

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:164
ANSWERED ON:12.12.2003
REDUCTION OF SUBSIDIES ON FOODGRAINS
KAMBALAPADU E. KRISHNAMURTHY

Will the Minister of FINANCE be pleased to state:

- (a) Whether the World Bank has suggested that the Government reduce the heavy subsidies being given on foodgrains;
- (b) if so, the reaction of the Government thereon;
- (c) whether steps are being taken by the Government to reduce subsidy on foodgrains;and
- (d) if so, the details thereof?

Answer

MINISTER OF FINANCE (SHRI JASWANT SINGH)

(a) to (d) : A statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a),(b),(c) & (d) OF LOK SABHA STARRED QUESTION 164 FOR 12TH DECEMBER,2003 REGARDING REDUCTION OF SUBSIDIES ON FOODGRAINS.

(a): In the recent Development Policy Review for India, the World Bank has stated that foodgrains and input subsidies have distorted cropping pattern and public investment in agriculture. It has further suggested that faster growth in agriculture can be achieved by diverting food and fertilizer subsidies towards development of rural infrastructure, irrigation and extension services in agriculture.

(b),(c) & (d): The Government is aware of the problems of increase in various subsidies, including food subsidy as these put pressure on Government finances and consequent fiscal deficit. Major subsidies, including food subsidies are under continuous review by the Government.