



UPSC & STATE PCS CURRENT AFFAIRS · UJIYARI.COM

EDITORIAL ANALYSIS

Fixing the Fertiliser Subsidy: Pricing Reform and Targeted Support

BUSINESS STANDARD

14 June 2026 · ECONOMY · ENVIRONMENT · GS3

CURATED & WRITTEN BY

**Bharat Choudhary**

UPSC Educator & Content Creator

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)

ALSO FROM THE CREATOR

BharatNotesFree UPSC notes, MCQs, PYQ analysis. **100% Free.**bharatnotes.com →

ADVERTISE

Advertise with Ujiyari

Reach thousands of UPSC aspirants daily.

epicbharat@gmail.com

Fixing the Fertiliser Subsidy: Pricing Reform and Targeted Support

 **Business Standard** 14 June 2026 **GS3**

Source: ujivari.com — Free UPSC & State PCS Current Affairs



INTERVIEW ANGLE

"Cheap urea has fed India for decades but also distorted soil, water and the budget. How do you reform a subsidy that millions of farmers depend on without triggering a backlash, and what replaces it?"

Source: [Original editorial](#)  [Business Standard](#)

 Every fact web-verified against primary sources [HOW](#)

WHY THIS MATTERS NOW

India's **fertiliser subsidy** is under strain as surging global **urea prices** threaten to sharply raise the bill. For an aspirant, this is a GS3 case on **subsidy reform, agriculture, soil and water health, and fiscal sustainability**.

THE CRUX IN 60 WORDS

India's state bears most of **urea's cost**, keeping it cheap. The subsidy is **fiscally open-ended** (global price surges can double it), **ecologically distorting** (overuse degrades soil and water), and a **blunt** product subsidy. The fix: **nutrient-balanced pricing** plus **targeted direct support** to farmers, phased in carefully to protect small and marginal farmers.

THE ISSUE, DECODED

CONCEPT	WHAT IT MEANS	WHY IT MATTERS
Product subsidy	Subsidy attached to the fertiliser	Benefits by use, not need; distorts
Nutrient imbalance	Overuse of urea (nitrogen)	Degrades soil health and water
Direct benefit transfer	Support decoupled from the product	Protects income without distortion
Open-ended liability	Subsidy that rises with global prices	A fiscal risk the budget cannot fix

THE ANALYSIS: THREE RISING COSTS

- 1 Fiscal.** When global urea prices surge, the open-ended subsidy bill can balloon, crowding out other spending.
- 2 Ecological.** Cheap urea encourages over-application of nitrogen, harming soil health and leaching into water.
- 3 Economic.** A product subsidy is blunt, rewarding use rather than need.
- 4 Political difficulty.** Cheap urea is entrenched, so reform must be sequenced to avoid harming small farmers.

DATA AND INSTITUTIONS VAULT

urea is sold at a statutorily controlled price, with the gap met by subsidy; phosphatic and potassic fertilisers are under the **Nutrient-Based Subsidy (NBS)** scheme. **The distortion:** the imbalance in the **N-P-K ratio** caused by cheap urea is a long-flagged soil-health concern. **The tools:** soil health cards, balanced fertilisation, and the promotion of natural and organic farming. **Concept:** direct benefit transfer; the energy-food-fertiliser link; fiscal sustainability.

THE DEBATE

Argument for reform: The subsidy is fiscally open-ended, ecologically distorting and blunt; nutrient-balanced pricing with direct, targeted support is more efficient and sustainable.

Argument for caution: Cheap urea is entrenched, and raising prices or shifting to transfers risks hurting small and marginal farmers and provoking political backlash.

HOW TO THINK ABOUT IT

Frame the answer around the **three costs** (fiscal, ecological, economic) and the reform direction (nutrient-balanced pricing plus direct, targeted support). Stress **careful sequencing** to protect the vulnerable. Avoid both “scrap the subsidy” and “never touch it”.

THE DIAGRAM IN WORDS

Picture a tap of cheap fertiliser left running into a field: the crop grows, but the soil sours, the water table fills with runoff, and the bill for the water keeps climbing. Reform is about metering the tap and paying the farmer directly, rather than subsidising the flood.

PYQ LINKAGE

UPSC has asked about fertiliser subsidy, soil health and direct benefit transfers. This editorial connects those into the integrated theme of subsidy reform across fisc, soil and farmer income.

THE ONE-LINE TAKEAWAY

The fertiliser subsidy cannot stay as it is; nutrient-balanced pricing with targeted, direct farmer support protects incomes, soils and the budget together.

Source: Fixing the Fertiliser Subsidy: Pricing Reform and Targeted Support — Ujjyari.com | Free UPSC & State PCS Editorial Analysis

● KEY ARGUMENTS AT A GLANCE

India’s unreformed fertiliser subsidy, under which the state bears most of urea’s cost, has become fiscally unsustainable as surging global prices threaten to double the bill, and the answer is pricing reform combined with targeted, direct support to farmers rather than blanket product subsidies.

✓ SUPPORTING

- The heavy, open-ended subsidy on urea distorts the balance of nutrients, encouraging overuse that harms soil health and water, and crowds out other spending.

- Global price volatility makes an open-ended product subsidy a fiscal liability the budget cannot reliably absorb.
- Direct, targeted support decoupled from the product would protect farmers' incomes while removing the incentive to overuse cheap urea.


COUNTER

Critics warn that any move to raise urea prices or shift to cash transfers risks hurting small and marginal farmers and triggering political backlash, given how entrenched cheap urea is in farming.


WAY FORWARD

Phase in nutrient-balanced pricing, move toward direct benefit transfers decoupled from the product, promote balanced fertilisation and natural farming, and protect small farmers through targeted support during the transition.

PRACTICE TODAY'S QUIZ


[Take the 14 June 2026 Quiz →](#)


MAINS ANSWER FRAMEWORK
QUESTION

"India's fertiliser subsidy is fiscally and ecologically unsustainable but politically entrenched." Examine the case for pricing reform and targeted farmer support. (250 words)

INTRODUCTION

Cheap urea has been one of the quiet pillars of India's food security and one of the loudest distortions in its budget and its soils. Reforming it is overdue and difficult in equal measure.

BODY

Under India's fertiliser subsidy regime, the state bears most of the cost of urea, keeping its price artificially low and fixed while the subsidy absorbs the gap. The arrangement has fed the country, but at three rising costs.

Fiscally, it is open-ended: when global urea prices surge, as they now threaten to, the subsidy bill can

balloon, in some projections toward double, squeezing the space for other priorities. Ecologically, cheap urea distorts the nutrient balance, encouraging farmers to over-apply nitrogen relative to phosphorus and potassium, degrading soil health and leaching into water.

Economically, a product subsidy is a blunt instrument that benefits in proportion to use rather than need. The reform direction is clear: nutrient-balanced pricing that removes the incentive to overuse urea, and a shift toward direct, targeted support to farmers decoupled from the product, so that incomes are protected while the distortion is removed.

The difficulty is political and social: cheap urea is deeply entrenched, and any clumsy move risks hurting small and marginal farmers and provoking backlash. That argues not for inaction but for careful sequencing, phasing in price reform, building a reliable direct-transfer mechanism, promoting balanced fertilisation and natural farming, and cushioning the most vulnerable during the transition.

The goal is a subsidy that supports farmers without distorting their fields or the fisc.

CONCLUSION

The fertiliser subsidy cannot stay as it is. Nutrient-balanced pricing with targeted, direct farmer support is the way to protect incomes, soils and the budget at once.

RELATED DAILY ARTICLES

14 Jun [Current Affairs Today — June 14, 2026](#)

14 Jun [Retail Inflation Rises to 3.93 Percent in May 2026](#)

14 Jun [India Overhauls the Base Years of Its Key Economic...](#)

14 Jun [Kerala's Priyadarshini Free Bus-Travel Scheme for Women](#)

← **NEWER EDITORIAL**

[Why Indian Firms Underinvest in R&D](#)

OLDER EDITORIAL →

[Extreme Heat, Wet-Bulb Temperature and a Warming World](#)



CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)[Read Full Article on Ujyari →](#)<https://ujyari.com/editorials/2026/06/bs-fertiliser-subsidy-pricing-reform/>

ALSO FROM THE CREATOR

BharatNotes

Free UPSC study platform — subject-wise notes across all 4 GS papers, Prelims MCQs, Mains answer frameworks, PYQ analysis & progress tracking. **100% Free • No Login Required.**

[Start Preparing → bharatnotes.com](http://bharatnotes.com)

📌 OPPORTUNITY

Advertise with Ujyari

Reach **thousands of serious UPSC & State PCS aspirants** daily through our PDFs, website, and social channels.

Ideal for: Coaching institutes • EdTech platforms • Book publishers • Exam prep apps

[✉ epicbharat@gmail.com](mailto:epicbharat@gmail.com)

Write to us for rates & media kit

Free UPSC & State PCS Current Affairs · ujyari.com · bharatnotes.com