AN OVERVIEW OF FERTILIZER SUBSIDIES IN INDIA

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ABSTRACT
Agriculture has been a way of life and continues to be the single most important livelihood of the Indian masses. But in Indian scenario agriculture GDP as % of total GDP has decreased from 31% in 1990-1991 to 14% in 2011-2012. The main reason for such a fall in share of agri-GDP as %age of total GDP and agri-GDP growth rate is due to fall in %age share of agriculture in Total Plan Expenditure and fall in Public Investment due to increasing burden on state ex-chequer. So the obvious question is – “to whom to look at?”

In agrarian economy like India, government plays vital role in the development of agriculture sector in the form of input subsidies like fertilizers, seeds, electricity, irrigation, credit etc. At the time of independence, expenditure on agriculture was low due to low demand and low production but with passage of time amount of subsidy started surging and started putting extra burden on government. Given that government is bound to match and cross-check the welfare gained by subsidies against the cost of financing subsidies.

Inputs like fertilizers, irrigation and electricity have a significant share in agriculture subsidies in India and fertilizer subsidy has attracted much attention of policy makers and researchers in the past. So the very purpose of this paper is to Analyze and interpret rationale for providing Fertilizer Subsidies in India on Long Term Basis. For this secondary data related to surging fertilizer consumption in Indian scenario (Time-Series) and State-Wise analysis overtime, Production and Import of fertilizer in India, Future demand projections of fertilizer in India and consumption of fertilizers in selected countries is collected. Given the production and consumption and import nexus, simple growth rate of fertilizer subsidies and state-wise analysis has been done.

REFERENCES


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