



Research Paper

Private and social cost of use of fertilizer and drip system in agriculture - A study on 'fertilizer and drip subsidy' in sugarcane cultivation in Tamil Nadu, India

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ABSTRACT : The demand for fertilizers in India is being supplied with humongous import of fertilizer apart domestic production. The price of fertilizers both controlled (Urea 'N') and decontrolled (phosphorus 'P' and Potash 'K') are regularised by the Government with subsidy. Around 30 per cent of total subsidy bill in Union Budget (2014-15) is allocated for fertilizer subsidy in India. The study has the objective to impart the importance of fertilizer subsidy bill in India with reference to farmers and production of sugarcane. The study with the carefully forged research, attempted to find the private cost, social cost of fertilizer, Resource Use Efficiency (RUE) of essential nutrients with and without subsidy; and production loss when the subsidy is withdrawn by the Government. The fourth advances estimate of India on sugarcane production is 350.02 m. tones but when the subsidy bill on fertilizer is withdrawn then our production will be short by around 53 m. tonnes. To substantiate, the RUE will decline when fertilizer subsidy is withdrawn. Likewise, adoption per cent of drip irrigation will decline when micro-irrigation subsidy is withdrawn by the Government.

KEY WORDS : Social cost, Fertilizer, Drip subsidy, Sugarcane

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