First SDG may cover additional spend on food, fertiliser subsidy

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SDG may also provide more for public sector general insurance firms.

The first Supplementary Demand for Grants (SDG) may include provisions for additional expenditure on food and fertiliser subsidy besides re-capitalisation of public sector general insurance companies. Still, government officials are hopeful of limiting the fiscal deficit as planned in the Budget.

First SDG for FY23 will be tabled in the forthcoming Winter session of Parliament which is likely to take place during November-December. SDG refers to statement of supplementary demands laid before Parliament, showing the estimated amount of further expenditure necessary for a financial year, over and above the expenditure authorised in the annual financial statement for that year. The demand for supplementary may be token, technical or substantive/cash.

ALLOCATION OF FUNDS

Finance Minister Nirmala Sitharaman has already committed to an additional expenditure of ₹1.10-lakh crore for fertiliser subsidy, given the surge in urea prices in the wake of Ukraine-Russia crisis. This is over the ₹1.05-lakh crore as announced in the Budget.

More funds are required for food subsidy as the Cabinet approved extending the Pradhan Mantri Garib Kalyan Ann Yojana (PMGKAY) for another three months (October 2022-December 2022). Under this scheme, free food grains at 5 kg per person per month is given to around 80 crore people. The extension is estimated to cost ₹44,762 crore. The government provided over ₹2.06-lakh crore for food subsidy in the Budget.

More capital is required for general insurance companies as their solvency margin has dipped. As per the IRDAI's mandate, the minimum solvency ratio insurance companies must maintain is 1.5 to lower risks. In terms of solvency margin, the required value is 150 per cent.