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EXPLORING SUBSIDIZATION AS A TOOL FOR STIMULATING ECONOMIC GROWTH: AN IN-DEPTH INVESTIGATION

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ABSTRACT
Subsidy is a financial incentive given to an individual, business entity, and institution normally by government. Subsidy is usually a direct or indirect payment by government in the form of cash or tax reduction or both. These subsidies are given to remove some sort of economic burden of the general interest. Subsidies are given considering the economic condition of the general public; thus, taking care of the overall interest of the public. Thus, it largely promotes the social good which eventually results in the economic development of a nation. Subsidies can also be used to support a particular sector of nation's economy. It can assist the poor farmers in their attempt to go for industries by relaxing the financial burden. And by way of subsidies the government encourages new development programs by providing them financial support.

Subsidy therefore plays a key role in the growth of economic development. Subsidies meet the needs of the poor people of tribal areas as well as the needs of the farmers (Gold Smith,1969). Now a days, central government and the state governments sponsor varieties of subsidy schemes to reduce poverty in rural areas. As it is observed, invariably the income of tribal people is lower than their consumption; it hampers their development of standard of living and financial inclusion. Subsidies like food subsidy, electricity subsidy, agricultural subsidy (fertilizer, seeds, power, and credit subsidy), and gas subsidies are given to tribal peoples less than its actual price (market). It is more affordable for rural people who are below poverty line (BPL). Subsidies create positive relationship between agriculture and other related Sectors and facilitate the growth of the state (Millor, 1998). In tribal areas providing subsidies are a must for their livelihood and rehabilitation.

Keywords- Subsidy, below poverty line, livelihood, rehabilitation, growth, agriculture

1.1: INTRODUCTION

Odisha is notably vulnerable, with approximately 80% of its population residing in rural areas, and a significant majority (57%) classified as economically disadvantaged. Overcoming the hurdles of underdevelopment proves challenging, especially with limited industrialization hindering efforts toward self-sufficiency. Agriculture stands as the primary source of livelihood for the majority, notably small and marginal farmers. To integrate this population into society, the state must offer various subsidies covering agriculture, healthcare, family welfare, public distribution, power, electricity, medical expenses, and loans. These subsidies aim to support the economically disadvantaged, fostering their participation in financial inclusion and thereby contributing to overall economic growth. Both state and central governments allocate substantial resources for supporting the underprivileged, emphasizing the need to optimize subsidy effectiveness. The key challenge lies in ensuring these subsidies effectively reach diverse economic sub-sectors, extending coverage to benefit impoverished and marginalized tribal communities, ultimately aiming to eradicate poverty.

With a predominantly rural landscape, Odisha hosts a significant tribal population, notably in districts like Kandhamal. According to the 2011 census, Kandhamal district's population totaled 733,110, with a majority belonging to Scheduled Tribes (ST). This demographic underscores the importance of tailored subsidies and support programs for tribal communities, particularly in districts with substantial tribal populations.

The paper reviews scholarly research papers and historical records on agricultural subsidies, encompassing fertilizers, seeds, irrigation, credit, and their impact on agricultural production. It also examines the role of agriculture in the Indian economy, agricultural policies, sector growth, and investments, drawing from various sources such as research theses, books, articles, journals, government reports, newspapers, and online platforms.

1.2: REVIEW OF LITERATURE

Ismet Boz (2019) In this study the researcher has made an attempt to ascertain the satisfaction level of farmers in Carsamba district. Author has mentioned here how government tries to decrease production cost with a corresponding increase in social welfare and their competitive power in global markets. But he explores yet another angle and discusses how subsidies partially satisfies the domestic consumption though, it is not enough to meet domestic supply. So, price is rising all the commodities and the consumer is forced to spend a major chunk of the house- hold budget for food consumption.

Mohammed Tahir Roof Malik, Dr. Dil Pazir (2019) This study has made an attempt to study the number(amount) of subsidies granted by the government. The author has compared the data from 1976 to 2017-18. The author has mentioned that the main objective of this study is to evaluate how agricultural subsidies boost up agricultural production and are instrumental in lowering the price and better availability of food grains to public. According to the author's opinion, fertilizer subsidies are more required relatively as compared to other subsidies. He describes central fertilizer subsidies data from 1992-93 to 2017-18. As he highlights, after liberalization fertilizer subsidies increased from 6136 crore to 7000 crores. Uttar Pradesh is a state which has received the highest percentage of fertilizers and highest percentage of other subsidies (16%) and the least to receive is Himachala Pradesh (0.21%). As per this study, the population dependent on agriculture subsidies and other subsidies granted by govt shows a big increasing gap in the agricultural sector.

Justin Joy (2019). In his study "Fertilizer subsidy and agricultural production: a study of India" the objective is to identify effectiveness of fertilizer subsidy in the agricultural production. Author gives emphasis on direct cash transfer to account holders and focuses on agriculture credit which will help agriculture GDP of India. Objective of the study is to improve agricultural production in the long run basis. He uses time series data from 1970-71 to 2016-17 from EPWRF database and uses phillips and perron unit root test. He finds out that fertilizer subsidy shows a very slow growth in India over a time. Fertilizer subsidy amounts to 0.2% of agricultural GDP in 1970-71 and it increased to only 8.11% of agricultural subsidy in 2016-17. Author attempts to encourage DBT and agricultural credit which will reduce leakage and corruption of agricultural subsidy and shall keep no scope for 'middle-men' to interfere for 'cut' or 'commission'.

Dnyaneshar Uttamrao Pawed (2019): - "A study of utilization of financial subsidies in agriculture sector in Nanded district". Author suggested that agriculture sector provides 54.6% employment opportunities to people. This study is related to utilization of financial subsidies in agricultural sector. According to the author's opinion this research is helpful to increase awareness and the knowledge about various government schemes of agricultural subsidies among farmers of Nanded district. Agriculture has close relationship between whole national economy and agricultural sector.

Prangya Paramita Sahoo, K.K Sarangi, M-Sangeetha, Simantini Shasani and Nagma Halima Saik (2018) "SWOT Analysis of agriculture in Kandhamal district of Orissa, India". Authors analyzed that the strength, weakness, opportunities and threats of agriculture in Kandhamal district. Authors have mentioned that 93% of district population is concentrated in rural area and who are mostly depend on agricultural farming and collection of forest product with limited industrialization. SWOT is used for analyzed strategy of agricultural development. Research concluded in strategies for farming system of management.

1.3: OBJECTIVES OF THE STUDY: -

- To assess the awareness of tribal people about center and state sponsored subsidies.
- To examine the impact of subsidy schemes on economic development of farmers belong to tribal community of Raikia block, Kandhamal district.
- To study the awareness level about agricultural subsidies among the farmers.

1.4: Hypothesis: -

H1: There is no significant association between awareness levels of farmers with agricultural subsidies awareness.
H2: There is no significant association between awareness levels of farmers with agricultural subsidies awareness**.**

1.5: SOURCES OF DATA COLLECTION: -

Primary data is the main source for this study and it will be collected through questionnaire method. Data will be collected from tribal people from three villages of Raikia block and through direct interaction with farmers of three villages . Tribal farmers are the main respondents of this study.Secondary data will be collected from different sources like journals, news paper, magazines, literature reviews from various authors and internet websites.

1.6: METODOLOGY

A field survey has been conducted in Kandhamal district of Odisha. Research data will be collected from one block out of which the Researcher has taken 3 villages for this study. This block represents different levels of agricultural subsidies given by state and central government particularly to tribal people of Raikia block. To achieve the objective of research study the researcher will use field survey method and questionnaire method. And further, data will be collected from 52 respondent farmers by asking subsidy related questions

1.7: ANALYSIS AND INTERPRETATION

Table-1: Educational qualification of respondent farmers in Raikia block.

Educational qualification of respondent farmers	Number of respondents	Respondents in %
Illiterate	08	15%
Up to primary	16	31%
Up to secondary	24	46%
Up to graduation	04	08%
Post-graduation	00	00%
Other	00	00%
Total	52	100%

From the above table-1, we found that highest 46% of farmers are belongs to secondary education,15% of the respondents are belongs to illiterate,31% of farmers are belongs to primary education and 8% of the respondents are belongs to graduation level.

Table-2: Annual income of the respondent farmers of Raikia block.

Annual income of respondents	Number of respondents	Number of respondents in %
Less than 40,000	34	65%
40,000 to 60,000	12	23%
60,000 to 1,00,000	05	10%
Above 1,00,000	01	2%
Total	52	100%

From the above table ,we found that highest 65% of farmers have monthly income of 40000 or less than 40000, 23% of farmers have monthly income of 40000 to 60000,10% of farmers have monthly income of 60000 to100000 and 2% of farmers have monthly income of more than 100000.

Table-3: Types of agricultural land of respondents in Raikia block.

Type of agricultural land	Number of respondents	Number of respondents in %
Irrigated	00	0%
Non-irrigated	02	04%
Semi-irrigated	50	96%
Total	52	100%

From the above table, we found that highest 96% of lands are semi-irrigated and 4% of respondents they have non-irrigated land.

Table-4: Types of farming method adopted by respondents in Kandhamal district

Types of farming method	Number of respondents	Number of respondents in %
Irrigated	12	23%
Rainfall (flood and drip)	38	73%
Shifting	02	4%
Step	00	00%
Total	52	100%

From the above table, we found that highest 73% of respondents are depending on rainfall, 23% of respondents are depending on irrigation facility, and 4% of the respondents are depending on shifting irrigation.

Table-5: Area of respondent's agricultural land of in Raikia block.

Area of agricultural land	Number of respondents	Number of respondents in %
Less than 2 Acre	24	46%
2-3 Acre	21	40%
5-10 Acre	07	14%
Above 10	00	00
Total	52	100%

The above table reveals that highest 46% of farmers they have less than 2 acres of land, 40% of farmers have 2-3 acres of land and only 14 % of farmers have 5-10 acres of land.

Table-6: Awareness about agricultural subsidy in farmers of Raikia block.

Awareness about agriculture subsidy	**Number of respondents**	**Number of respondents in %**
Yes	49	94%
No	03	6%
Total	52	100%

The above table reveals that 94% of the respondents are aware about the subsidy system of government and 6% of the respondents are not aware about this subsidy system.

Table-7: Agriculture subsidy received by respondent farmers in Raikia block

Agricultural subsidy received by respondents	**Number of respondents**	**Number of respondents in %**
Yes	06	12%
No	46	88%
Total	52	100%

The table depicts that 88% of farmers have received agricultural subsidy from the government and rest of the farmers are not received any kind of subsidies .

Table-8: Types of agricultural subsidy received by respondents in kandhamal district

Types of agricultural subsidy	**Number of respondents**	**Number of respondents in %**
Direct	37	71%
Indirect	10	19%
Both	05	10%
Total	52	100%

Table-9: Percentage of subsidies getting as per annual expenses by respondents

Subsidies getting as per annual expenses	**Number of respondents**	**Number of respondents in %**
0-5%	45	86%
5%-10%	04	8%
10%-20%	02	04%
20%-30%	01	02%
Above 30%	00	00%
Total	52	100%

This above table depicts that 0-5% respondents are getting 86% subsidy annually,5-10% farmers are availing 8% subsidy annually, 10-15% farmers are availing 4% subsidy and 30% farmers are not availing any subsidy.

Table-10: Types of agencies for distributing Agricultural subsidy

Different distributing agencies	**Number of respondents**	**Number of respondents in %**
Bank	32	61%
Agencies	10	19%

Gram Panchayat	08	15%
Any other	02	4%
Total	52	100%

This table depicts that 61% of farmers have received agricultural subsidy from the bank, 19% of farmers have received agricultural subsidy from the different agencies,15% of farmers have received agricultural subsidy from the gram panchayat and 4% of farmers have received agricultural subsidy from any other financial sector.

Table-11: Association between level of income and their standard of living

Standard of living							
Levels of income	**NO**		**YES**		**Chi-square value**	**DF**	**p-value**
	F	**%**	**F**	**%**			
Less than 40,000	11	32.40%	23	67.60%	3.425	3	0.331
40,000 to 60,000	2	16.70%	10	83.30%			
60,000 to 1,00,000	0	0.00%	5	100.00%			
Above 1,00,000	0	0.00%	1	100.00%			
TOTAL	13		39				

The table examines the association between income levels and the perception of standard of living, showing that higher income groups tend to report a better standard of living, with 67.6% of individuals earning less than ₹40,000 reporting "YES," compared to 100% in the ₹60,000–₹1,00,000 and above ₹1,00,000 groups. However, the Chi-square test value of 3.425 with 3 degrees of freedom and a p-value of 0.331 indicates that this association is not statistically significant at the 5% level. This suggests that while there is a trend of improved standard of living with higher income, it is not strong enough to establish a significant relationship, possibly due to the small sample size in some income categories

Table-12: Association between farmers age group with awareness level about agricultural subsidy

Awareness level							
Age group	**NO**		**YES**		**Chi-square value**	**DF**	**p-value**
	F	%	F	%			
	1	20.00%	4	80.00%	6.825	8	0.556
	1	7.10%	13	92.90%			
	3	21.40%	11	78.60%			
	0	0.00%	8	100.00%			
	1	9.10%	10	90.90%			

p≤0.05(significant)

The table explores the association between farmers' age groups and their awareness levels about agricultural subsidies. Across different age groups, the proportion of farmers aware of subsidies ("YES") ranges from 78.6% to 100%, with the highest awareness observed in one group where all farmers (100%) were aware. Despite these variations, the Chi-square value of 6.825 with 8 degrees of freedom and a p-value of 0.556 indicate that the association between age group and awareness level is not statistically significant at the 5% level ($p > 0.05$). This suggests that awareness about agricultural subsidies does not significantly differ across age groups, potentially indicating other factors besides age may influence awareness levels

1.8: CONCUSION:

The researcher has discovered that in the Raikia block, only a small fraction of farmers are benefiting from agricultural subsidies. These subsidies are distributed through various channels such as banks (KALIA), agencies, and block offices. However, farmers in Raikia express dissatisfaction with the distribution system, citing bureaucratic processes and a lack of awareness as major obstacles. Consequently, farmers do not fully reap the benefits of the subsidies due to loopholes and instances of corruption within the system.

Farmers hope for a more direct transfer of subsidy amounts into their bank accounts, rather than the current indirect method. Moreover, in Raikia block, farmers engaged in allied businesses like goat rearing and poultry do not receive any support. Agricultural subsidies play a crucial role in curbing farmer suicides and promoting the growth of the agricultural sector in Raikia. With proper implementation of government subsidies, farmers' interest in the agricultural sector is expected to rise as they can access support for inputs like fertilizers and seeds.

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