

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5879
ANSWERED ON:11.05.2012
SUBSIDY
Singh Kunwar Rewati Raman

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is taking any initiative to provide subsidy on fertilisers and kerosene oil directly in the bank account of the beneficiary and if so, the details thereof;
- (b) the likely percentage of subsidy in the Gross Domestic Product (GDP) of the country for the financial year 2012-13; and
- (c) whether the Government is concerned about the increasing subsidy and if so, the details thereof and action taken or proposed to be taken thereon?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

- (a) To ensure greater efficiency, cost effectiveness and better delivery for kerosene, Domestic LPG and fertilisers, the Government has decided to move towards direct transfer of cash subsidy to people living below poverty line in a phased manner. A task force headed by Shri Nandan Niiekani has been set-up to work out the modalities for the proposed system of direct transfer of subsidy for kerosene, LPG and fertilisers.
- (b) As per Budget Estimates 2012-13, total Plan Subsidy is 1.87% of the GDP.
- (c) Yes Sir.

Finance Minister in the Budget speech 2012-13 has indicated that it will be Government's endeavor to restrict the expenditure on Central Subsidies to under 2 per cent of GDP in F.Y. 2012-13. Over the next three years, it would be further brought down to 1.75 per cent of GDP. The Government has also taken several steps in this regard such as introduction of Nutrient Based Subsidy Scheme for decontrolled fertilizers, decontrol of retail sale price of petrol and initiatives to move towards Direct Cash Transfers of subsidy.