

PREFACE

The Government of India notified the 'Policy on Promotion of City Compost' in early 2016 to convert all organic waste from the cities to compost or biogas by October 2019. Under this policy, sellers of compost—who could be fertilizer companies or other sellers including urban local bodies, were assured a fixed amount of subsidy of Rs 1,500 per metric tonne of compost sold. This market development assistance (MDA) subsidy, was aimed at scaling up the production and consumption of compost, and reducing the sales price of compost for farmers.

With less than nine months to go before the deadline of October 2019, not even 5 per cent of the organic waste generated by the cities are being converted into compost. The MDA subsidy has simply not worked to scale up the production and consumption of compost. There are many reasons for this, the fundamental ones being the failure of the policy to recognize some basic elements necessary for the promotion of compost.

The first element missing from the policy is the quality aspect. A farmer will buy compost only if the quality is good and it is certified. Therefore, any policy for promotion of compost must be based on incentivizing the production of quality compost and its certification. Unfortunately, the policy has completely failed in this area. The result is large amounts of low-quality compost being produced from mixed waste in centralized facilities, with no buyers. The MDA subsidy also does not recognize the quality aspect as it provides a uniform subsidy irrespective of the quality of compost.

The second element is the conflict of interest. A fertilizer company producing chemical fertilizer and its dealers are not likely to be enthusiastic about selling organic compost till there is a legal mandate. The current policy has subsidy but no legally bound target for the fertilizer companies to sell compost.

The third element is the sub-optimal design of the subsidy regime. The money allocated for MDA subsidy in the last three years is so small that it cannot meet the requirement of even 2 per cent of the target. In addition, the entire process of claiming MDA is so tedious that a majority of the manufacturers and fertilizer companies have not received the payment under MDA. It seems that the subsidy regime is designed to fail.

The last element is the lack of awareness about different aspects of compost including its benefits. Little work has been done on creating awareness amongst farmers to use compost.

Going ahead, we need a much more serious policy for scaling up the production and consumption of city compost. What that policy should be is the core of this report. We have looked at the challenges in promoting city compost in detail and have suggested policy prescriptions for creating demand for quality compost. There is clearly a need and demand for city compost in India waiting to be recognized.



Chandra Bhushan