

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3273
ANSWERED ON:13.08.2010
ECONOMIC DISPARITIES
Ram Shri Purnmasi

Will the Minister of FINANCE be pleased to state:

- (a) the quantum of money spent during the last three years as subsidies on food, fertilizer and petroleum to bridge the economic disparities;
- (b) whether the Government has conducted any study to find out whether the subsidies are actually reaching the poor people;
- (c) if so, the details thereof and action taken thereon; and
- (d) the steps taken to bridge the inter-regional imbalances and economic disparities?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a):

Rs.in crore

	2007-08	2008-09	2009-10
Food	31328	44175	58641

Fertilizer	35819	79495	64032
------------	-------	-------	-------

Petroleum	2641	2688	14770
-----------	------	------	-------

Includes Rs. 12000 crore of subsidy for under recovery and Rs. 2770 crore subsidy for LPG and Kerosene.

(b) & (c): As far as food subsidy is concerned, the Government, from time to time, gets evaluation done on functioning of Targeted Public Distribution System (TPDS). The latest concurrent evaluation was done by National Council of Applied Economic Research (NCAER) for twelve States namely, Delhi, Jharkhand, Kerala, Madhya Pradesh, Maharashtra, Uttarakhand, Rajasthan, Chhattisgarh, Bihar, Uttar Pradesh, Assam and Mizoram. The reports submitted by NCAER have been sent to concerned States/UT Governments for taking necessary action to streamline the functioning of TPDS. The subsidy on fertilizers has been fixed in such a manner that all farmers including poor and marginal farmers all over the country pay only a portion of the actual cost of fertilizers. The State Governments have been requested by Government of India to ensure that the fertilizers conforming to standards prescribed under the Fertilizer Control Order are made available to farmers subject to MRP printed on the bags. Any violation in this regard is punishable under the Essential Commodities Act.

(d): The Government has adopted a multipronged approach to bridge the inter-regional imbalances and economic disparities. The sharing of Central Taxes with States is decided on the basis of the formulae recommended by the Finance Commission, in which, income distance is the most important factor that determines the share of States. In addition, grants-in-aid are provided to States that require financial assistance. Many schemes of the Government like Sarva Shiksha Abhiyan (SSA), Pradhan Mantri Gram Sadak Yojana (PMGSY) etc. are designed to fill in the gap that exists between the normative level and the current levels and are, thus, designed to bridge inter-regional disparity. Similarly, Government provides subsidies that are targeted towards economically and socially disadvantaged individuals with an objective to address such disparities. Apart from the above, 10% allocation of Plan funds is made to North Eastern States in the budget of various Ministries every year. There are also schemes like Backward Region Grant Fund which provide assistance for development of identified backward areas.