

4. Fertilizer Subsidy

The Union Cabinet approved the proposal of the Department of Fertilizers for fixing the Nutrient Based Subsidy (NBS) rates for RABI Season 2025–26 (from 01.10.2025 to 31.03.2026) on Phosphatic and Potassic (P&K) fertilizers

About the Proposal

The Government of India has decided to continue providing 28 grades of Phosphatic & Potassic (P&K) fertilizers, including Di-Ammonium Phosphate (DAP), to farmers at subsidized rates. Fertilizer companies—both domestic manufacturers and importers—will receive subsidies at approved and notified Nutrient-Based Subsidy (NBS) rates and pass on the reduced prices to farmers. This support is in line with the government's commitment to ensure uninterrupted fertilizer supply, especially during critical cropping seasons such as Rabi 2025, when major crops like wheat, pulses, and oilseeds are sown. The NBS policy—implemented since 1 April 2010—ensures affordable fertilizers while encouraging balanced nutrient application on farms.

Why the Subsidy Hike Was Needed

Global Price Volatility – International fertilizer markets have witnessed sharp price fluctuations due to supply-chain disruptions, geopolitical tensions, and rising prices of key raw materials such as phosphoric acid, ammonia, natural gas, sulphur, DAP & MOP. India imports a large share of P&K fertilizers, making farm inputs vulnerable to external shocks.

Nutrient-Based Subsidy (NBS) Mechanism – Under NBS, subsidy rates are revised periodically to reflect global raw material and exchange rate changes. The revised subsidy addresses increases in nutrient supply costs and ensures affordability to farmers.

Farmer Welfare & Food Security – Affordable fertilizers are essential for maintaining soil nutrient balance, crop health, and high yields. Higher input costs without subsidies could discourage fertilizer use, risking lower productivity and potential food inflation. The move supports rural livelihoods and protects farmers from unpredictable market conditions.

Expected Outcomes

Improved Agricultural Productivity – Ensures timely access to phosphatic & potassic nutrients, essential for crop growth, root development, flowering, and grain setting.

Price Stability & Reduced Input Burden – Farmers are insulated from global price spikes, helping contain cost of cultivation and stabilize farm incomes.

Support to Rural Economy – Higher crop yields can translate into better market supply, boosting rural consumption and employment.

Balanced Nutrient Use – Promotes use of N, P, K & Sulphur in balanced proportions, reducing fertilizer misuse, soil degradation, and yield stagnation risks.

Suggestions & Way Forward

Expand domestic P&K fertilizer manufacturing capacity to reduce dependency on volatile international markets. Strengthen raw material sourcing agreements and international fertilizer partnerships. Promote Direct Benefit Transfer in fertilizers to improve subsidy efficiency and reduce leakages. Encourage nano fertilizers, bio-fertilizers, and customized nutrient blends to improve soil health and long-term productivity. Integrate soil testing and advisory services to ensure scientific fertilizer application. Incentivize organic and micronutrient-rich inputs and build buffers for supply stability. Encourage investments in fertilizer R&D, green ammonia, and circular economy solutions.

Do You Know? – Key NBS Scheme Features

Launched – 1 April 2010

Provides fixed subsidy per kg of nutrient (N, P, K, S & micronutrients) in fertilizer.

Applies to P&K fertilizers, including DAP; Urea remains price-controlled separately.

Sector is decontrolled – firms free to set MRPs, but govt monitors pricing.

Subsidy revised annually or bi-annually based on – Global raw material and energy costs, Currency fluctuations, Nutrient demand & farming season needs

Conclusion

The fertilizer subsidy hike for Rabi 2025 is a timely policy intervention to manage global market volatility and safeguard Indian farmers. By ensuring affordable access to P&K fertilizers, the government aims to – Maintain food security, Boost agricultural productivity, Support rural economy
Stabilize farmer incomes in a period of uncertainty, Strengthening domestic production, innovation, and nutrient efficiency policies will be crucial for building long-term fertilizer resilience in India's agriculture sector.

Source - [https - //www.thehindu.com/news/national/cabinet-approves-37952-crore-subsidy-for-pk-fertiliser-for-2025-rabi-season/article70212149.ece](https://www.thehindu.com/news/national/cabinet-approves-37952-crore-subsidy-for-pk-fertiliser-for-2025-rabi-season/article70212149.ece)

