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Ministry of Agriculture and Plantation Industries

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Implementation of Cabinet Decisions

Guideline applicable to arrangement for paying financial subsidy to farmers cultivating paddy in paddy lands during Yala season of 2024

1. Subsidizing Policy

1.1 In terms of the Cabinet decision dated 18.03.2024 reached on the Cabinet Memorandum No.24/0498/612/027 dated 05.03.2024 submitted by the Minister of Agriculture and Plantation Industries titled "providing fertilizer subsidy to farmers cultivating paddy lands during Yala season of 2024", approval has been granted to pay a financial subsidy of Rs. 15,000/- each per hectare to a farmer cultivating paddy, subject to a maximum of 02 hectares through the Department of Agrarian Development and the said financial subsidy to be remitted to bank accounts of farmers.

1.2 Accordingly, farmers cultivating paddy lands in any area/areas owned by him in the island during Yala season of 2024 are entitled to receive a financial subsidy of Rs.15, 000 each per hectare only up to a maximum of 02 hectares amounting up to a maximum amount of Rs.30, 000/ up to 02 hectares for purchasing fertilizer and the Department of Agrarian Development has been entrusted the responsibility of remitting this sum to bank accounts of farmers.

2. Responsibility and duties falling upon the Department of Agrarian Development.

2.1 In keeping with the Cabinet decision, the Department of Agrarian Development should take all necessary actions early to calculate the financial subsidy available to farmers depending on the extent of paddy land to be cultivated and to ensure the receipt of Rs.30,000/- upto a maximum of 02 hectares at the rate of Rs.15,000/- each per hectare during a cultivation season. The method of calculating the financial subsidy depending on the extent of paddy land is attached. (Annexure 01)

2.2 Suitable measures have to be taken for preventing of the remittance of a higher amount of money to any individual farmer through duplicating or multiple calculations in the remittance of money to a bank account in the name of that person under NIC Number or to a number of bank accounts given in writing by the farmer. Therefore, the Department of Agrarian Development is responsible for taking suitable measures for establishing the correct identity of the applicant.

- 2.3 Financial subsidy shall be remitted to bank accounts of farmers by the Department of Agrarian Development for purchasing fertilizer. If an active bank account is not available in the name of the respective farmer at the time of remitting the financial subsidy applicable to Yala season of 2024, the relevant money shall be remitted to a bank account nominated by the farmer whereby providing an opportunity for them to buy fertilizer for paddy cultivation. However, if there is any impossibility of opening and maintaining a bank account, such instances shall be looked into and addressed the issues appropriately by consulting with respective banks and other institutions. Accordingly, the Department of Agrarian Development is responsible for advising such farmers to open a bank account in the name of the respective farmer himself and actively maintain the same.
- 2.4 Arrangement shall be made by the Department of Agrarian Development to ensure that fertilizer purchased by the farmers under this financial subsidy is applied by them in their paddy cultivation. In instances where any other individual other than the owner of the respective land (e.g. methods applicable to paddy farming such as cultivation by tenant farmers and method of transferring of cultivation) the subsidy shall be remitted to the account of the cultivator while the Department of Agrarian Development is required to take necessary action to ensure that fertilizer is definitely received by the farmer cultivating the paddy land at the time.
- 2.5 The Department of Agrarian Development should take actions` to prepare a time frame for remitting money to the bank accounts of farmers cultivating paddy land to enable them to utilize financial subsidies to buy fertilizer on time and Commissioner General of Agrarian Development is responsible for informing the Secretary, Ministry of Agriculture well in time with regard to financial provisions required from the General Treasury.
- 2.6 The Commissioner General of Agrarian Development is responsible for submitting monthly imprest requirements in respect of relevant cultivation season in keeping with the cultivation timetable of each area with the recommendation of the Department of Agrarian Development and the Ministry of Agriculture to the Department of Treasury Operation at least one month ahead to effect Cash Flow Management of the Treasury, this being easier and efficient method of remitting money to the bank accounts of farmers.
- 2.7 The Department of Agrarian Development should take immediate action to formulate a suitable mechanism to efficiently and effectively implement the distribution of financial subsidies to paddy farmers by taking all possible measures to prevent any of the drawbacks and irregularities identified in the past when implementing financial subsidizing programmes of this nature for paddy cultivation also based on experience gained in Maha season of 2023/24. Accordingly, circular instructions, directives and orders shall be issued by the Commissioner General of Agrarian Development to officers of the Department during the entire process of the programme from applying financial subsidy for paddy farming during Yala season of 2024 up to the remittance of money to bank accounts of farmers.
- 2.8 Data system which includes information of beneficiary farmers shall be maintained by updating the same suitably to enable the general public to examine through data base details of eligible farmers to receive financial subsidy and the amounts of money credited to their bank accounts.
- 2.9 A formal methodology should be introduced for the submission of appeals by farmers whose applications were rejected and for early hearing of appeals by the Appeal Board and convey the decision of the Appeal Board with reasons for rejection.
- 2.10 If it is revealed that some individuals have obtained subsidies through establishment of wrong identity or submission of forged documents, legal action should be taken against such person and action taken to immediately recover the value of financial subsidies proved to have been fraudulently obtained.

- 2.11 If farmers are not engaged in paddy cultivations even after remittance of the money a suitable arrangement shall be made to prevent the misuse public funds further by taking measures to recover the said financial subsidy within a specified period of time. Such land shall be blacklisted and those information maintained so as not to be entitled to any financial subsidy for coming 02 consecutive cultivation seasons.
- 2.12 In the selection of banks for remittance of money to accounts, only state banks shall be selected and it is very important to select banks having net-worked facilities to inform farmers through SMS that their financial subsidies have been remitted to their account by the respective banks. Therefore, it would be appropriate to utilize past experience gained by banks in the distribution of financial subsidies to farmers for purchasing fertilizer. Accordingly, the Department of Agrarian Development in consultation with the relevant banks shall introduce a suitable methodology to notify the immediately after remitting money to the bank account of the beneficiary farmer.
- 2.13 Successful arrangements shall be made by the Commissioner General, Department of Agrarian Development to continuously report the progress of the financial subsidy distribution programme to the Secretary, Ministry of Agriculture. Accordingly, progress as at every Friday shall be reported to the Ministry of Agriculture on the following Monday.
- 2.14 Copies of circulars, orders and written instructions issued to officers of the Department by the Commissioner General of Agrarian Development in the implementation of the programme of financial subsidy remittance to bank accounts of farmers for purchasing of fertilizer should be submitted to the Secretary, Ministry of Agriculture.

3. Responsibility and duties of the National Fertilizer Secretariat (NFS)

- 3.1 The National Fertilizer Secretariat is responsible for the formulation of a mechanism in collaboration with the state and private sector fertilizer companies to enable paddy farmers receiving financial subsidies to buy fertilizer with due standard from the open market without any shortage and, at the same time, action shall be taken to make aware the Secretary of the Ministry of Agriculture and the Commissioner General of Agrarian Development on the same. Accordingly, the National Fertilizer Secretariat with the assistance of its District offices shall do a wide supervision on the implementation of the programme by paying special attention with regard to the availability of standard fertilizer at the open market. If there is any issue relating to sufficient availability of fertilizer, early action should be taken to identify and address those issues by making aware of the Secretary of the Ministry.
- 3.2 Officials of NFS and those attached to District Offices are bound to offer their past experience gained in the distribution of financial subsidy and, in instances where requests are made by the Department of Agrarian Development to this effect, all possible efforts shall be taken to ensure the successful implementation of this financial subsidy distribution programme for Yala season of 2024 by maintaining sound co-operation between the Department of Agrarian Development and District offices of the National Fertilizer Secretariat.

4. Role required to be played by the respective banks in remitting financial subsidy to farmers' bank accounts.

- 4.1 Following a formal request made by the Department of Agrarian Development, the Ministry of Agriculture will credit the amount of the financial subsidy to the Account of the Department of Agrarian Development. Accordingly, it is very important to prepare a suitable arrangement by the respective banks to ensure immediate and accurate remittance of money to farmers' bank accounts in keeping with instructions of the Department of Agrarian Development.

- 4.2 It is very important to take early action by the banks to remit the financial subsidy to farmers' accounts immediately after receiving instructions to this effect from the Department of Agrarian Development. It is also important to implement a suitable mechanism to inform the farmer immediately after remittance of money to the respective bank account and how much the credited amount for purchasing fertilizer through a SMS or other suitable methodology.

5. Role required to be played by the Department of Agriculture.

- 5.1 The Department of Agriculture collaborating with other relevant institutions shall, through its extension services, take suitable measures to educate and motivator farmers on the importance of applying fertilizer with Right source at Right time in Right amount and Right place in order to improve fertilizer efficiency with particular reference to the adoption of Integrated Plant Nutrient Management Methodologies.
- 5.2 The Department of Agriculture is also responsible for taking suitable measures with the assistance of other relevant institutions to prevent excess use and misuse of fertilizer by farmers while motivating them to use soil testing and leaf colour-chart for preventing damages that may be caused to the environment through application of fertilizer. It is necessary to disseminate updated information and recommendations on high-quality efficient types of fertilizer in due standard while educating farmers on the same.

6. Duties and functions required to be performed by the Department of Agriculture, Provincial Departments of Agriculture and the Mahaweli Authority of Sri Lanka.

- 6.1 Progress has to be reported once in two weeks to the Secretary, Ministry of Agriculture on various programmes to be implemented by the relevant institutions to educate farmers on the improvement of fertilizer efficiency, Integrated Plant Nutrient Management, maintaining soil fertility and soil health.

7. Role required to be played by the Ministry of Agriculture

- 7.1 Dealing with the General Treasury to obtain financial provisions and credit the same to the Account of the Department of Agrarian Development following its formal request to that effect for remitting financial subsidy to bank accounts of farmers.
- 7.2 This programme which will be implemented by the Department of Agrarian Development in collaboration with the Department of Agriculture, Mahaweli Authority of Sri Lanka, National Fertilizer Secretariat and all District Secretariats with the active contribution of the state and private fertilizer companies and other relevant state and semi government institutions under overall supervision by the Ministry of Agriculture. Therefore all the relevant institutions and officials are obliged and duty bound to fully co-operate with the Ministry of Agriculture to ensure successful implementation of the government's undertaking towards ensuring food security of the country by addressing fertilizer related issues within their reach in the distribution of financial subsidies among paddy farmers while making aware of the Ministry of Agriculture on any issues, addressing of which is not possible within the respective area of authority.

8. Supervision

- 8.1 District fertilizer Co-ordinating sub committee chaired by the District Secretary of the respective district is responsible for formulating and implementing comprehensive arrangement for closely monitoring all aspects of the programme from distribution of financial subsidy among formers up to application of fertilizer in paddy cultivation.

- 8.2 All Deputy/Asst.District Commissioners of Agrarian Development are directly responsible for closely supervision of the financial subsidy distribution at Agrarian Services Centre level in the district and proper implementation of the programme.
- 8.3 Assistant Directors appointed for each district by the National Fertilizer Secretariat are required to look into the maintaining of standard of fertilizer and their availability in the district in sufficient quantities without any shortage.
- 8.4 All Divisional Secretaries are responsible supervision of all activities relating to the distribution of financial subsidies within their area of authority in keeping with this Guideline and its progress shall be reviewed thoroughly at the Divisional Agricultural Committee.
- 8.5 District level supervision of the distribution of financial subsidies for purchasing of fertilizer and its progress review will be the responsibility of the District Secretary and the respective District Commissioner of Agrarian Development shall take action to submit a progress report through the District Secretary once in every 02 weeks to the Secretary of the Ministry of Agriculture while the Commissioner General of Agrarian Development is required to forward overall monthly progress of the districts to the Secretary, Ministry of Agriculture.

You are kindly informed to properly understand the instructions, limitations and conditions included in this Guideline and make aware all responsible officers on the same.

Improper acquisition or misuse of financial subsidies issued under subsidized fertilizer programmes or aiding and abetting such efforts is a punishable act under the Law. Therefore, all officials involved in this exercise are kindly informed to conduct internal supervision and follow administrative actions to prevent individuals from resorting to any such illegal activities. You are further informed to make suitable arrangements to carry out frequent auditing with the assistance of the Internal Audit Division of the Department of Agrarian Development.

The objective of this programme (for providing financial subsidy farmers cultivating paddy in Yala season of 2024) under implementation of the above Cabinet decision is to achieve agricultural, economic and social development leading to sustainable Development whereby ensuring the food security of the country and your contribution through adhering to this Guide line to make this national undertaking a success is highly appreciated.

Sgd: Janaka Dharmakirithi
Secretary
Ministry of Agriculture and
Plantation Industries

Copies to:

- 1) Secretary to the President, Presidential Secretariat
- 2) Secretary to the Prime Minister, Prime Minister's Office
- 3) Auditor General
- 4) Secretary, Ministry of Finance
- 5) Secretary, Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government
- 6) Secretary, Ministry of Irrigation
- 7) All Provincial Chief Secretaries
- 8) All District Secretaries
- 9) Director General, National Budget Department
- 10) Director General, Dept. of Development Finance
- 11) Director General, Dept. of Agriculture
- 12) Commissioner General of Agrarian Development, Dept. of Agrarian Development
- 13) Director General, Mahaweli Authority of Sri Lanka
- 14) Director General, Dept. of Treasury Operation
- 15) All Additional Secretaries, Director Generals, Ministry of Agriculture
- 16) Chief Financial Officer, Ministry of Agriculture
- 17) Director, the National Fertilizer Secretariat
- 18) Chairman, Ceylon Fertilizer Company / Colombo Commercial Fertilizer Company
- 19) Chairman, Agricultural and Agrarian Insurance Board
- 20) Chairmen of the Banks contributing to this Undertaking
- 21) Chief Internal Auditor (Fertilizer) , Ministry of Agriculture

Annexure 1

Extent of paddy lands (x) (Acres/Ha)	Entitlement of Financial Subsidy Yala 2024 (Rs.)
Up to ¼ Acres (0.00 < x ≤ 0.10 Ha)	1,500.00
From ¼ Acres up to 1/2 (0.1 < x ≤ 0.20 Ha)	3,000.00
From 1/2 Acres up to 3/4 (0.20 < x ≤ 0.30 Ha.)	4,500.00
From 3/4 Acres up to 1 (0.30 < x ≤ 0.40 Ha.)	6,000.00
From 1 Acres up to 1 1/4 (0.40 < x ≤ 0.50 Ha)	7,500.00
From 1 1/4 Acres up to 1 1/2 (0.50 < x ≤ 0.60 Ha.)	9,000.00
From 1 1/2 Acres up to 1 3/4 (0.60 < x ≤ 0.70 Ha)	10,500.00
From 1 3/4 Acres up to 2 (0.70 <x ≤ 0.80 Ha)	12,000.00
From 2 Acres up to 2 1/4 (0.80 < x ≤ 0.90 Ha)	13,500.00
From 2 1/4 Acres up to 2 1/2 (0.90 < x ≤ 1.00 Ha)	15,000.00
From 2 1/2 Acres up to 2 3/4 (1.00 < x ≤ 1.10 Ha.)	16,500.00
From 2 3/4 Acres up to 3 9 1.10 < x ≤ 1.20 Ha.)	18,000.00
From 3 Acres up to 3 1/4 (1.20 < x ≤ 1.30 Ha.)	19,500.00
from 3 1/4 Acres up to 3 1/2 (1.30 < x ≤ 1.40 Ha)	21,000.00
From 2 1/2 Acres up to 3 3/4 (1.40 < x ≤ 1.50 Ha)	22,500.00
From 3 3/4 Acres up to 4 1.50 < x ≤ 1.60 Ha)	24,000.00
From 4 4 1/4 Acres up to (1.60 < x ≤ 1.70 Ha)	25,500.00
From 4 1/4 Acres up to 4 1/2 (1.70 < x ≤ 1.80 Ha)	27,000.00
From 4 1/2 Acrea up to 5 (1.80 < x ≤ 1.90 Ha)	28,500.00
From 4 ¾ Acres up to 5 (1.90 < x ≤ 2.00 Ha)	30,000.00