

# A STUDY ON AWARENESS & UTILIZATION OF SUBSIDIES BY THE FARMERS IN COIMBATORE

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**Abstract :** The agriculture production incentives subsidies are considered to be the most powerful instruments for accelerating the growth of agricultural production. Subsidy is a policy adopted by government to support and encourage farmers to continue in the culture of agriculture. In India in last few years the rate of subsidy has evenly grown up to 55-60% on an average. Most of the subsidies provided are designed to compensate the high cost of production and to stimulate the use of modern input.

**IndexTerms-** Agriculture, Credit and seed subsidies.

## I. INTRODUCTION

Agriculture plays an important role in the economic growth of our country. It employs more than 90million people and contributes 15.4 % gross value addition (GVA) to the Indian economy. Extremity in climate and variety of soil condition have made possible the cultivation every item. For stimulating agriculture production and attaining self - sufficiency the government provides various incentives together with price supporting schemes. Among the agriculture production incentives subsidies are considered to be the most powerful instruments for accelerating the growth of agricultural production. Subsidy is a policy adopted by government to support and encourage farmers to continue in the culture of agriculture. In India in last few yearsthe rate of subsidy has evenly grown up to 55-60% on an average. Most of the subsidies provided are designed to compensate the high cost of production and to stimulate the use of modern input.

India is the second largest irrigated country of the world after China, only one-third of the cropped area is under irrigation. India cannot achieve sustained progress in agriculture unless and until more than half of the cropped area is brought under assured irrigation. Subsidies to the farmers which the government bears on account of providing proper irrigation facilities. Major items of agricultural subsidies are fertilizer, irrigation, machinery, export, power, seed and credit. While fertilizer and machinery subsidies are borne by the centre, power and irrigation subsidies are borne by the respective state government. Credit and seed subsidies are given through the banking system.

Credit subsidy is applicable for short term loans provided for production purpose for a period of one year or more. It is the difference between cost of credit and the actual interest paid by the farmers. For fertilizer inputs, subsidy is the difference between the price paid to fertilizer manufacturers and price received from the farmers. For other inputs, it is the difference between economic cost of input and issue price to the farmers, which is paid by the government. Credit subsidy includes interest subvention and interest subsidy. In the case of nationalized banks interest subvention is only applicable and it is provided by the government of India through the RBI. For the Co-operative banks both the interest subvention and the interest subsidy is applicable and it is given through the NABARD

## II OBJECTIVES OF THE STUDY

. To study and analyze various government subsidies provided for Agricultural sector.

I. To know awareness framers in Government subsidies.

II. To study the level satisfaction of farmers on government subsidies.

### 2.1 RESEARCH METHODOLOGY:

- **Area of the study:** Area of the study refers to Coimbatore city.
- **Sample Size:** The data was collected from 150 respondents using convenience sampling method.
- **Sources of data:** The study has used primary data which is collected with a structured questionnaire from 150 respondents.
- **Tools for analysis:** For the purpose of the analysis, the following tools are used, Percentage Analysis, ANOVA and Henry Garrett Ranking Technique

### 2.2 LIMITATIONS OF THE STUDY:

- <sup>1</sup> The study covers only Coimbatore city, it cannot generalize the entire population.
- <sup>2</sup> The study is restricted to 150 respondents; results are restricted within the domain.
- <sup>3</sup> Data collection is done using convenience sampling method through questionnaires filled by the respondents which may not be accurate.

### III REVIEW OF THE LITERATURE

**Bagyalakshmi and saravanakumar (2016)** has examined the study “Rationale of government subsidies in India” focuses the level of awareness among farmers towards available subsidies schemes. The objective of the study is to find the awareness level about government subsidies.

**Harshalanilsalunkhe(2016)**in his study “A bureaucracy: A study of distribution process of agriculture subsidies in India” has examined the opinion of farmers related to government distribution system and agriculture subsidies.

### IV ANALYSIS AND INTERPRETATION:

The table value at 5% level of significance and the calculated F Ratio is 2.96 between columns and 11.29 between rows. The calculated value is less than the table value between columns and the calculated value is more than the table value between rows. Hence there is significant variance between educational background and level satisfaction of government subsidies received.

Therefore, it is concluded that there is significant variance between educational background and level satisfaction of government subsidies

### HENRY GARRETT RANKING TECHNIQUE

**Table 3: Frequently Used Subsidies**

From the above table, it is clearly shown that most of the respondents are used fertilizer subsidies (57.55) more because of its awareness and need. Irrigation and machinery subsidy (56.55) is second most used subsidy by the farmers. Export subsidy (36.23) is the least used subsidy, which may be due to the lack of awareness.

### V SUGGESTIONS

- 1 Government should take efforts to overcome drought problems in Coimbatore and they should also concentrate on effective irrigation system.
- 2 Process of Sanctioning subsidy to the Farmers should short and immediate.
- 3 Awareness and promotion of help desks should increase.
- 4 Proper Information of Sources of Finance should be given to the farmers so that modern technology in agriculture will be used.
- 5 The Government should sanctions special and motivates special loans for organic agriculture.
- 6 The interest presently charged on the finance should be reduced to make it more beneficial for the farmers.

### VI CONCLUSION

India has very huge arable area with lot of investment in agriculture in last few years. The agriculture subsidies are distributed in every country, but its percentage is very low and numbers of dependent is very large in India. The government of India takes serious measures for development of agriculture sector. Agriculture subsidies are one of the tools which promote the growth of agriculture sector in India. Technological advances have revolutionized the role and the structure of agriculture industry in India.

The study evaluated that the subsidies provided for fertilizer and power are more satisfactory to them while export and irrigation subsidies are considered as unsatisfactory. Farmers face major hurdle in getting subsidies and also the sources of information are not very effective. The interest presently charged on the finance should be reduced to make it more beneficial for the farmers. Government should make one common agency for distribution of subsidies. By providing all these subsidies to the farmers will make further growth and development in agricultural sector for our proud Indian economy.