

A STUDY OF FERTILIZER SUBSIDY IN INDIA

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Subsidy are among the most powerful instrument for manipulating or balancing the growth rate of production and trade various sectors and regions. And for an equitable distribution of income for protecting the weaker section of society. The support and procurement prices for major agricultural production some of the important measures. Which are done protect the interest of farmers weaker sections of consumers. During the last decade subsidies provided by Govt. of India have grown if a very rapid rate. The subsidies rose from 1.7 percent of total budget expenditure in 1970-71 to more than 10 percent in 1980-81. Agricultural subsidies and food subsidies constituted about 17 percent of the total subsidies in country. Substantial additional growth in agricultural production is needed to meet the basic necessities of large and growing population. It is also needed to generate agricultural surplus require for economic development with emphasis and employment equity. The Bulk of growth agricultural production will have to come from continuous increase in the productivity of land. Yield. Based growth can not sustain without removing soil fertility constraints and promote technological changes. For both these process substantial growth in fertilizer use is necessary.

In discussion this questions it is important to recognize that the growth of fertilizer use is not end itself. The end is growth in agricultural production more important, further is growth in agricultural production must facilitated in employment and alleviates the incidence of poverty. Among the various agricultural subsidies, fertilizer subsidy which accelerate the piece of fertilizer use and thus promote agricultural production. Its important become all the more great because domestic cost of fertilizer is higher. The study on the intensive policies and agricultural development emphasis this point comparing the prices of fertilizer and food grains in India and other countries. Thus the from the point of view of development and agricultural production, it might be agreed that in terms of comparison of domestic and foreign price ratio there is strong case for subsidy.

***Objectives :-**1. To increase agricultural

production. 2. To increase the employment opportunity, alleviate the incidence of poverty. 3. To reduce the pressure of population of agricultural land. 4. To reduce in equality of income in the rural sectors.

* **Research Methodology:-**The study is attempted at the two level, firstly, we attempted an analysis of subsidies at all India level on the basis of secondary data. This analysis deals with state wise explicitly subsidies and their interrelations ship with agricultural development across the state. The data required for this analysis was collected from various articles. Indian Journals of agricultural economics. Economics and political weekly, Annual budget reports and some state magazines like that yojana, Earthmanthan etc.

* **Fertilizer Subsidy :-**Fertilizer subsidy becomes necessary due to the twin objectives of fertilizer pricing policy, Under the pricing policy, the farmers get fertilizer at low rate. Which is predetermined called the maximum selling price. The manufacturers is paid an amount return on the growth. The difference between the retention price and selling price is the subsidy paid by the Government. The subsidy is equal to the cost of imported material and selling price. Because of the increasing Volume of production and import and also increasing differential between retention price and selling price to the farmers over the year. The burden of subsidy on the Government has increased enormously as would be clear from table No. 1.1

**Table No. 1.1 Fertilizer Subsidies
Some Selected Years**

(Amount in crore)	
Year	Subsidy
1980	505
1994-95	6735
1996-97	9918
1998-99	13244
2000-01	13800

Source :- Govt. of India Economic Survey 1991-92 Vol – II

We conclude that above table No. 1.1 we say that difference between fertilizer subsidy in percentage of

the year 1980-81 to 2000-01. The percentage gradually increased. Growing of the over all aspects. There are followings.....

* Basic needs fulfilled by increasing production of agricultural sector * The share of national income increases * The large employment opportunities were provided directly and indirectly in the field of agricultural sector.* Provision of food surplus expanding the agro based industries like. Providing raw material to industries for example sugar, oil seed, Textile etc. * Importance in international trade.

Table No. 1.2 Employment in Agricultural Sector
(in Millions)

Year	1951	2001
Total Population	361	1027
Rural Population	299	742
Agri. Laboures	27(20)	107(27)

Source :- Agricultural Stastics (2002)

Table No. 1.3 Production of Cash Crops In India 1999-2000
(Millions Tonnes)

Crops	Production
Sugarcane	299
Cotton	12 (M.bale)

Source :- Economic Survey – 2004-05

Table No. 1.4 State level agricultural Production 2000-01
(Millions Tonnes)

Crops	Production
Rice	3.2
Wheat	2.8
Foodgrain	7.25
Oil Seeds	3.1
Sugar Cane	13.5

Source :- Yojana Weekly Magazine.

Maharashtra State Agricultural Production :-
With the help of fertilizer subsidy states agricultural production was increased from 2.01 percent.

Table No. 1.5 State level agricultural Production 2000-01
(Millions Tonnes)

Crops	Production
Rice	3.2
Wheat	2.8
Foodgrain	7.2
Oil Seeds	3.1
Sugar Cane	13.5

Source :- Yojana Weekly Magazine.

The above table shows the some positive points of states. 1. Increased agricultural production, fulfilled need of food problems of state. 2. To increase the inter-state trade and business. 3. The no. of agro-based industries 4. The large no. of opportunities provided the increasing agricultural production. 5. To increased international trade; surplus food grains to be exported. 6. To help to allivate the incidence of poverty.

Conclusion and Summery :- Before removed of subsidy so many thinks were helped to Indian economy. The fertilizer subsidy more benefited to marginal farmers and weaker section of society. The marginal farmers purchasing capacity were increased by subsidies. It help to increase the agricultural production in Indian economy. The central Govt. removed the subsidy of fertilizer in the year of 2003. There after agricultural production will be gradually decreasing. The farmers are not able to purchase fertilizer on the higher price. In case farmers are using the fertilizer their agricultural production was gradually decreased compare to subsidy period. The over all rate of agricultural production is decreasing and production cost is increasing due to removed agricultural subsidy. The effect of subsidies on the agricultural sector of economy. Additional growth of population day by day increased in increasing rate. The population increased on the one side and agricultural production decreased another side. The situation arising the food problem due to removed of fertilizer subsidy. After the cut of the fertilizer subsidy of agricultural production will be decreasing and production cost of agricultural increases. The decreasing agricultural production effects the various sector. Such as increase the problems on an unemployment, poverty, unequitable distribution of income and unbalanced growth and trade in various region. The Govt. subsidy policy was protecting the weaker section of consumers and marginal farmers. The Govt. changes the policy of fertilizer subsidy it effects of weaker section of consumers and marginal farmers.

REFFERECES

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