In India government provides subsidy in —

(i) Food & Fertiliser by central Govt.
(ii) Power and Irrigation by state Govt.
(iii) Credit by banks like RRB & NABARD

And according to various reports including Swaminathan (2009), subsidy played a great roll to ensure 'Food security' in the country, but at the same time these reports also highlighted issue with it such as,

Issue with subsidy

(i) Huge cost to exchequer - The open market procurement at msp and sell at PDS cost around 80,000cr to govt,

similarly power subsidy hurts the discoms credit books.

(ii) market Distortion - Economic

survey highlighted that subsidy are against demand-supply principles and harmed more than benefited.

(iii) 'cowwed' phenomenon - Economic survey 2020 also highlighted, how bumper production due to lure of msp hurt production & price next year.

Also 'loan waiber' hurts credit culture of country.

(iv) populist politics - msp is now more a political issue and various government nicked it without rationale made it inefficient.

(v) **Ecological issues** — crop based subsidy has created a _monocropping/monocultural_ cropping against _local practices_.

- Irrigation subsidy has _emptied the ground water_ in _haryana/punjab_.

- _Fertiliesser_ subsidy has increased _chemical use_ and _distrubed required nutrient ratios of_ NPK.

(vi) **"palentisation"** — Instead of making farmers _self dependent_ it end them to make more government dependent.

(vii) **In inclusive benefits** — _Farm subsidy_ largely benefit _big landowners_ farmers while _swaminathan (2009)_ highlighted _86% farmes_ have _marginal land (<2ha)_ remain excluded

(viii) **Against** _Global rules of_ WTO which push to end these market subsidy.

But, since developed countries are more economically sufficient than India which has other priorities too, like health, education, developed nation can afford subsidy.

Way Forward

(i) Rationalise and not end the subsidy through more targeted and technical approach.

(ii) Shanta kumar recommendation to end open market procurements and allow market participation.