

- Extended the scheme for subsidized imported edible oils with subsidy of Rs. 15/- kg for distribution to ration card holders @ 1 litre per ration card per month upto 30.09.2012.

Food subsidy deficit

361. SHRI KANWAR DEEP SINGH:

SHRI N.K. SINGH:

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

- (a) whether the increase in Minimum Support Prices (MSP) would lead to a total food subsidy deficit of about Rs. 40,000 crore at the end of the current year;
- (b) whether the subsidy burden on Government would fuel inflation;
- (c) whether Government would resort to improving productivity to increase profitability of farmers instead of increasing prices; and
- (d) if not, the reasons therefor?

THE MINISTER OF STATE OF THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS): (a) and (b) The rise in food subsidy is mainly attributable to increase in economic cost of foodgrains on account of increase in Minimum Support Price (MSP) whereas Central Issue Prices (CIPs) of subsidized foodgrains have remained unchanged since 2002. During the current year 2012-13(BE), against the projected requirement of Rs. 92493.00 crore, an amount of Rs. 74551.99 crore has been allocated at BE stage. The rise in MSPs may have marginal impact on inflation as the wholesale prices of Wheat and Rice are related to their MSP.

(c) and (d) MSP for foodgrains is so determined as to give a remunerative price to the farmer for his produce. The Government has taken up various schemes for increasing production and productivity of foodgrains. The National Food Security Mission was launched in the year 2007-08 to increase production of foodgrains through area expansion and productivity enhancement; restoring soil fertility and productivity; creating employment opportunities; and enhancing farm level economy. In order to increase the productivity of Rice in the seven States of eastern India, a programme of Bringing Green Revolution in Eastern India (BGREI) has been launched in the Year 2010-11.