

**THE IMPACT OF FERTILIZER SUBSIDY SCHEME ON THE
PERFORMANCE OF FERTILIZER DISTRIBUTORS IN TANZANIA**



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ABSTRACT

The objective of the study was to examine the procedures used to set up the subsidy prices and evaluate the prices and quantity allocations given to distributors in order to measure their impact on the financial performances of the distributors. Two fertilizer trading companies, M/s Tanzania Fertilizer Company Ltd and M/s Premium Agro Chem Ltd were taken as case studies. The data were analysed qualitatively and quantitatively using tables, ratios and trend analysis. Excel computer program was used to analyse the data and illustrating them by using figures and graphs. The findings indicated that the distributors' businesses will not realise profits and attain growth unless the subsidy prices set by the government are equal or higher than their commercial prices, and that the quantities allocated to them are equal to their budgeted sales volumes or are above their break-even volumes. The researcher recommends a review of the current price setting procedures and quantity allocation criteria to improve the distributors' financial performances and to achieve the government objective of the scheme. The researcher also recommends a country importation schedule, standards for subsidy fertilizer distributors and having own fertilizer plant. While the policy of subsidizing fertilizers to our farmers is good for the country's food security programmes and increase in foreign exchange earnings, the recommended measures would streamline the administration of the scheme, ensure reliability in fertilizer supplies, provide feedback and facilitate policy analysis.