

The Economic Impact of Fertilizer Subsidy for the Small Scale Tea Growers in Southern Province, Sri Lanka

R. V. Prasanna¹, H. W. Shyamali² and R. A. P. I. S. Dharmadasa¹

¹Uva Wellassa University, Sri Lanka

²Tea Research Institute, Thalawakelle

In view of the growing competition in the world tea market, high production cost will be an important determinant of the future of Sri Lankan tea industry. Even though our tea small holders make a significant contribution to the national production; they are highly sensitive to high input prices and especially unable to stand against the higher fertilizer cost. Assistance such as fertilizer subsidy for small holders may help to reduce cost of production and they can obtain better crop by applying recommended dose of fertilizer. Therefore, fertilizer subsidy may give valuable point to rural development in small scale tea growers section and cyclically it helps to national economic development. By keeping the above crux in the view, the research was conducted to find the economic impact of fertilizer subsidy to the small scale tea growers in southern province of Sri Lanka. The data used in this study were gathered through a field survey using sample of 335 growers. The data were analyzed by employing multiple linear regression model and paired t-test.

Results of the paired t-test indicate that there was an improvement of the 2009 tea yield income per hectare when compared to that of 2008 due to the fertilizer subsidy. According to the Regression analysis, land extent, labour and subsidized fertilizer cost per hectare had a significant impact on the 2009 tea yield income per hectare. The result concluded that subsidized fertilizer cost was one of the important factors that cause for the increase in 2009 yield compared to 2008. The study also revealed that the majority of small scale tea growers were not satisfied with the quality of the given NPK fertilizer mixture, and suffered by higher transportation cost.

It is recommended to provide subsidized fertilizers to small holders to enhance their production. Therefore fertilizer subsidy may support small scale growers in the rural sector specifically helping the national economic development.

Key Words: Fertilizer subsidy, Small scale tea growers, Yield income per hectare, multiple linear regression, Paired t-test