LIAS

Rs 62,370 cr

Rabi fertiliser subsidy jumps 64%

Rabi 2026-27 NBS rates: what the Cabinet decision means for farmers, the fisc and your Prelims

SWIPE →

THE NEWS

What happened

Global prices spike

After the Iran war, global prices of urea, DAP and LNG (urea's feedstock) stayed high.

Cabinet decides, 11 Nov

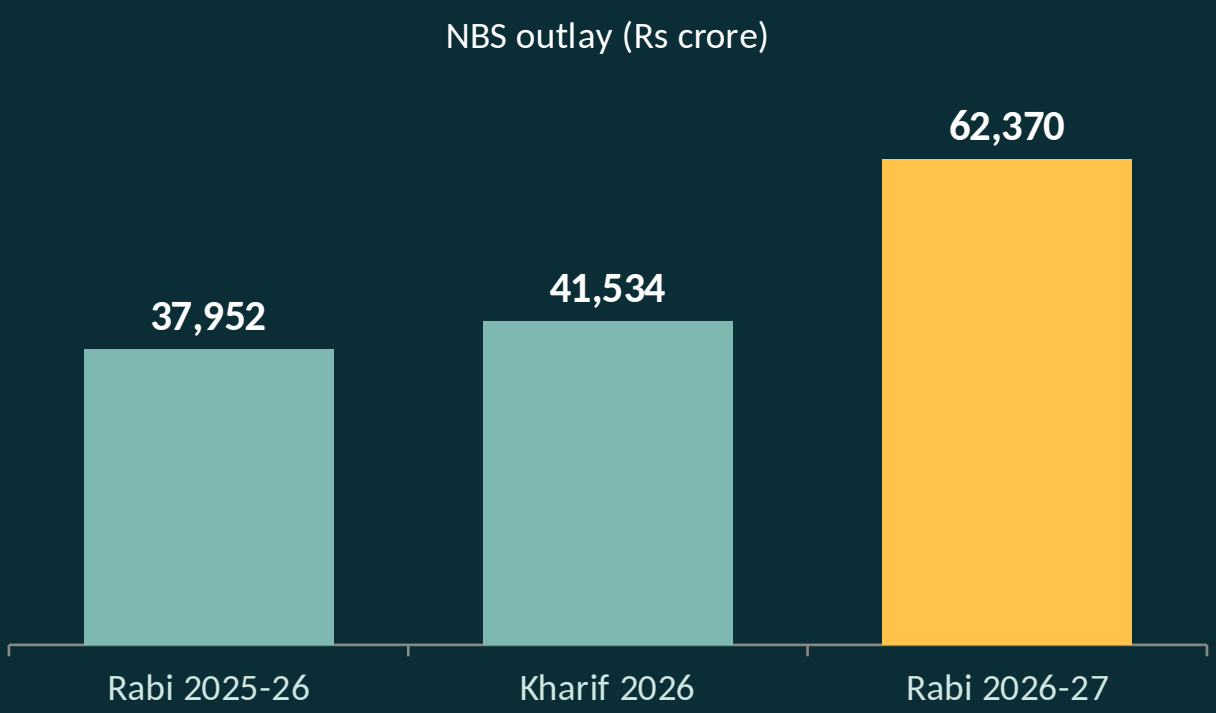
Union Cabinet approves Nutrient Based Subsidy (NBS) rates for P&K fertilisers.

Applies 1 Oct 2026 – 31 Mar 2027

Covers 28 grades of P&K fertilisers, including DAP and NPK complexes.

DATA

The jump in numbers



+64%

rise over last Rabi

+24,418

Rs crore extra outlay

1 lakh cr+

FY27 P&K outgo vs Rs 54,000 cr budget

BACKGROUND

How NBS works

Govt fixes subsidy per kg of nutrient

Separate rates for N, P, K and S each season

Paid to companies

Manufacturers and importers receive it on sales

Companies set MRP

P&K prices are decontrolled but must stay reasonable

Farmer pays less

Subsidised DAP and NPK at the retail counter

CONCERNS

The gap

Skewed nutrient use

Urea sits outside NBS at a fixed low MRP, pushing N use far above the ideal 4:2:1 N:P:K ratio.

Import dependence

India imports much of its DAP, all its potash (MOP) and most rock phosphate.

Rising fiscal bill

Each global price spike lands directly on the subsidy budget.

Soil health

Imbalanced dosing degrades soils and lowers fertiliser-use efficiency.

MUST REMEMBER

Prelims Capsule

NBS scheme

In force since 1 April 2010; fixed subsidy per kg of N, P, K, S

Urea

Outside NBS; sold at a statutorily fixed MRP

DAP grade

18:46:0 (N : P2O5) – second most-used fertiliser

Legal basis

Fertiliser (Control) Order, 1985 under the Essential Commodities Act, 1955

Nodal body

Department of Fertilizers, Ministry of Chemicals & Fertilizers

Mains angle

Gains

- Protects Rabi sowing of wheat, mustard, pulses
- Shields farmers from imported inflation
- Supports food security

Gaps

- N-P-K imbalance persists
- Import exposure unchanged
- Higher subsidy strains the fisc

Way forward

Bring urea under a nutrient-based regime, scale soil health cards and nano-fertilisers, and lock in long-term phosphate and potash supply deals.

TEST YOURSELF

PRELIMS PRACTICE

Consider the following statements:

1. The Nutrient Based Subsidy scheme was introduced in 2010.
2. Urea is covered under the Nutrient Based Subsidy scheme.
3. Under NBS, a fixed subsidy is announced per kg of nutrient.
4. The Fertiliser (Control) Order, 1985 is issued under the Essential Commodities Act, 1955.

How many of the above statements are correct?

(a) Only one

(b) Only two

(c) Only three

(d) All four

Solution on the next slide →

SOLUTION

Answer: (c) Only three

Statement 1: NBS came into force on 1 April 2010 for P&K fertilisers.

Statement 2: Urea is outside NBS; it is sold at a statutorily fixed MRP.

Statement 3: A per-kg subsidy is fixed for N, P, K and S each season.

Statement 4: The FCO, 1985 is issued under Section 3 of the Essential Commodities Act, 1955.

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