ABSTRACT

DUDI SETIADI HENDRAWAN. Fertilizer Subsidy Policy and Its Impact on Growth and Income Distribution in the Indonesian Economy (ARIEF DARYANTO as Chairman, BUNASOR SANIM and HERMANTO SIREGAR as Members of the Advisory Committee)

This study aims to analyze the role of fertilizer industry and the impact of fertilizer subsidy policy towards the value-added and income distribution, analyze the factors affecting the fertilizer subsidy policies, determine fertilizer subsidy model and fertilizer distribution system in implementing the policies of fertilizer in Indonesia. The methods of analysis used are Social Accounting Matrix (SAM), Analytic Network Process (ANP) and Bayes methods. Fertilizer industry contributes up to 1.64 percent to the GDP, respectively derived from the inorganic fertilizer industry 1.63 percent and the organic fertilizer industry 0.01 percent. The role of fertilizer sector towards the distribution of income in the economy based on its multiplier value is in accordance with agriculture and construction sectors. The multiplier value of organic fertilizer is 6.7319, which is greater than the multiplier value of inorganic fertilizer of 5.7021. Fertilizer subsidy policy scenario which is diverted to the agricultural infrastructure provides the highest impact on improving the total output of the economy. The direct to farmer policy scenario provides a better effect to the increase in labor income in the agricultural sector, farm households and a decrease in household income inequality. Subsidy policy scenario through a producer with a composition of 20 percent organic fertilizer and 80 percent inorganic fertilizers provides a better impact on the stability of the production of fertilizers and a decrease in income inequality in the production sector. The economic conditions are the most influential factor in the environment cluster. The availability of fertilizer subsidy is a priority objective. The type of fertilizer that is prioritized is the inorganic fertilizer. The actor who is prioritized in the fertilizer subsidy policy is the Ministry of Agriculture, and the supervision is a priority factor in running the fertilizer distribution system. The best subsidized model found is the fertilizer subsidy through the producer with direct distribution system conducted by the producer to the farmer where the composition of the subsidized fertilizer is 80 percent inorganic fertilizer and 20 percent organic fertilizer.

Keywords: Subsidy Policy, Fertilizer Subsidy, Fertilizer Distribution, Social Accounting Matrix, Analytic Network Process