

ANALYSIS OF FERTILIZER SUBSIDY POLICY IN THE SMALL FARMING SECTOR:
A STUDY CONDUCTED IN ANURADHAPURA DISTRICT

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This study was conducted to assess how farmers in Anuradhapura district have responded to current fertilizer subsidy policy. Study also attempts to review the fertilizer subsidy policy programmes implemented by successive governments since 1962 that were broadly aimed at developing the rural small-scale agricultural sector. Implementation of the current subsidy programme is investigated in terms of its drawbacks and constraints in order to identify appropriate policy recommendations for a better implementation of the fertilizer subsidy program.

This study is based on primary data collected from three Divisional Secretariat areas and secondary data collected from relevant authorities. Fertilizer utilization, national and district paddy production, unit cost of production and changing cropping pattern have been considered in the analysis. A random sample of 63 farmers, the Assistant Commissioner of Agrarian Services (NSP), three Divisional officers and three Agricultural Production and Agricultural Research Assistants were interviewed during study.

It is observed that the paddy production per unit fertilizer application has decreased over the period, and that has improved with the new fertilizer subsidy programme. Paddy farmers have benefited after the introduction of new fertilizer subsidy in nominal terms although the cost of production has increased due to escalation of prices

of other factors of production. Changing cropping pattern shows more paddy lands had been cultivated and it may be due to the impact effect of targeting paddy farmers as beneficiaries of the fertilizer subsidy programme.

Unavailability of fertilizers at correct times, long delays in supplying fertilizer, under weighing of fertilizer bags and unfavourable attitudes of the relevant authorities towards the program are the main problems farmers have faced. Unavailability of storage and transport facilities, lack of funds and insufficiency of resources at Agrarian Services Centers are the main institutional constraints.

Key words: Fertilizer subsidy, Fertilizer use efficiency, Resource constraints, Cost of production