Parliamentary Panel Recommends Increased Fertilizer Subsidy and Domestic Production

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Fertilizer Subsidy and Soil Health Management in India Latest News

- The Parliamentary Standing Committee on Chemicals and Fertilizers has recommended that the Union Fertilizers Ministry seek additional funds to ensure the smooth implementation of fertilizer subsidy schemes for farmers.

Key Recommendations of the Committee

- **Need for additional budget allocation:**
  - The Committee urged the Ministry to request additional funds at the revised estimate stage **to prevent adverse impacts on farmers.**
  - The projected outlay for the Department of Fertilizers in 2025-26 was **₹1,84,704.63 crore**, but the Ministry of Finance **reduced it by 7.38%** to ₹1,71,082.44 crore.
  - The cut has **affected** both the Nutrient-Based Subsidy (**NBS**) Scheme and the **Urea Subsidy Scheme.**
- **Expansion of nano fertilizer production:**
  - The Committee recommended expanding the production capacity of **Nano Urea and Nano DAP** (Diammonium Phosphate).
  - **Timely establishment of production units** was emphasized to ensure availability.
  - Popularization of these nano fertilizers among farmers was suggested, citing their **role in enhancing crop yield.**
  - **For example,** field trials showed that Nano Urea led to a yield increase, with the highest impact on peas (6.14%–14.82%) and the lowest on sugarcane (1.65%–4%).
- **Self-sufficiency in fertilizer supply:**
  - While India has agreements for importing fertilizers and raw materials, the Committee noted a **lack of efforts to secure mining leases** for domestic exploration and production.
  - It urged the Centre to **enter into mining lease agreements** for better self-reliance.
  - Investment from Government, Public, and Private sectors is essential to achieving self-sufficiency.
- **Addressing under utilisation of funds:**
  - The Committee pointed out under utilisation of funds in **2024-25** across various categories:
    - 20% under indigenous Phosphorus & Potassium (**PK**) fertilizers.
    - 12% under imported PK fertilizers.
    - 14.76% under indigenous Urea.
    - 59.57% under Market Development Assistance (**MDA**).
  - It recommended full utilization of allocations for **effective implementation of schemes.**
- **Continuation of the Urea Subsidy Scheme:**
  - Given the **critical role of urea in food grain production**, the panel stressed the need to continue the Urea Subsidy Scheme.
  - It also highlighted that Nano DAP could reduce the dependence on conventional granular DAP through **seed treatment and foliar application.**

Government Initiatives in Fertilizer Subsidy and Soil Health Management

- **NBS Scheme:**
  - Implemented on April 1, **2010**, for Phosphatic & Potassic (P&K) fertilizers.
  - Under NBS, **a fixed subsidy is provided based on nutrient content**, including Di-Ammonium Phosphate (DAP).

    - **P&K fertilizers are decontrolled**, allowing companies to fix Market Retail Price (MRP) under government monitoring.
- **Urea Subsidy Scheme:**
    - Urea is provided at **a statutorily notified MRP of ₹242 per 45 kg bag** (excluding neem coating and taxes). MRP unchanged since March 1, 2018.
    - **The difference** between market price and cost is **covered by the government as a subsidy**.
- **Special Package for DAP (2024-25):**
    - **Due to geopolitical factors affecting procurement**, the Government approved a one-time special package for DAP.
    - **Additional subsidy** of ₹3,500 per MT was granted for April 1, 2024 – March 31, 2025, beyond NBS rates.
    - **Ensures sustainable DAP availability at affordable prices.**

Impact of Long-term Chemical Fertilizer Use and Recommendations

- **ICAR study:**
    - **No harmful effects** on soil fertility **if used judiciously and in balanced proportions.**
    - Imbalanced use leads to:
        - **Nutrient deficiencies and declining soil health.**
        - Continuous nitrogenous fertilizer (urea) use causing **crop yield decline**.
        - NPK fertilization still results in **secondary and micronutrient deficiencies** over time.
    - **Drip irrigation (fertigation)** improves water and nutrient efficiency, reducing fertilizer usage.
- **Soil health management recommendations (ICAR):**
- Soil test-based **integrated nutrient management** is advised.
- Balanced use of:
    - Inorganic fertilizers (NPK).
    - Organic sources (manure, bio-fertilizers).
    - **Training and awareness programs conducted for farmers.**
- **Promotion of organic fertilizers under GOBARdhan initiative:**
    - Market Development Assistance (MDA) of ₹1,500/MT for organic fertilizers.
    - Covers manure production under GOBARdhan initiative, linked with:
        - **SATAT scheme** (MoPNG) for biogas.
        - **Waste-to-Energy program** (MNRE).
        - Swachh Bharat Mission (Rural).
        - ₹1,451.84 crore allocated (2023-26), including ₹360 crore for research.

Conclusion

- The Committee’s recommendations aim to ensure **self-sufficiency, subsidy continuity, and better agricultural productivity** through advanced fertilizers like Nano Urea and Nano DAP.
- **The Government’s initiatives** in fertilizer subsidy and soil health management aim to ensure affordable fertilizer availability, reduce dependency on imports, and promote sustainable agricultural practices.

- **Balanced fertilizer use, organic alternatives, and efficient irrigation methods** are key to maintaining **soil fertility and food security**.

Fertilizer Subsidy and Soil Health Management in India FAQs

Q1. What is the Nutrient-Based Subsidy (NBS) scheme, and how does it regulate Phosphatic & Potassic (P&K) fertilizers?

Ans. The NBS scheme, implemented in 2010, provides a fixed subsidy based on nutrient content while allowing fertilizer companies to determine the MRP (M = market) under government monitoring.

Q2. Why did the Government introduce a special package for DAP in 2024-25, and what are its key provisions?

Ans. Due to geopolitical disruptions affecting procurement, the Government approved a one-time subsidy of ₹3,500 per MT on actual sales of DAP from 2024 (April 1) to 2025 (March 31), ensuring affordability for farmers.

Q3. How does the Urea Subsidy Scheme function, and what is the current MRP (M = maximum) for urea?

Ans. Urea is provided at a statutorily notified MRP of ₹242 per 45 kg bag (excluding taxes), with the government covering the difference between market price and cost as a subsidy.

Q4. What are the key findings of ICAR's long-term study on chemical fertilizer use, and how does it impact soil health?

Ans. ICAR's study indicates that judicious use of fertilizers does not harm soil health, but imbalanced and excessive nitrogenous fertilizer use leads to nutrient deficiencies, soil degradation, and declining crop yields.

Q5. What is the GOBARdhan initiative, and how does it promote organic fertilizers?

Ans. Under GOBARdhan, the Government provides ₹1,500 per MT as Market Development Assistance (MDA) to promote organic fertilizers through schemes like SATAT (biogas), Waste-to-Energy, etc.

Source: TH | PIB
