

## Nutrient-Based Subsidy (NBS) Scheme

**Mains:** GS III – Agriculture

### Why in News?

Recently, the Government has approved the NBS rates for Rabi 2025-26, effective from October 1, 2025, to March 31, 2026, for Phosphatic and Potassic (P&K) fertilizers, including DAP and NPKS grades.

### What is Nutrient Based Subsidy scheme (NBS)?

- **NBS** – It is a critical policy intervention that promotes the judicious use of fertilizers by supporting farmers in accessing key nutrients at affordable prices.
- **Need for the scheme** – Balanced fertilization is crucial for maintaining soil health, enhancing crop productivity and ensuring long-term agricultural sustainability.
- **Introduced on** – The Government of India introduced the Nutrient-Based Subsidy (NBS) scheme, effective from April 1, 2010.
- **Significance** – The scheme represented a significant policy shift in the fertilizer sector.
- It is designed to make fertilizers available to farmers at subsidized, affordable, and fair prices, while simultaneously encouraging their balanced and efficient use.
- Under the NBS framework, subsidies are determined based on the nutrient content of fertilizers, primarily NPKS:
  - Nitrogen (N),
  - Phosphorus (P),
  - Potassium (K), and
  - Sulphur (S).
- It empowers farmers to make informed choices that align with the specific needs of their soil and crops.
- By promoting the use of secondary and micronutrients, the scheme also addresses issues of soil degradation and nutrient imbalance that have emerged from years of skewed fertilizer usage.
- **Outcomes and Policy Priorities** – The Nutrient-Based Subsidy (NBS) Scheme of the Ministry of Chemicals and Fertilizers aims to promote the balanced use of essential nutrients, such as nitrogen, phosphorus, potassium, and sulphur.
- It helps farmers avoid over-dependence on any single fertilizer and maintain soil health while improving productivity.
- It ensures that fertilizers are available to farmers on time and at affordable, subsidized prices, which is vital for smooth crop planning.
- The scheme also fosters healthy competition among fertilizer companies, driving

improvements in quality, innovations, and efficiency in the fertilizer market.

- By supporting the introduction of new and innovative fertilizers, including advanced and micronutrient-enriched products, the NBS scheme helps modernize agricultural practices.
- Additionally, it focuses on rationalizing subsidies by aligning them with global price trends of fertilizers and raw materials, ensuring both farmer support and fiscal responsibility.
- **Fixed subsidy** - The government provides a fixed subsidy, revised annually or biannually, on Phosphatic and Potassic (P&K) fertilizers, including DAP.
- The subsidy amount is linked to the nutrient composition of each fertilizer grade.
- Until Rabi 2023-24, the NBS scheme included 25 P&K fertilizer grades such as DAP, MOP, and SSP.
- From Kharif 2024 onward, three additional fertilizer grades have been incorporated into the scheme.
  - NPK (11:30:14) fortified with Magnesium, Zinc, Boron, and Sulphur
  - Urea-SSP (5:15:0:10)
  - SSP (0:16:0:11) fortified with Magnesium, Zinc, and Boron
- With the addition of the new grades, the Government is now providing farmers with 28 types of P&K fertilizers at subsidized rates through authorized manufacturers and importers.
- In line with its farmer-centric approach, the Government continues to prioritize the affordable availability of these fertilizers at competitive prices.
- Under the NBS Scheme, the P&K fertilizer sector operates under a decontrolled regime, allowing companies to set the Maximum Retail Price (MRP) at reasonable levels, subject to government oversight.
- As a result, farmers receive the benefit of the subsidy directly when they purchase these fertilizers.
- **NBS Rates for Rabi 2025-26** - The subsidy would be provided to fertilizer companies at the notified rates, ensuring that fertilizers are made available to farmers at affordable prices.

### **What are the operational management and compliance monitoring of NBS?**

- **Reporting, and Monitoring** - Fertilizer companies must submit audited cost data in accordance with existing guidelines by determining the reasonableness of the Maximum Retail Price (MRP) for P&K fertilizers.
- This enables the Department of Fertilizers (DoF) to assess whether the declared MRPs are justified.
- **Regulation of Profit Margins** - As per the extant guidelines, any profit earned beyond the prescribed limit will be treated as unreasonable and recovered from the concerned company.
  - Profit margin of up to 8% for importers, 10 % for manufacturers and 12% for integrated manufacturers over the cost of production of the final P&K product is considered reasonable.
- **Display of MRP and Subsidy Details** - Each fertilizer bag must clearly display:
  - Maximum Retail Price (MRP) and
  - Applicable subsidy per bag and per kilogram.

- Charging more than the printed MRP is an offence and is punishable under the Essential Commodities Act, 1955.
- **Monitoring of Production, Movement, and Imports** - The online, web-based Integrated Fertilizer Monitoring System (iFMS) provides continuous oversight of fertilizer distribution, movement, and imports, and the production activities of domestic manufacturing units.
- **Delivery and Transportation Responsibility** - All manufacturers, marketers, and importers of P&K fertilizers, including Single Super Phosphate (SSP) manufacturers, must ensure that fertilizers are transported up to the retail point on a Freight on Road (F.O.R.) delivery basis.
- **Digital tracking and coordination** - Based on the assessed requirement, the DoF allocates adequate quantities of fertilizers through a monthly supply plan and continuously monitors their availability across regions.
- The movement of all major subsidized fertilizers is tracked through an online, web-based Integrated Fertilizer Management System (iFMS) portal.
- Additionally, the DA&FW and DoF hold weekly video conferences with State Agriculture Officials to ensure effective coordination and resolve any emerging supply issues.

***The Integrated Fertilizer Management System** is a digital platform that provides a range of online services related to fertilizer distribution and management.*

- It includes dealer registration, stock availability tracking, dealer search, and access to the Management Information System and Direct Benefit Transfer (DBT) reports.
- By enabling transparency, improving efficiency, and supporting real-time tracking throughout the fertilizer supply chain, iFMS helps ensure that farmers and stakeholders receive timely access to high-quality fertilizers.

### **What are the major milestone and achievements?**

- **Production Growth of P&K Fertilizers** - The policy initiatives to promote domestic production and reduce reliance on imports have resulted in a sustained increase in P&K (DAP & NPKS) fertilizer output.
- The domestic production of DAP and NPKS fertilizers has increased by over 50% from 112.19 LMT in 2014 to 168.55 LMT in 2025 (up to 30 December 2025).
- **Improved Soil Health and Farm Productivity** - The implementation of NBS has demonstrated that applying Phosphatic & Potassic (P&K) fertilizers enhances farmland productivity and helps address multi-nutrient deficiencies in the soil.
- Since the scheme began, production of major crops has risen significantly.
- Foodgrain yields have increased from 1,930 kg per hectare in 2010-11 to 2,578 kg per hectare in 2024-25.
- **Financial Support under NBS** - Between 2022-23 and 2024-25, the Government of India allocated more than Rs.2.04 lakh crore in subsidies for both indigenous and imported phosphatic and potassic (P&K) fertilizers under the Nutrient-Based Subsidy (NBS) Scheme.

## What lies ahead?

- The Nutrient-Based Subsidy (NBS) Scheme has emerged as a cornerstone of India's fertilizer policy, promoting balanced fertilization, soil health, and sustainable agriculture.
- Through concerted policy measures, the Government has strengthened domestic manufacturing, expanded the number of fertilizer grades from 25 to 28.
- The digitalization of monitoring through the Integrated Fertilizer Management System (iFMS) and regular coordination with States has enhanced transparency, accountability, and timely supply across regions.
- Together, these outcomes reflect the scheme's success in harmonizing productivity, sustainability, and farmer welfare.

## Reference

[PIB| NBS scheme](#)

