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# Cabinet Approves ₹41,534 Crore P&K Fertiliser Subsidy for Kharif 2026

10 April 2026

**ECONOMY****REPORTS & SCHEMES**

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# Cabinet Approves ₹41,534 Crore P&K Fertiliser Subsidy for Kharif 2026

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## ✎ WHY IN NEWS

The Union Cabinet approved Nutrient Based Subsidy (NBS) rates for phosphatic and potassic (P&K) fertilisers for Kharif Season 2026 (April 1–September 30, 2026) at ₹41,533.81 crore — ₹4,317 crore higher than Kharif 2025 — ensuring affordable fertilisers for farmers ahead of the monsoon sowing season.

The fertiliser subsidy approval is a recurring pre-kharif policy action — but its scale (₹41,534 crore for just one season's P&K fertilisers alone) reflects both the structural importance of subsidised inputs for Indian agriculture and the fiscal burden that open-ended subsidy commitments impose on the Union Budget.



## KHARIF 2026 SUBSIDY — KEY PARAMETERS

PARAMETER	VALUE
Total NBS subsidy (Kharif 2026)	₹41,533.81 crore
Kharif 2025 (previous year)	₹37,216.15 crore
Increase	₹4,317 crore (+11.6%)
Coverage period	April 1 – September 30, 2026
DAP bag (subsidised price)	₹1,350 per bag (maintained)
Fertilisers covered	Phosphatic (P) and Potassic (K) — 24 grades

## UNDERSTANDING THE NBS SCHEME

### What is NBS?

The Nutrient Based Subsidy (NBS) scheme, launched in April 2010, replaced the earlier product-based flat subsidy for phosphatic and potassic fertilisers with a **nutrient-based** model. Under NBS:

- Government fixes a **per-kilogram subsidy** for each nutrient (Nitrogen-N, Phosphorus-P, Potassium-K, Sulphur-S)
- Fertiliser companies price their products at **market rates**
- Government pays the subsidy directly to companies based on nutrient content of each product sold

### What NBS Does NOT Cover — Urea

**Urea** is NOT under the NBS scheme. It is under a separate **concession/flat-rate subsidy** mechanism where:

- MRP of urea is fixed by government at **₹242 per 45-kg bag** (unchanged since 2012)
- Full cost difference between production cost and MRP is reimbursed to manufacturers
- This makes urea the most heavily subsidised fertiliser — creating a structural imbalance in NPK use

### The NPK Imbalance Problem

India's ideal NPK ratio for soil health is **4:2:1** (Nitrogen : Phosphorus : Potassium). However, because (nitrogen) is dramatically cheaper than P&K fertilisers, farmers heavily over-apply urea:

- **Actual NPK ratio used:** Approximately 8-9:3:1 (nitrogen-heavy)



- **Consequence:** Soil degradation, declining organic carbon content, groundwater nitrate contamination, and **declining fertiliser-use efficiency** (more fertiliser needed per unit of yield)

The NBS scheme was intended to correct this by making P&K more affordable — but the gap between subsidised urea (₹242/bag) and subsidised DAP (₹1,350/bag) remains so large that the imbalance persists.

## KEY FERTILISERS AND THEIR ROLES

FERTILISER	NUTRIENT	PRIMARY KHARIF USE
Urea	46% Nitrogen	Paddy, sugarcane, maize — basal and top-dressing
DAP (Di-Ammonium Phosphate)	18% N + 46% P <sub>2</sub> O <sub>5</sub>	Paddy, cotton, pulses — basal dose
MOP (Muriate of Potash)	60% K <sub>2</sub> O	Banana, potato, sugarcane
NPK complexes	Various ratios	Multiple crops
SSP (Single Super Phosphate)	16% P + Sulphur	Oilseeds, pulses

**DAP** is the most critical kharif fertiliser — it provides both nitrogen (for vegetative growth) and phosphorus (for root development and grain filling) in a single application at sowing. India imports ~50% of its DAP requirements.

## INDIA'S FERTILISER IMPORT DEPENDENCE

FERTILISER	IMPORT DEPENDENCE
DAP	~50% from Saudi Arabia (SABIC), China, Jordan
MOP	~100% — India has no potash reserves
Urea	~15–20% (natural gas feedstock constrains domestic production)

This import dependence exposes India to global price volatility — the 2021–22 fertiliser price shock (triggered by Russia-Ukraine war cutting off potash and urea supplies) cost India an additional ₹50,000+ crore in subsidy payments as global prices doubled.



## India's Response — Kisan Urja Suraksha evam Utthaan Mahabhiyan (KUSUM)

PM KUSUM promotes solar-powered irrigation pumps — indirectly reducing fertiliser misuse by enabling precision irrigation that improves nutrient-use efficiency.

## Nano Urea — A Disruptive Alternative?

IFFCO's **Nano Urea** (liquid, 500 ml bottle replaces one 45-kg bag) received government promotion as a way to reduce urea consumption. However, independent agronomic data on yield equivalence remains mixed — its large-scale adoption remains in question.

### UPSC RELEVANCE

**GS3 (Agriculture):** NBS scheme mechanics, fertiliser subsidy burden, NPK imbalance, soil health, India's food security architecture.

#### Key themes for Mains:

- 1 Why does India's fertiliser policy perpetuate nutrient imbalance despite NBS?
- 2 How can India reduce fertiliser import dependence? (domestic phosphate/potash reserves negligible)
- 3 Direct Benefit Transfer for fertilisers — DBT pilot has been run; challenges of ensuring farmer-level targeting
- 4 Soil Health Cards — scheme to guide farmers on optimal fertiliser use; effectiveness



## ★ FACTS CORNER — KNOWLEDGEPEDIA

### KHARIF 2026 SUBSIDY:

Total: ₹41,533.81 crore | Period: April 1 – September 30, 2026

Increase over Kharif 2025: ₹4,317 crore | DAP price maintained: ₹1,350/bag

### NBS SCHEME:

Launched: April 2010 (replaces flat P&K subsidy)

Covers: 24 grades of P&K fertilisers | Does NOT cover urea

Subsidy paid: Per kg of nutrient (N, P, K, S) — to fertiliser companies

### UREA (NOT UNDER NBS):

MRP fixed: ₹242 per 45-kg bag (unchanged since 2012)

Full difference between MRP and cost reimbursed to manufacturers

### NPK IMBALANCE:

Ideal: 4:2:1 (N:P:K) | Actual usage: ~8-9:3:1 (nitrogen-heavy)

Cause: Extreme price gap between urea (₹242/bag) and DAP (₹1,350/bag)

### INDIA'S IMPORT DEPENDENCE:

DAP: ~50% imported | MOP: ~100% imported | Key suppliers: Saudi Arabia, China, Jordan, Canada (potash)

### RELATED SCHEMES:

Soil Health Card Scheme (2015): Nutrient analysis + fertiliser recommendations for each plot

PM PRANAM: Promotes alternative fertilisers + reduced chemical fertiliser use

Nano Urea (IFFCO): 500 ml liquid bottle; govt promoted alternative to bag urea

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