SUBSIDY PRACTICE IN THE REPUBLIC OF MOLDOVA

Natalia MOCANU[1], Nadiia DAVYDENKO[2], Nicoleta MATEOC-SÎRB[3], Tatiana BUJOR[4], Dragoș CIMPOIEȘ[5]

e-mail: mocanunatalia@gmail.com/natalia.mocanu@usm.md

Abstract

Subsidies are a complex economic and political concept, representing non-repayable financial aid granted by the state or other public authorities to specific economic sectors or activities, in exchange for compliance with certain conditions. [4] In the work of economist Paul Bran, this support aims to support economic development, stimulate certain branches of the economy or protect vulnerable groups from negative market effects. Typically, subsidies can take various forms: direct subsidies, in the form of cash payments or financial aid, or indirect ones, such as tax exemptions, research grants or preferential access to certain resources. According to interventionist theory, subsidies are essential to remedy market defects, especially in sensitive sectors, such as agriculture or industries that have a strategic role in the national economy. Subsidies are a necessary tool to protect and support economic sectors that are affected by unfavorable market conditions, as well as price fluctuations or climate risks - the author emphasized this. In agriculture, for example, subsidies can offset losses caused by seasonal variations or lack of adequate infrastructure, allowing producers to continue operating (Legea nr. 71/2023). Such aid, applied over several stages, has a multiplier effect that generates demand for related goods and services and, at the same time, supports the overall economic recovery.

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