Chapter 7
Conclusion & Policy Implication

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7.1 Introduction

It is hard to summarize a thesis that is more about people than numbers. I think the most major result of my work is personified in the in-depth interviews of farmers. In this chapter, researcher has presented Summary of all chapters. Researcher could make an attempt to confirm one-by-one the hypotheses formulated in the introductory chapter along with finding & recommendations of the study.

7.2 Summary

I. Chapter 1- Conceptual Analysis of Agricultural Subsidies

In this chapter researcher has mentioned meaning of subsidy, methodology for calculations of subsidy, distribution of subsidy in India and impact of subsidy on agricultural sector. The subsidy means a benefit is given by the government to groups or individuals usually in the form of a cash payments or tax reduction or in kind. The basic objectives of subsidy are to improve the standard of living of poor, development of respective sector to improve sharing of respective sector in GDP and the achievement of social policy objectives including redistribution of income, population control, etc. The major alternative modes of administering a subsidy are subsidy to producers and subsidy to consumers. The estimates of budgetary subsidies are computed as the excess of the costs of providing a service over the recoveries from that service. As per nature subsidy is divided into two types direct & indirect. The agricultural subsidy is a global phenomenon and it percent is more in developed country and less in developing countries. Japan pays a higher percentage of subsidies to agricultural sector & population depending on agricultural is very low. Another side most part of population depends on agricultural sector in India & percentage of subsidies distributed is very low as compared to other countries. A large number of the decrement was shown in provision of fund towards agricultural sector in the five year plan and annual budgets in accordance with agricultural subsidies. The amount of agricultural subsidies is increasing year by year but at the same time total cultivated agricultural land & investment also increasing. The Jalgaon District is situated on the north side of Maharashtra; it lies between 20 to 21 north latitude &75°55’ & 76°28’ on this location in the upper tapi basin. The more than 65% of people in Jalgaon District depend on agricultural & allied business. The literacy ratio
is also good more than 85%. In the cold season the minimum temperatures is 11.9 C & mean daily maximum is 29.8 C and in hot season average mean temperature 42 C & it reaches to up to 48.5 C. of Jalgaon District. Five types of soils are found in Jalgaon District. Shifting Agriculture, Intensive Farming, Dry Agriculture, Mixed and Multiple Agricultural & Crop Rotation are farming methods adopted by farmers in Jalgaon District. The irrigated area of Jalgaon District is approximately 45.00 %. The major crops produced in this District are banana, cotton, sorghum, wheat, millet, lime, groundnut and sugar cane. The Jalgaon District produces 16% of the total banana production in India.

II. Chapter 2 - Review of Literature

The study comprises the review of relevant past literature on various aspect of the subsidy & their impact on agricultural sector, impact of fertilizers subsidy, role of subsidy, agricultural policy, growth of agricultural sector, investment in Indian agriculture, agricultural credit etc. With the help of research paper in journals, government reports, books, working papers, white papers, Ph.D thesis, documents from internet and websites etc. In review of literature chapter researcher has given review of twenty three research papers in national & international journals, five government and other reports, two books, five thesis and fifteen combinations of Bulletins, White Paper, Working Paper, Periodicals & Others. The abstract of material is that subsidies are beneficial to agricultural sector but problem in distribution of subsidies to agricultural sector.

III. Chapter 3- Research Methodology

In this chapter researcher has focused on background & need of the study. The researcher has also mentioned objectives, hypothesis & limitations of the study. The subsidies are given to the farmers by Government but how much extent is it beneficial to agricultural sector is question. The study is based on quantitative research methodology. Quantitative research uses questionnaires or surveys of individuals and compiles the results into a chart, graph or other type of report. The data is collected through survey method. The area of research is Jalgaon District & total sample size is 500. For testing the hypothesis Statistical measures like Mean, Mode,
Median, Correlation, regression, standard deviation, variance, ratio and Minitab software are used.

IV. Chapter 4- Socio Economic Characteristics of Sample Household

In this chapter researcher has focused the characteristics of the sample household and farmers in Jalgaon District. The total no. of farmers in Jalgaon District is 415865. They have 781869 hectares land. The education level of whole sample population in Jalgaon District indicates that the literacy rate is good. More than 90% irrigation depends on well water. In Jalgaon District most farmers are marginal & small farmers have less than 5 acres land. Most of the farmers in Jalgaon District use irrigated (Flood & Drip) method for farming as a compared rainfall method & shifting method. In Jalgaon District large numbers of farmers using mix of conventional and modern technique for farming as compared to conventional & modern method. Most of farmers in Jalgaon District are financially weaker due to the small size of farm. The major crops of Jalgaon District are banana and cotton. In last fourteen years near about 825 farmers did suicides due financial crises in Jalgaon District

V. Chapter-5- Data Analysis & Interpretations

In this chapter researcher has analyzed the data with help of bar diagrams, pie charts and graphs. Accordingly, the researcher has given interpretation of each question analysis. At the end of the chapter researcher has given finding on basis of data analysis & observation. The researcher has done analysis of questions with help of bar diagrams, pie charts and graphs etc. In this chapter researcher has done testing of hypothesis with help of Minitab software. Minitab is statistical software for testing of hypothesis. The testing of hypothesis is important part of the study. Through the testing of the hypothesis researcher has come to the result of the study. The researcher has structured four hypotheses for study. For testing of hypotheses researcher had used T-test because it is suitable for the study. T-test means a statistical examination of two population means. A two-sample t-test examines whether two samples are different and is commonly used when the variances of two normal distributions are unknown and when an experiment uses a small sample size. The all four hypotheses are accepted on basis of the result of T-test.

VI. Chapter 6- Finding of the Study
Chapter – 7: Conclusion & Policy Implication

The researcher has found that the farmers in District are receiving subsidy from bank, Fertilizer Company & electricity board. The farmers in District are not satisfied with bureaucratic distribution process of Government for agricultural subsidies and facing hurdles for getting agricultural subsidy. The major hurdle faced by farmer for getting subsidy is lack of awareness. There is a leakage in subsidies distribution system. The lack of effective distribution management, corruption & poor government policy are major leakages in distribution system. The amount of subsidies directly transfers to farmers account and farmers expect direct subsidy for farming as compared to indirect subsidy from Government. Few percent of farmers are getting subsidy for agricultural allied business in Jalgaon District like goat farming & poultry farm. The agricultural subsidies are more beneficial to fertilizer industry as compared to agricultural sector. The agricultural subsidies are really helpful in reducing farmer’s suicides. The agricultural subsidies are helpful for growth of agricultural sector in Jalgaon District. The agricultural subsidy does not make farmers lazy. The farmers in Jalgaon District obtain subsidy from government office by self efforts or with help of friend, relative & agent in Government offices. Government policy is not fair regarding the credit distribution. Due to lack of proper implementation subsidies are not reached to farmers. The non eligible farmers get benefits of government subsidy. The government fails to maintain proper accounting & audit distribution of subsidies to farmers. The numbers of cultivators in India was decreased from 2001 to 2011.

VII. Chapter 7- Conclusion & Policy Implications

In this chapter researcher has mentioned overall summary of all chapters along with conclusion of the study & suggestions. The subsidies make a positive impact on the agricultural sector of Jalgaon District. The subsidy helps to farmers for reducing their cost of production. But the problem of bureaucratic process subsidy is not reaching to farmers within times. The government should improve the distribution process and reduce the leakage in the distribution system. The most of the farmers in Jalgaon District are marginal & small. They are getting less amount subsidy for farming. Due to less amount subsidy they are not reducing their cost of production.

7.3 Conclusion
The sustainable development of agricultural sector is possible only through subsidies because India has large agricultural land & 50% of labors in India are working in agricultural sector. The farmer in India mostly depends on government support for cultivation. But only Eco-friendly & sustainable subsidies help in sustainable development of agricultural sector. If we want to fulfill future demands of food according to population by county, the sustainable development of the agricultural sector is important.

The direct subsidies are given by government to farmers through the bank. The indirect form of subsidies is distributed by government to agricultural vendor (mediator) e.g. Fertilizer Company, Pipe Company, the Mechanized farm Equipment Company & an electricity distribution company to end users i.e. farmer.

Due to the small size of land they get minimum amount of credit for farming. The farmers in District obtain subsidy from government office by self efforts or with the help of friend relative & agent in Government offices. Due to load shedding of electricity in rural area farmers face a lot problem regarding water supply for crops. Due to lack of enough storage facility for food grain they cannot take market price benefits. The government policy is not fair regarding the credit distribution. Irrigated land holder farmers get more amount credit as compared to non-irrigated & semi irrigated land holder farmers. Due to lack of training of advance technology farmers cannot get benefit of advance technology in farming.

Due to lack of proper implementation of subsidies in distribution program, they are not reached to farmers. The few subsidies are provided on the basis of the cast. This thing is discourage to other farmers. Many farmers cannot get some types of subsidy due to rules and regulation of government. The government should make simple rules of regulation for farmers. Some farmers are purposely do not repay their loan & electricity bill, they expect bailout or relief package or give 50% subsidy on repayments of loan & electricity bills from government. The non eligible farmers get benefits of government subsidy. The government should make strict laws against these farmers. The government fails to maintain proper accounting & audit subsidy. For maintaining proper accounting & audit subsidy government should make a common agency. The agricultural subsidies are more beneficial to the fertilizer
industry as compared to agricultural sector. The agricultural subsidies are really helpful in reducing farmer suicides.

In 2001, the total numbers of cultivators were 127.3 million and 2011 the total numbers of cultivators were 118.7 million in India. The number of cultivators decreases year by year in India. It’s the responsibility of government to boosts the confidence of farmers for motivating to farming by giving financial & moral support. A lot of amount funds allocated to agricultural sector return to government treasury due to improper utilization.

If Government directly transfers the amount of subsidies to farmers account, it reduces the middle man role and reduces leakages in the distribution system. The Government should make single window for the farmers regarding collection of documents which are required to take the subsidy. For creating more awareness government of subsidy scheme & program will appoint fix officers who provide information to farmers’ otherwise give contract to NGO for creating awareness of subsidy scheme. If subsidies are provided by the Government on time to farmers, it should adopt real time settlement system in distribution of subsidy. Government should adopt E-Governance practices to increase the transparency in the distribution system of subsidy. This practice reduces corruption in subsidy distribution. The government should change their existing policy and give maximum amount of subsidy to marginal & small farmers and increase their production capacity.

The Government wants prevention of scam & corruption in agricultural department. Government should used corporate governance in the agricultural department for more transparency & protects farmer’s rights. The government should make one common agency for distribution of subsidy. Due to common agencies for distribution, it is easy for the government to maintain account & audit of subsidy. The Government should formulate a center subsidy board scheme for the purpose of maintaining bookkeeping information on entitlements and subsidies for all beneficiaries. The farmers in India come under unskilled and semi skill labors. If government provides proper training to farmers, it will be helpful to increase the production capacity of farmers.

The subsidies make a positive impact on the agricultural sector of Jalgaon District. The subsidy helps farmer for reducing his cost of production. But the problem of
bureaucratic process subsidy is not reaching to farmers within times. The government should improve the distribution process and reduce the leakage in the distribution system. The most of the farmers in Jalgaon District are marginal & small. They are getting less amount of subsidy for farming. Due to less amount subsidy they are not reducing their cost of production. And after yielding good crops they are gaining good profit. If the Government should provide sufficient amount of subsidy on time to farmers, it will really reduce their cost of production and gain good amount of profit. If farmers gain good amount profit, they will improve their standard of living and will not commit suicide.

Agricultural credit has played a very important role in sustaining farm production in India. The percentage of agricultural finance in India is continuously increasing & it positively affects on production of agricultural product. The central & state government of India provides a large amount of subsidies to agricultural irrigation. In 2004 the percent of irrigated land in India was 31.63% & year 2010 was 35.12% as compared to total agricultural land. India is moving towards technological growth. During last few year farmer adopted new technique for the farming. The government provides up to 30% of subsidies for purchasing farm equipments’ in India. This benefit encourages to farmers to buy more farm equipment for farming. The fertility of the land is one of important factor of good agricultural production. But now day excessive use of chemical fertilizer decreases the fertility of agricultural land. The Indian farmers are habitual of government support they don’t do anything by on their own. They always depend on government facilities. This is another negative impact of subsidies on agricultural sector.

I. The Impact of Subsidy on Agricultural Sector of Jalgaon District

The farmers in the District are receiving subsidy from bank, fertilizer company & electricity board. The farmers in the District are not satisfied with bureaucratic distribution process of Government for agricultural subsidies and facing hurdles for getting agricultural subsidy. For getting subsidy the major hurdle is lack of awareness. Other hurdles are corruption, rules & regulation and documentation for getting a subsidy. There is a leakage in subsidy distribution system. The lack of effective distribution management, corruption & poor government policy are major leakages in the distribution system.
The percent of irrigation in Jalgaon District is increasing year by year. In Jalgaon District most farmers are marginal & small farmers, they have less than 5 acres land. Most of the farmers in Jalgaon District using irrigated (Flood & Drip) method for farming as a compare to rainfall method & shifting method. Many farmers in the District are using a mix of conventional and modern technique for farming. The farmers in District are financially weaker due to small size of farm. Ownership of mechanized equipment was lower because maintenance cost of tractor & others equipment is higher. The farmers hire all mechanized equipment as per need in the farm. Most of the farmers in District are getting subsidy from 6-9 years, less percent of farmers getting subsidy less than it. The most of the farmers receive a direct subsidy as compare to indirect & both (direct & indirect). Most of the farmers are getting subsidy less than 15% as compared to annual expenses on production. The agricultural subsidies make impact on the agricultural sector. The direct subsidy is more beneficial as compared to indirect & both (direct & indirect) for farming.

The subsidies make a positive impact on the agricultural sector of Jalgaon District. The subsidy helps farmers for reducing his cost of production. But the problem of bureaucratic process subsidy is not reaching to farmers on time. The government should improve the distribution process and reduce the leakage in the distribution system. Most of the farmers in Jalgaon District are marginal & small. They are getting less amount of subsidy for farming. Due to less amount of subsidy they are not reducing their cost of production. And after yielding good crops they are gaining good profit. The amount of subsides directly transfers to farmers account and farmers expect a direct subsidies for farming as compare to indirect subsidy from the Government. A few percent of farmers are getting subsidies for agricultural allied business in Jalgaon District. Agricultural subsidies are helpful for the growth of agricultural sector in Jalgaon District. The agricultural subsidy does not make farmers lazy.

II. Testing of Hypothesis

The first hypothesis is that the bureaucratic process is a major hurdle in the distribution of government subsidies to farmers. The 80.6% respondent farmers agree that Bureaucratic Process is a major hurdle in the distribution of government subsidies to farmers. The estimate for difference is 20.40, T-Value = 14.75, P-Value = 0.000,
DF = 28 And Standard Deviation is 3.7866. Since P_Value is less than 0.05 (L.O.S.), Therefore in the hypothesis, the bureaucratic process is a major hurdle in the distribution of government subsidies to farmers is accepted. The major hurdle for getting government subsidy is lack of awareness to farmers.

The second hypothesis is that the Government subsidies have helped to increase the productive capacity of farmers. The 80.6 % farmers agree that Government Subsidies have helped to increase the productive capacity of farmers. The estimate for difference is -20.400, T-Value = -30.58, P-Value = 0.000, DF = 28 And Standard Deviation is 1.8270. Since P_Value is less than 0.05 (L.O.S.), therefore hypothesis, Government subsidies have helped to increase the productive capacity of farmers is accepted. There is Positive impact on productivity if subsidies are increased and negative on productivity if subsidies decreased.

The third hypothesis is, there is the impact of government subsidies on the agricultural sector in Jalgaon District. The 78.8% respondent farmers said that there is an impact of government subsidies on the agricultural sector in Jalgaon District. The estimate for difference is -19.200, T-Value = -26.31, P-Value = 0.000, DF = 28 And Standard Deviation is 1.9988. Since P_Value is less than 0.05 (L.O.S.), therefore hypothesis, there is the impact of government subsidies on the agricultural sector in Jalgaon District is accepted. There is Positive impact of government subsidies on the agricultural sector in Jalgaon District.

The last hypothesis is, there are leakages in the distribution of government subsidies on farmers. The 88.2% respondent farmers said that there are leakages in the distribution of government subsidies to farmers. The estimate for difference is -25.467, T-Value = -33.90, P-Value = 0.000, DF = 28 And Standard Deviation is 2.0575. Since P_Value is less than 0.05 (L.O.S.), therefore hypothesis, there are leakages in the distribution of government subsidies to farmers is accepted. Lack of Effective Distribution Management" is major leakage in distribution system.

7.4 Policy Implications
I. Water Management-

In Jalgaon District sufficient amount of water is available but due to water mismanagement & incomplete dams on rivers farmers cannot get enough water for farming. Water for irrigation should be providing specially in Bodwad, Amalner, Bhusawal & Dharngaon tahasil by government because these are lowest irrigated tahasil in Jalgaon District. Government should complete incomplete water dam projects in the District.

II. Direct Transfer of Subsidy-

The Government directly transfers the amount of subsidy to farmers account. These schemes are very good for farmers’ point of view. But this scheme is limited to only select type’s subsidy program. The Government should implement this direct transfer facility for every subsidy scheme. This way government reduces the leakages in the distributing system of subsidy. Most farmers in Jalgaon District are not satisfied with indirect subsidy because it benefit to distribution agency as compare to them.

The government provides a lot of subsidy in indirect form to agricultural sector but question is how much they are benefit to agricultural sector. Basic problem is indirect subsidy are not reached to root level farmers i.e. marginal & small farmers. Indirect subsidy only benefited to medium & large farmers due size of farm. And the major beneficiary of indirect subsidy is distributing company. They are doing unethical practices with the help of some government agencies & officers, they are getting subsidies from government on behalf of farmers but not distributing among them. The government cannot do any audit of indirect subsidy whether it reaches to farmers or not. The government has two options, they should convert all indirect subsidy to direct form otherwise make audit committee on indirect subsidy distribution for checking the performance. The government should give maximum direct subsidy to farmers.

III. Single Window for Document-

The farmers face various hurdles for getting a subsidy. The farmers face corruption, documentation, rules & regulation problems in getting a subsidy. The government should make the simple documentation process to take benefits of the subsidy. Also make single window for farmers regarding documents that are
required to take the subsidy. Because whatever document required for taking benefits of subsidy are not available at one place. Collection of documents is one of the difficult tasks for farmers because a farmer visits various government offices in tahasil & District.

IV. Effective Distribution Management-

The Government should make leakages free distribution system for subsidy. Most of time subsidies are not getting to farmers on time. The government should make an effective distribution system for subsidy. Because most times subsidy does not reach to farmers due only ineffective distribution management

V. Awareness of Subsidy Scheme-

Farmers in Jalgaon District are unaware of government subsidy scheme. Government should create more awareness of subsidy scheme among farmers. The government can telecast more programs on channels regarding subsidy scheme for farmers. The radio is very popular in villages; government also broadcast subsidy related program on radio.

VI. Boosts Confidence in Farmers-

Moral of marginal & small farmers are very low due to financial crises. It’s the responsibility of government to boost the confidence in marginal & small farmers for motivating to farming by giving financial & moral support. Because marginal & small farmers never thoughts their son become farmers due to low income from farming. If number of farmers decrease year by year it affected on agricultural production level of the country. And agricultural production will lowered, it creates food security problem in India. The numbers of cultivators decrease year by year in India

VII. Identify Real Beneficiary

The government should identify real beneficiary subsidy. Many people working in government or private sector and they have agricultural land. They are also enjoying the status of farmer. They are getting all benefits of agricultural subsidy. For this thing real beneficiary is not getting his rights. The government should make a strict rule for people who avail subsidy. If any person who is a salaried and he have agricultural land he is not liable to get any agricultural subsidy. If the salaries person does such
practices, government should take legal action against that person. While transferring of subsidy government should use the latest technology like mobile & internet for identification of real beneficiary

VIII. On Time Distribution of Subsidy-

Government should provide subsidy on time to farmers. Most of the time subsidy is not given on time to farmers. If subsidy gets after stipulated time to farmers, they are not benefited to farming. E.g. the farmer needs credit in the month of May to August this peak period of farming. If the Government provides credit for farming in the month of October, this credit does not benefit to farmers because the peak period of farming is left.

IX. E-Governance Practices

Government use E-Governance practices for distribution subsidy to farmers. This thing reduces the role of mediator. E-Governance practices increase the transparency in the distribution system of subsidy. At the same decrease the corruption in subsidy distribution.

X. Fair Policy for All Farmers

The government policy towards marginal & small farmers is unfair due to small size of farmer’s government minimum amount of subsidy on fertilizers, irrigation, credit & others & large farmers give maximum benefits of the subsidy. This minimum amount of subsidy is not sufficient for farming of marginal & small farmers. Therefore, they take money from a private money lender. And pay the maximum amount of profit for them. The government should change their existing policy and give maximum amount of subsidy to marginal & small farmers and increase their production capacity.

XI. Enough Storage Capacity

In India, farmers are still facing the problem of food grain storage. We have 50% food grain storage capacity remaining 50% food grain is not storage safely. The government provides subsidy for construction of warehouse through NBARD in rural area. The problem of this subsidy should be given on time to farmers after construction of 2 or 3 years government provides subsidy to farmers. Due to this
reason most of farmers are not ready to make ware house & they sell their crops on minimum rate to trades after getting good production. Government should restructure policy of subsidy on the warehouse. Otherwise make warehouse through Public Private Partnership (PPP) model.

XII. Corporate Governance

Every year lot amount of scam is happening in the agricultural department, mostly in the distributions of subsidies to farmers. The government should introduce corporate Governance in distribution of subsidy. The corporate governance is one of the tools to reduce scam & corruption in the distribution of subsidy. It maintains transparency & protects farmer’s rights. To prevent this kind of scam & corruption in agricultural department government needs corporate governance in the agricultural department.

XIII. Common Agencies For Distribution

The government should make one common agency for distribution of subsidy. Due to common agencies for distribution it is easy for the government to account & audit of subsidy. E.g. in India any persons want to transfer money from abroad, he transfers through only single money transfer agency i.e. western union.

XIV. Central Board For Subsidy

The Government should formulate a center subsidy board scheme for the purpose of maintaining bookkeeping information on entitlements and subsidies for all beneficiaries. The center subsidy board scheme will also provide increased transparency in the movement of goods, levels of stocks, prediction and aggregation of demand, and identification of beneficiaries. It will be able to use analytics to detect fraud and diversion. It can also integrate with a contact centre for grievance handling. Beneficiaries can report malpractices to the Government directly making it possible for the Government to react in a timely manner.

XV. Real-Time Transfer
Just as a real-time transferring of funds takes place when people top up their mobile talk time, the Government, through the center subsidy board scheme will transfer the cash component of subsidies directly and in real-time to the bank accounts of beneficiaries..