Wamalwa 1

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Benefits of Government Subsidies To Farmers: Reasons Why Farm Inputs should be Subsidized.

Agriculture is a important sector in every economical setup of a country, as it provides various benefits in boosting economic growth and development,, in light of the above mentioned includes; provision of food to the population, employment, raw materials to the industries, revenue through exports of farm produce and also encourage infrastructure growth such as roads, houses and extra. In connection to this I researched on various sites and majored on a few of which I will cite as we proceed which provided resourceful information on the benefits of why Government should subsidize farm inputs for farmers.

To achieve this I have organized my paper into the following three main sections: Historical context , definition of the major term of the paper, and the benefits

Wamalwa 2

of subsidies to farmers which include: increase in productivity, expansion of crop area or cultivation area, reduction of food prices, development of private sector and reduction of poverty levels. To begin I have to give a historical context to bring out the benefits of subsidies of which I now begin.

HISTORICAL CONTEXT

Subsidy programs started to be introduced way back in the year 1960 to 1970 especially in the sub Saharan Africa(SSA) which includes 12 countries, famously known as Input Subsidy Programs (ISPS). But it was deemed unsuccessful by the world bank and international monetary fund due to many drawbacks. But of recent many economies/Government have embraced the subsidy programs on agricultural sector under an initiative called “smart farming “with clear established structures and infrastructure.

In laying a strong foundation is important to understand the term “subsidy” there are numerous definition of the term from various sites like : Business daily, AGRA, Frontiers and DRTS. In all the sites the definition aims at the same point

that is “subsidy” refers to a situation in which the Government pays part of the cost of farm inputs like in our case to enable the farmer to purchase the inputs at an/a affordable price to Forster economic growth and development in the following ways :

Wamalwa 3

*To Enhance/Increase Food Productivity.* In this case the availability of affordable seedlings and fertilizer enhanced production. Like in the case of maize production according to NFSP project which was launched to assess the effect of subsidized fertilizer, recorded an increase in production from 5.0-7.0% as cited in “how Kenya boosted agricultural productivity with fertilizer subsidy “ (Business Daily).hence subsidy also increased farmers efficiency and production as “effect agricultural subsidies “ (Frontiers) cited in their research conducted back in 2015 that estimated increase in production by 70% by 2050.

*Expansion Of Land Under Cultivation.* This increases the crop coverage area due to ease of getting farm inputs at a cheaper cost that’s is irrigation equipment which introduces cultivation in dry areas hence high productivity of products for both internal and external (export) market. “Why farm subsidies are good for irrigation manufacturer” (DRTS), and the same case is cited by “sustainably growing Africa -Review of agricultural subsidy program in SSA ,page 7” (AGRA) where a clear example referred to Zambia where the land under cultivation increased due to subsidized agricultural farm inputs though the same wasn’t reported in Kenya which had the same program.

*Reduction Of Food Prices.* As mass production is realized from the initial discussed points of increase in productivity and land under cultivation, the supply of

Wamalwa 4

food goes up hence forces prices to decrease, hence people purchase foodstuffs at low price as cited in (AGRA)research paper.

*Encourage Development Of Private Sector Development.* Due to availability of raw materials that can be used for manufacturing in the industries which creates also development of other sectors like financial sector where the industries can source for funds to help in production which Forster’s other sectors to develop which encourage or boost infrastructure and utility supply this is cited by the (Business Daily)

*Reduction Of Poverty Level.* Agriculture tends to create employment in two folds that is directly and indirectly: Directly is like during the peak seasons of planting and harvesting, where individual are engaged for some income, indirectly is in

the case where industries like manufacturing companies that utilize the produce from the farms to make products that fetch good prices in the market hence this reduces poverty but doesn’t do away with poverty as cited by “Sustainably growing Africa>Review of agricultural subsidy program in Africa and also “Impact of subsidized hybrid seeds indicator of economic well being among small holder maize growers”(Mason and Smale 2013) and “Doing input subsidies ,reduce poverty among small holders farmers”(Mason And Tembo 2015)

Wamalwa 5

CONCLUSION

According to the research, subsidy is beneficial in many ways but unfortunately many Government have various shortfalls that deter the realization of the benefits as cited in various sites of reference, that is lack of knowledge and information by the population, corruption, technology and many other factors. On this note Governments should strengthen their structure to meet this short falls to realize the benefits of ISPS.

Wamalwa 6

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