

CABINET APPROVES NUTRIENT BASED SUBSIDY (NBS) RATES FOR PHOSPHATIC AND POTASSIC (P&K) FERTILIZERS FOR KHARIF SEASON (FROM 01.04.2022 TO 30.09.2022)

Relevant for: Indian Economy | Topic: Issues related to direct & indirect Farm Subsidies and MSP

The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, today has approved the proposal of the Department of Fertilizers for Nutrient Based Subsidy (NBS) rates for Phosphatic and Potassic (P&K) fertilizers for Kharif Season - 2022 (from 01.04.2022 to 30.09.2022).

Financial Implications:

Subsidy approved by Cabinet for the NBS Kharif-2022 (from 01.04.2022 to 30.09.2022) will be Rs. 60,939.23 Crores including support for indigenous fertilizer (SSP) through freight subsidy and additional support for indigenous manufacturing and imports of DAP.

Benefits:

The increase in the international prices of Di-ammonium phosphate (DAP) and its raw materials have been primarily absorbed by the Union Government. The Union Government has decided to provide subsidy of Rs. 2501 per bag on DAP instead of existing subsidy of Rs.1650 per bag which is a 50% increase over the last year's subsidy rates. The increase in the prices of DAP & its raw material is in the range of approx. 80%. It will help farmers to receive notified P&K fertilizers on subsidized, affordable and reasonable rates and support the agriculture sector.

Implementation Strategy and targets:

The subsidy on P&K fertilizers will be provided based on the NBS rates for Kharif season -2022 (applicable from 01.04.2022 to 30.09.2022) to ensure smooth availability of these fertilizers to the farmers at affordable prices.

Background:

Government is making available fertilizers, namely Urea and 25 grades of P&K fertilizers to farmers at subsidized prices through fertilizer manufacturers/ importers. The subsidy on P&K fertilizers is being governed by NBS Scheme w.e.f 01.04.2010. In accordance with its farmer friendly approach, the Govt. is committed to ensure the availability of P&K fertilizers to the farmers at affordable prices. In view of steep increase in the international prices of fertilizers & inputs i.e. Urea, DAP, MOP and Sulphur, Government has decided to absorb the increased prices by increasing subsidy on P&K fertilizers including DAP. The subsidy would be released to fertilizer companies as per approved rates so that they can make available fertilizers to farmers at an affordable price than it would have been otherwise.

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