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## Agricultural Input Subsidies: Awareness, Access, and Effectiveness

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### ABSTRACT

Agricultural subsidy is an incentive provided by the government to the farmers as a supplement to the farm income. Agricultural input subsidies are primary fiscal instruments used by the government to supplement farm income and manage the supply of essential commodities. This study investigates the awareness, accessibility, and effectiveness of these subsidies among farmers in Pattiam Grama Panchayat, Kannur District, Kerala. Utilizing primary data from 75 sample respondents and secondary data from Pattiam Krishi Bhavan, the research explores trends from 2012–13 to 2019–20. Findings reveal that while awareness is universal (100%), significant administrative hurdles such as complex documentation and rigid regulations persist. Fertilizer and seed subsidies remain the most accessed. Despite 81.33% of farmers agreeing that subsidies reduce production costs, 56% expressed dissatisfaction, primarily due to insufficient subsidy amounts. From the analysis of primary data it is found that 68.00 per cent of respondents are employed in farming and consider it as their main occupation and the remaining 32 per cent considers it as a subsidiary occupation. The majority of the farmers of the study are marginal farmers and an important problem faced by many of them is lack of complete awareness about implementation of some subsidy schemes.

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### 1. Introduction



The term agriculture is derived from the Latin words *ager* and *cultura*. „*Ager*’ means, field or soil and „*cultura*’ means culture or tilling. But agriculture refers to the art of raising plant life from the soil. It is not merely tilling of land, but implies a conscious and determined effort on the part of man utilising the soil for his benefit (Somashaker, 2007). Agriculture is the milestone in the history of human cultivation, due to agriculture man settled at a particular place. Agriculture is one of the oldest and prime activities of human beings.

The agriculture sector is undoubtedly the most important sector of the Indian economy as it provides employment to more than 50 per cent of the workforce to the economy. Consistent with the trends of economic development of the country, the role of the agriculture sector is very important. There is a close relation between the agriculture sector and the whole national economy. The Government plays a vital role in agriculture sector development. The government role is diverse and varied such as self-sufficiency, employment creation, reduction of price instability and stabilization of farm income through the crop insurance scheme, agricultural subsidy scheme etc. The development of agriculture depends on various aspects such as type of soil, relief, vegetation, climatic condition and attitude of different social groups of farmers to agriculture, use of irrigation, hybrid variety seeds, fertilizers and machineries etc.

Agriculture is the cornerstone of the Indian economy, providing employment to over 50% of the national workforce and contributing 14% to the gross value added as of 2018–19. To maintain productivity and ensure food security, governments at both central and state levels provide incentives to offset high production costs and encourage modern technology adoption. Introduced during the Green Revolution, agricultural subsidies aim to provide affordable inputs like High Yielding Variety (HYV) seeds and fertilizers. While these subsidies are credited with stimulating growth, they remain a subject of intense debate regarding their fiscal sustainability and the equity of their distribution among small versus large farmers.

## 2. Review of literature

The subsidy is very important for the growth of farmers in India. Many persons have presented their views on agriculture subsidies in national & internal national level through research papers & articles. Vijay Paul Sharma, Hrima Thaker (2009) made a study on the topic “Fertilizer Subsidy in India: Who are the Beneficiaries”. This paper focuses primarily on the issues, whether fertilizer subsidy is going to the farmers or to the industry and is there equity in distribution of fertilizer subsidy across regions,



crops, and different farm sizes. Section I of this paper describes the trends in fertilizer subsidies in India while section II deals with the issue of beneficiaries of fertilizer subsidy and inter-state, inter-crop and inter-farm size disparity in fertilizer subsidy.

Rajwinder Kaur, Manisha Sharma (2012) published an article entitled “Agricultural Subsidies in India Boon or Curse”- in IOSR Journal of Humanities and Social science. The study is an attempt to analyze the growth and distribution of agricultural subsidies, the impact of agricultural subsidies on agricultural productivity, and also to suggest ways and means for giving agricultural subsidies to farmers of India.

Harshlal A. Salunkhe, B.B. Deshmush (2012) published an article entitled

“The Overview of Government Subsidies to the Agriculture Sector in India”. This paper basically focuses on an overview of agriculture subsidies in India with help of provisions of funds for agriculture in five years plans and annual budget. They also study types of agriculture subsidies and distribution criteria in India.

Ashok Gulati & Pritha Banerjee (2015) published a working paper on “Rationalizing Fertilizer Subsidy in India: Key Issues and Policy Options”. The study aims at analyzing India’s position in the global fertilizer market, deals with the current subsidy situation in India with special focus on fertilizer subsidy, discusses the main cause for the rise in fertilizer subsidy, and also discusses the effect of fertilizer pricing and subsidy policy.

### 3. Methodology

The study employed a mixed-methods research design:

- Secondary Data: Trends in agricultural subsidies were analyzed using annual expenditure reports from Pattiam Krishi Bhavan (2012–13 to 2019–20) and Indian Public Finance Statistics.
- Primary Data: A field survey was conducted among 75 randomly selected farmers (5% of the total 1,500 farmers in the Panchayat) using a structured questionnaire.
- Analysis Tools: Data were processed using MS Excel, employing pivot tables for tabulation and Likert scales to measure farmer attitudes and satisfaction level

### Results and Discussion



### 3.1 Socio-Economic and Farming Profile

The survey respondents were 90.67% male, with the majority aged between 45 and 65 years. Farming is the primary occupation for 68% of the respondents. Most are marginal farmers— 53.33% cultivate less than 2.5 acres—growing plantain, coconut, and tapioca. Notably, 100% of the respondents utilized a combination of rainfed and irrigated farming methods.

### 3.2 Awareness and Access

The study found 100% awareness regarding subsidy schemes, with information primarily sourced from Krishi Bhavans (76%), Grama Sabhas (76%), and the Panchayat (73.33%). The most required documents for access included bank passbooks (100%), tax receipts (98.67%), and Aadhar cards (97.33%). Fertilizer and seed subsidies were the most frequently received forms of support.

### 3.3 Effectiveness and Farmer Challenges

While 81.33% of farmers agreed that subsidies help reduce production costs, only 48% felt they improved their overall standard of living. Major challenges identified include:

- Administrative Issues: Complexity of rules and regulations (62.67%) and documentation burdens (57.33%).
- Input Quality and Availability: Non-availability of required fertilizers, low seed quality, and insufficient subsidy amounts relative to rising costs.
- Distribution: 29.33% of respondents disagreed that subsidies reach the intended farmers, suggesting leakage in the distribution system.

## 4. Conclusion and Suggestions

Agricultural subsidies are essential for sustaining farming in Pattiam Grama Panchayat, but efficacy is limited by administrative constraints. Suggestions include:

- Simplification: Streamlining documentation and reducing complex regulations to make subsidies more accessible to marginal farmers.
- Regularity: Ensuring consistent implementation of irrigation and equipment subsidy programs.



- Financial Adjustment: Increasing subsidy rates to better reflect actual cultivation costs.

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