government of India (2024). Statement 7 Statement on Subsidies and Subsidy Related Schemes. Retrieved from https://www.indiabudget.gov.in/doc/eb/stat7.pdf
[iii] Department of Fertilizers. (2024). Direct Benefit Transfer (DBT). Retrieved from https://www.fert.nic.in/dbt

[iii] Retrieved from https://abhinavpahal.nic.in/uploads/LBgGw0nclw2020-Coffee%20Table%20Book%20-2%20-%20Innovation.pdf

[iii] MicroSave Consulting *(2018)*. Assessment of Direct Benefit Transfer in Fertiliser. Retrieved from https://www.microsave.net/wp-content/uploads/2018/10/Assessment_of_Direct_Benefit_Transfer_in_Fertiliser-1.pdf

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