POLICY DEBATE ON ISSUE OF SUBSIDIES
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Subsidy refers to a transfer of resources by the government to the buyer or seller of a good or service that has the effect of reducing the price paid by the buyer or seller, increasing the price received by the sellers, or reducing the cost of production of the good or service. Thus, only those government expenditures are considered as subsidy that reduce the market price of a good or service through any of the ways mentioned above; government spending for public provisioning of education, healthcare, and rural infrastructure etc. are not considered subsidies. The government in India has been subsidizing crucial items like food, fuel etc. since Independence. These subsidies have been very important in the Indian context where a significant share of the population (both in rural as well as urban areas) is not always capable of affording even the necessary goods and services at the market prices. However, in recent times, in the wake of the relatively high levels of Fiscal Deficit incurred by the Union Government, many in the policy community in the country have been asking whether subsidies are putting too much pressure on the budget of the Union Government and whether the money being provided for subsidies is getting utilized well.

Union Government spending on Subsidies
In the Union Government spending on subsidies is looking for, note down for what the prospective employer furnishes a prescribed format of the CV. But Preparation of a CV is not a difficult task when the prospective employer is looking for a package of continuous practices and good analytical skills. It should be concise and have consistent layout throughout the document, one should ensure that contact details are not avoided, It is important that vital information is in a prominent position, including mentioning of any awards, scholarships, achievements etc. It highlights the skills relevant for the job applied for. In addition to these formats of CV, some other forms of CV are also held by many that these expenditures are not being the poor as intended because of flaws in the design of some of these subsidies or loopholes in their implementation. The Keikir Committee is an example of this school of thought, which opined that a gradual removal of subsidies would not only enable the government to spend more on economizing and job creation, but also help in attracting private investments. Further, the 12th Five Year Plan (2012-2017) has also recommended some control over the subsidies (without harming the interests of the lower sections of the society), emphasizing on the need to reduce the share of subsidy in the GDP from 2.4 per cent in 2011-12 to 1.5 per cent by 2017. On the other hand, some of the economists favoring an expansionary fiscal policy for the country have argued that government spending on Food Subsidy would raise the purchasing power of the poor as they would no longer need to purchase food at the market price and this additional purchasing power with the poor is likely to be spent on other local goods, thus raising employment and output in the economy. Fuel subsidies are criticized on the grounds of inefficiencies and poor targeting. In a recent paper by Rath Anand and others the authors have suggested that, in India, most of the Continued on page 55

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Fuel subsidies are enjoyed by the people in the high income groups who have greater per capita fuel consumption and have higher shares of expenditures going towards fuel consumption. However, they do not recommend a complete removal of the fuel subsidies and estimate that doing so would reduce the real income of the Indian households by about 4 per cent. It is also argued by many that higher fuel costs would aggravate the problem of inflation in the country by pushing up the costs for transportation of most of the goods.

Fertilizer subsidies are criticized on the distributional aspects. In a paper by V. P. Sharma and K. P. Manilal, according to the National Sample Survey (NSS) data for 2011-12, in the monthly per capita expenditure (MPCe) of households in the country, 53 per cent gets spent on food items for rural households and 43 per cent for urban households. However, there has been a significant increase in the cost of food, raising a high extent of hunger and malnutrition, ensuring food security has rightly been taken up as a priority by the Union Government. In this context, doing away with the Public Distribution System (PDS) for foodgrains and a gradual shift to direct cash transfers to the poor has been put forward as a policy option for enabling better utilization of the Food Subsidy. However, lack of adequate banking infrastructure in the country, a high share of rural population and other such constraints have made some sections skeptical of the effectiveness of the proposed direct cash transfers mechanism. On the other hand, some states like Tamil Nadu and Chattisgarh have managed to reduce the leakages in the PDS significantly by adopting appropriate transparency and accountability measures, thus, it could be observed that the PDS for foodgrains can be improved significantly for effective utilization of the Food Subsidy. A similar kind of argument holds for the petroleum subsidies as both rural and urban households spend close to 10 per cent of their monthly per capita expenditure (MPCe) on fuel and light. So given the inflationary trends in fuel prices, any drastic reduction in petroleum subsidies could again be socially undesirable at the current juncture.

The preceding section attempts to capture the different views pertaining to subsidies in India, which implies that the issue of subsidies needs a lot more scrutiny and that the policy debates in this regard are far from being resolved. However, it may be worthwhile to add here that instead of focusing solely on the expenditure side of the budget, a lot more emphasis could be laid on the revenue mobilized by the government. Not many would disagree with the view that for a large developing country, India’s tax - GDP ratio at less than 17 per cent is low and it needs to be stepped up to enable the government meet its expenditure commitments to a better extent.

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The idea of creating an anti-corruption commission in the form of a Lokpal, was first conceptualized in 1968 in the fourth law commission report of 1971, 1977, 1985, 1989, 1996, 1998 and 2001 efforts were made to enact legislation to create the institution of Lokpal, but these efforts remained unsuccessful. The focus was now on the issue of enacting a law to create Lokpal has seen active citizens engagement. In 2003, the civic engagement with the issue resonated with the government and finally the Lokpal Bill was introduced and passed in the Lok Sabha in the recently concluded winter session in December 2003. The Bill was referred to the Rajya Sabha, where it was passed on 1 Jan 2013.

There has been one of the few pieces of legislation in recent years which has been extensively debated publicly and received in depth parliamentary scrutiny. Before the bill was introduced in parliament, a joint committee made up of members of government and civil society, represented by various NGOs, had made an attempt to draft the bill. This effort remained inconclusive and the government introduced a Bill drafted by it in Lok Sabha. This Bill was examined by a Select Committee of the Rajya Sabha, which then referred it to a Select Committee of Rajya Sabha. Based on the recommendations of the Select Committee, the government made amendments to the bill before introducing it in Lok Sabha. The Lok Sabha then referred the bill to a joint committee consisting of members from both the houses of Parliament, which then referred it to a Select Committee of Rajya Sabha. It was finally passed on 1 Jan 2013.

The Bill as passed by Parliament extends to the Lokpal and Lokayukta, which shall consist of a chairperson and not more than six members, upon whom the Government shall appoint. The Lokpal and Lokayuktas are empowered to investigate the complaints made to them and to take appropriate action, which includes obtaining production orders, search warrants, and arrest warrants. They are also empowered to seek assistance from the Central Government, state governments, or the Central Bureau of Investigation in conducting investigations.

The Bill as passed by Parliament also provides for the appointment of the Lokpal and Lokayukta, who shall hold office for a period of six years or until their retirement, whichever is earlier. They shall be removable only on the ground of proved misbehaviour or incapacity, and such removal shall be made only after a formal三個委員會 of the Lok Sabha has considered the matter and recommended it. The Lokpal and Lokayukta shall be independent and free from any direction or control by any authority or person, and shall be accountable only to the Parliament.

The Bill also provides for the establishment of an Appellate Authority, which shall have the power to hear cases under the provisions of this Act, and an Executive Authority, which shall have the power to perform such functions relating to the recruitment and appointment of persons to the post of Civil Servants who are required to perform the functions of the Lokpal or the Lokayukta.

The Bill also provides for the establishment of an Anti-Corruption Bureau, which shall have the power to perform such functions as may be assigned to it by the Lokpal or the Lokayukta. The Anti-Corruption Bureau shall be headed by a Director, who shall hold office for a period of five years or until his retirement, whichever is earlier.

The Bill also provides for the establishment of an Advisory Council, which shall consist of a Chairperson and not more than five members, and shall be appointed by the Lokpal. The Advisory Council shall have the power to give such directions and guidance to the Lokpal and the Lokayukta as it considers necessary for the effective discharge of their functions.

The Bill also provides for the establishment of a Central Government Committee, which shall consist of a Chairperson and not more than six members, and shall be appointed by the Lokpal. The Central Government Committee shall have the power to give such directions and guidance to the Lokpal and the Lokayukta as it considers necessary for the effective discharge of their functions.

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