

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:917
ANSWERED ON:24.11.2000
SUBSIDY ON ESSENTIAL COMMODITIES
HARIBHAU MAHALE;P.R. KHUTE

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the Government have decided to whittle down or abolish subsidy on certain essential commodities;
- (b) if so, the details thereof;
- (c) the extent of hike effected in the prices of these commodities;
- (d) whether the Government propose to slash the implicit subsidy on certain commodities;
- (e) if so, the details thereof; and
- (f) whether any study has been conducted for providing subsidy to the States for the purchase of food product recently;
- (g) if so, the details thereof; and
- (h) the amount of subsidy likely to be provided to States, State-wise?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI CHAUHAN)

(a) & (b) : No decision has been taken to whittle down or abolish subsidy on essential commodities supplied through Public Distribution System(PDS). However, the Government have decided in November, 1997 that subsidy on kerosene, supplied under PDS will be reduced in phases to reach the level of 33.33% of the import parity price by 2001-2002. The subsidy on kerosene will be transferred to the fiscal budget from the year 2002 onwards.

(c) With a view to better targetise the food subsidy, the Government, while doubling the entitlement of allocation of foodgrains for families below poverty line (BPL) from 1.4.2000, also decided to fix the Central Issue Prices (CIPs) of foodgrains for BPL families at 50% of the economic cost and for families above poverty line (APL) at 100% of the economic cost. However, the CIPs have been revised downward from 25.7.2000 on the recommendations of the Expenditure Reforms Commission.

The retail issue price of levy sugar was last revised from Rs. 12.00 to Rs. 13.00 per kg. w.e.f. 1.3.2000 which is a very marginal increase.

The price of kerosene for PDS was revised at retail level between Rs. 2.70 to Rs. 2.98 per litre depending upon the local levies etc. w.e.f. 30.9.2000. The Govt. has since reduced the retail selling price by around Rs. 1.00 per litre from 22.11.2000.

(d) & (e) : There is no implicit subsidy on foodgrains and levy sugar. The subsidy provided on kerosene does not form part of the budgetary support and it is met by cross-subsidisation from other petroleum products. The Government have decided in November, 1997 that subsidy on kerosene, supplied under PDS will be reduced in phases to reach the level of 33.33% of the import parity price by 2001-2002. The subsidy on kerosene will be transferred to the fiscal budget from the year 2002 onwards.

(f) No, Sir.

(g) & (h) : Does not arise.