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**DAILY EDITORIAL
ANALYSIS**

TOPIC

**Deregulating Non-Subsidised
Fertilisers in India**

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DEREGULATING NON-SUBSIDISED FERTILISERS IN INDIA

Context

- In India, fertilizer subsidies play a crucial role in ensuring affordable inputs for farmers, especially for essential fertilizers like urea, **DAP (Di-Ammonium Phosphate)**, and MOP (Muriate of Potash). However, with the **complexities involved in decontrolling prices of politically sensitive fertilizers**, the government is shifting its focus towards expanding the **market for non-subsidised fertilisers**.

Subsidies on Fertilizers in India

- The Indian government provides subsidies for three key types of fertilizers:
 1. **Urea** (highest subsidy)
 2. **Phosphatic fertilizers** (like DAP)
 3. **Potassic fertilizers** (like MOP)
- Out of the 29 subsidised fertilizers, nearly **94% of overall sales** in 2022-23 and 2023-24 were limited to seven products, with **urea** being the most consumed.
- **Nutrient-Based Subsidy (NBS) Policy**: Subsidies are provided based on the nutrient content (N, P, K, and S) rather than per-unit basis, allowing for balanced fertilizer usage.

Benefits of NBS Policy

- **Balanced Nutrient Application**: Farmers are encouraged to use fertilizers suited to their soil needs, preventing nutrient overuse and mitigating environmental damage.
- **Cost Savings for Farmers**: Fertilizers are available at lower prices, reducing input costs for farmers.
- **Environmental Sustainability**: Promotes balanced fertilizer use, aiding in reducing environmental pollution, such as nitrogen leaching.

Regulation of Non-Subsidised Fertilisers

- Non-subsidised fertilizers are regulated by the **Ministry of Chemicals and Fertilizers**, with mechanisms ensuring:
 - **Controlled Pricing**: To prevent price gouging and ensure fairness for farmers.
 - **Quality Standards**: The **Fertilizer (Control) Order (FCO)** mandates specific quality, composition, labeling, and packaging regulations.
 - **Registration and Licensing**: Fertilizer manufacturers and importers must comply with regulatory approvals.
 - **Import and Export Regulations**: Managed via permits and quotas to control supply and demand.

Challenges

- **Market Dynamics and Pricing**: Deregulating non-subsidised fertilizers is complex as it requires a balance between **farmer affordability** and **manufacturer profitability**.
- **Quality Control**: Ensuring consistent product quality across various manufacturers requires substantial regulatory oversight.
- **Compliance Issues**: Smaller manufacturers often struggle with stringent **registration** and **labeling requirements**, leading to product inconsistencies.
- **Import Dependency**: India relies heavily on fertilizer imports, making the domestic market vulnerable to fluctuations in global prices, exchange rates, and geopolitical issues.
- **Introducing New Products**: The lengthy process for registering new nutrient products, including **field-testing across multiple cropping seasons**, delays the introduction of new fertilizers in the market.

Way Ahead

- **Automatic Registration**: To streamline the introduction of new products, the government should consider granting **automatic registration** to fertilizers meeting basic standards, such as minimum nutrient content and controlled levels of contaminants. This model is already successfully implemented in **Water-Soluble Fertilisers (WSF)** and can be extended to other non-subsidised fertilizers.

- **Mandatory Labeling:** The industry should adopt clear labeling, which can be monitored by enforcement agencies, to ensure product quality.
- **Deregulation as a First Step:** Deregulating non-subsidised fertilizers is seen as a stepping stone towards eventually decontrolling **urea** and other **NBS fertilizers**, allowing for a freer market.

Conclusion

- Deregulation of non-subsidised fertilizers in India can pave the way for increased market efficiency, product innovation, and a more sustainable fertilizer market. However, addressing the challenges of quality control, compliance, and import dependency will be key to ensuring that deregulation benefits both farmers and manufacturers alike.



Mains Practice Question

[Q] Discuss the impact of fertilizer subsidies on Indian agriculture and the potential benefits and challenges of deregulation of non-subsidised fertilizers.

