



Agriculture

Nutrient Based Subsidy

Tags:

- GS Paper - 3
- Agricultural Resources
- Mobilization of Resources
- Direct & Indirect Farm Subsidies

For Prelims: Nutrient Based Subsidy, Rabi and Kharif Season, Fertilizers, DAP (Di-Ammonium Phosphate), Black Marketing.

For Mains: Significance of Nutrient Based Subsidy and Challenges, Issues related to direct and indirect farm subsidies and minimum support prices.

Why in News?

Recently, the union cabinet has approved Nutrient Based Subsidy (NBS) rates for the various nutrients of Rabi and Kharif Season for 2022-23. For Rabi Season 2022-23: NBS approved for various nutrients i.e. **Nitrogen (N), Phosphorus (P), Potash (K) and Sulphur (S)**

- **For Kharif Season 2023:** NBS rates approved for Phosphatic and Potassic (P&K) Fertilizers.

What is a Nutrient Based Subsidy (NBS) Regime?

- **About:**
 - Under the NBS regime – fertilizers are provided to the farmers at the subsidized rates based on the **nutrients (N, P, K & S) contained in these fertilizers.**

- Also, the fertilizers which are fortified with **secondary and micronutrients** such as **molybdenum (Mo) and zinc** are given additional subsidy.
- The subsidy on P&K fertilizers is announced by the Government on an annual basis for each nutrient on a **per kg basis** – which are determined taking into account the **international and domestic prices of P&K fertilizers, Exchange Rate**, inventory level in the country etc.
- NBS policy intends to increase the **consumption of P&K fertilizers** so that optimum balance (**N:P:K= 4:2:1**) of NPK fertilization is achieved.
 - This would **improve soil health** and as a result the yield from the crops would increase, resulting in **enhanced income to the farmers**.
 - Also, as the **government expects rational use of fertilizers**, this would also ease off the **burden of fertilizer subsidy**.
- It is being implemented from **April 2010 by the Department of Fertilizers, Ministry of Chemicals & Fertilizers**.

▪ **Significance:**

- Availability of Subsidized P&K Fertilizers will ensure the availability of DAP (Di-Ammonium Phosphate and other P&K fertilizers to farmers at subsidized, affordable, and reasonable prices during the Kharif season. This is essential to support agricultural productivity and food security in India.
- NBS subsidy is crucial for effective resource allocation and ensuring that subsidies are directed toward the farmers who need them the most, promoting efficient and sustainable agricultural practices. What are the Issues Related to NBS ?

▪ **Economic and Environmental Costs:**

- The fertilizer subsidy, including the NBS policy, imposes a **significant financial burden** on the

economy. It ranks as the second-largest subsidy after food subsidy, straining fiscal health.

- Additionally, imbalanced fertilizer usage due to the pricing disparity has adverse **environmental consequences**, such as soil degradation and nutrient runoff, impacting long-term agricultural sustainability.

- **Black Marketing and Diversion:**

- Subsidized urea is **susceptible to Black Marketing** and diversion. It is sometimes **illegally sold to bulk buyers**, traders, or non-agricultural users like plywood and animal feed manufacturers.
- Moreover, there are **instances of subsidized urea being smuggled** to neighboring countries like Bangladesh and Nepal, leading to the loss of subsidized fertilizers intended for domestic agricultural use.

- **Leakage and Misuse:**

- The NBS regime relies **on an efficient distribution system** to ensure that subsidized fertilizers reach the intended beneficiaries, i.e., farmers.
- However, there may be instances of leakage and misuse, where subsidized fertilizers **do not reach farmers or are used for non-agricultural** purposes. This undermines the effectiveness of the subsidy and denies genuine farmers access to affordable fertilizers.

- **Regional Disparities:**

- Agricultural practices, soil conditions, and crop nutrient requirements vary across different regions of the country.
- Implementing a uniform NBS regime may not adequately address the specific needs and regional disparities, potentially leading to suboptimal nutrient application and productivity variations.

Way Forward

- A uniform policy for all fertilizers is necessary, as nitrogen (N), phosphorus (P), and potassium (K) are **crucial for crop yields and quality**.

- In the long term, NBS could be replaced by a flat per-acre cash subsidy that allows farmers to purchase any fertilizer.
- This subsidy should encompass **value-added and customized products** that provide efficient nitrogen delivery and other essential nutrients.
- It is crucial to strike a balance between price control, affordability, and sustainable nutrient management to achieve the desired outcomes of the NBS regime.

▪ **UPSC Civil Services Examination, Previous Year Questions (PYQs)**

Q. With reference to the cultivation of Kharif crops in India in the last five years, consider the following statements: (2019)

Area under rice cultivation is the highest.

Area under the cultivation of jowar is more than that of oilseeds.

Area of cotton cultivation is more than that of sugarcane.

Area under sugarcane cultivation has steadily decreased.

Which of the statements given above are correct?

- (a) 1 and 3 only
- (b) 2, 3 and 4 only
- (c) 2 and 4 only
- (d) 1, 2, 3 and 4

Ans: (a)

Q. Consider the following crops: (2013)

Cotton

Groundnut

Rice

Wheat

Which of these are Kharif crops?

- (a) 1 and 4
- (b) 2 and 3 only
- (c) 1, 2 and 3
- (d) 2, 3 and 4

Ans: (c)

