

**DR. YELAMANCHILI SIVAJI :** Sir, the Minister, in his reply, has stated that all the Cephalaxin-based drugs like Alcepin, Alsporin Nufex, Phexin, etc. which are being marketed in this country are of the same chemical base, the chemicals and the ingredients being the same. Then, what is the rationale behind the difference in the prices of the various trade-names in the market? In the market, so far as my information goes, one tradename is selling at Rs. 14 for four capsules whereas others are selling at Rs. 18 or more. What is the rationale behind the wide variation in the prices of the same chemical produced under different trade-names?

**SHRI EDUARDO FALEIRO :** Sir, I have got all the information. I have a comparative statement of prices of Cephalaxin formulations, giving details for the brand name and the formulation, the company, the strength, the price approved by the Government, the excise duty and the retail price charged by the company and it is our assertion that there is no overcharging. This is our information. I am prepared to give this information to the hon. Member and he will see that there is no difference of any substance.

**MR. CHAIRMAN :** Q. No. 127. Shri Ashok Mitra.

Alternative to fertilizer subsidy

\*127. **SHRI ASHOK MITRA† :**

**SHRI AHMED MOHAMEDBHAI PATEL :**

Will the Minister of **CHEMICALS AND FERTILIZERS** be pleased to state :

(a) whether Government are working on an alternative to fertilizer subsidy in the country; if so the details thereof ;

(b) whether the Parliamentary Committee on the subject has suggested a number of alternatives to subsidy;

(c) if so, whether Government have considered the recommendations of the committee in this regard;

(d) what steps Government propose to take to find out an alternative for subsidy.

(e) by when final decision is likely to be taken and

(f) What is the amount of the budgetary saving, the alternative subsidy policy aims at achieving on an annual basis?

**THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO) :**

(a) to (f) A statement is laid on the Table of the House.

(a) to (f) The terms of reference of the Joint parliamentary Committee on Fertilizer pricing were as follows :

(i) To review the existing method of computation of the Retention price for different manufacturers of fertilizers and

(ii) to suggest whether there is any scope for reducing fertilizer price within the existing scheme of things, or whether a new methodology for fertilizer pricing should be evolved without causing undue strain to the exchequer, and at the same time assuring fair prices to the farmers and a fair return to the manufacturers."

Some of the recommendations of the Committee like decontrol of phosphatic and potassic fertilizers, abolition of customs duty on imported phosphoric acid and capital goods, and concession in interest rates on loans for setting up new projects were aimed at reducing expenditure on subsidy. Among others, these recommendations have been accepted and implemented.

¶ The revised budgetary provision for subsidy in the current year is Rs. 4,400 crores as against Rs. 5,800 crores in 1992-93.

**SHRI ASHOK MITRA :** Sir, from the newspaper reports, we are given to understand that the Prime Minister is thinking in terms of an alternative strategy for fertilizer subsidy which goes beyond the recommendations of the Joint Parliamentary Committee. But I will leave that aside. What is of concern is that the fertilizer subsidy has been slashed from the level of Rs. 5,800 crores in 1992-93 to Rs. 4,400 crores in the current year and the Finance Minister has suggested that next year, there will be a further cut and the total quantum will be only Rs. 4,000 crores. I am not at all worried about the rich farmers. They are of the being

†The question was actually asked on the floor House by Shri Ashok Mitra.

offered high procurement prices by the Government and they are also being helped by the agricultural exports, which raise the prices. Well, I am really concerned about the plight of the small and marginal farmers. Therefore, I would seek some information about the distribution of the fertilizer subsidy among the rich farmers, the middle farmers and the small and marginal farmers. Secondly, I would also seek some information on the regional distribution of this subsidy among the North-West, the North, the South, the West, the East and the North-Eastern parts of the country.

**SHRI EDUARDO FALEIRO :** Sir, the General Budget was just presented the day before yesterday. In fact, that is a very complicated exercise. We are in the process of analysing the implications of the Budget. The fertilizer subsidy that we get in this country, as the hon. Member is well aware, is far higher than anywhere else in this region and perhaps, elsewhere. While the tendency is to reduce the subsidy drastically all over the world, our Government has gone out of the way to support the farmers. This is what the Finance Minister said while making these concessions, by giving all these subsidies. Now, all I can say, at this point of time, is that the subsidy goes to the product. Therefore, the difference is given as the retention price—the difference between the cost of production and the sale price—and as I have said earlier, there is a big difference there. It goes to meet this difference. Now, I have had meetings with the MPs not with the hon. Member but with other MPs, and one of the things that they have mentioned is that the farmers should be able to afford this. Agriculture is the concern of all of us and if I may put it clearly, they should be able to afford these bags. The small farmer does not buy tonnes of fertilizer. He buys a bag or two. Therefore, the point made is that he must be able to afford this bag. Sometimes he has no money before the crop. Therefore, cheap credit facilities are provided. We must congratulate the Government, the Prime Minister and the Finance Minister for not only dealing with the question of fertilizer but also making cheap credit facilities available to the farmers at the grass-root level, which is very vital, by strengthening the NABARD. The other point made by the MPs is that

the cost is there, but sometimes, the farmers is not getting the fertilizer at that cost, because blackmarketing is going on. Some MPs have mentioned it to me, who are dealing at the grassroot level and therefore, it is necessary that retail outlets should be increased. In order to buy one bag, a man cannot go to the headquarters. There are many points. We must take a holistic view of this issue and should not take a piecemeal view. My Ministry and myself are always at the disposal of the Members... to see how we can develop ways and means of making these benefits more and more real to the farmers, particularly to the small farmers.

**SHRI ASHOK MITRA :** Sir, I appreciate the Minister's speech and I am greatly enlightened but I am afraid, he has not answered specifically the point which I raised. Of course I know the fertilisers are for a product but the products are produced by farmers and I wanted specifically to know that out of the total quantum of subsidy, how much has gone to the rich farmers, how much to the middle farmers and how much to the small and marginal farmers. Secondly, I wanted to know the regional distribution of subsidy between different parts of the country.

**SHRI EDUARDO FALEIRO :** I have already mentioned it, Sir. Now the position is like this. I will not go into the cost of production aspect again and again. For urea, the cost of production including freight is Rs. 5,078. Now the selling price.....  
(Interruptions).

**MR. CHAIRMAN :** He is not asking the cost of production.

**SHRI EDUARDO FALEIRO :** Sir, the point I am making here is, this money does not go to a farmer, either small or big; this money does not go to a region, whether it is East or West, but this money goes to cover the difference independently of region, independently of farmer. It goes to cover the difference between the cost of production of the manufacturer and the selling price at which he is bound to sell. It goes to him as a retention price.

**SHRI ASHOK MITRA :** It doesn't go to the farmers. The subsidy does not go to the farmers.

**SHRI EDUARDO FALEIRO :** Of Course it goes to the farmers.

**SHRI ASHOK MITRA :** Kindly tell me who are the rich farmers, who are the middle farmers and who are the small farmers. I want to know the category. If you don't have the information, please confess it.

**SHRI EDUARDO FALEIRO :** Now, Sir, you please help the hon. Member.

**MR. CHAIRMAN :** The Minister has explained that it is not according to the category of the farmer but according to the product produced. The subsidy is given according to the product produced.

**DR. MURLI MANOHAR JOSHI :** Sir, a product is produced by the industry. Therefore, the subsidy goes to the industry rather than the farmer.

**श्री राम लखन सिंह यादव :** महोदय, जो इस पर कॉस्ट लगता है, जहाँ से इस तरह की खाद बनती है, उस पर जो कॉस्ट लगा और जो एम्प्लुली किसान देते हैं, इन दोनों के बीच का जो डिफरेंस है उसको हम सब्सिडी के रूप में जो खाद पैदा करता है, उसको दे देते हैं ताकि हमारा किसानों को देने का जो नियंत्रण मूल्य है उस पर वह बेचे, दूसरे भाव में नहीं बेचे। इसलिए इससे बिल्कुल किसानों को फायदा है और वहाँ हम देते हैं। किसान किस कैटेगरी के हैं और कौन-कौन इस तरह से खाद लेते हैं, कौन-कौन लाभोक्ति होंगे, वह तो जो खरीदेंगे उनको मिलेगा चाहे जो खरीदे।

**SHRI ASHOK MITRA :** Sir, I have another supplementary.

**DR. NAUNIHA SINGH :** Why don't you reduce the cost of production ;..... (Interruptions)..... Why don't you make them better ? ..... (Interruptions) ? .....

**MR. CHAIRMAN :** Let the Member seek his second supplementary.

**SHRI ASHOK MITRA :** Sir, Since I was for more than four years Chairman of the Agricultural Prices Commission of the Government of India, I know what is what, but

let us forget about this business of who is getting the subsidy and I have a more specific question to ask. You know the quantum of subsidy depends upon the cost of production within the country and the cost of imports. I have the data supplied by the Minister himself. Between April and December of 1993, we imported 2 million tonnes of urea at a cost of more than 703 or 704 crores of foreign exchange. I am not a fertiliser technologist but those who are, have advised me that if only the Hindustan Fertilisers Units had been advanced Rs. 100 to 125 crores worth of inputs, including imported inputs, they could have produced the same quantity. Now this is the sheer national waste. You have these units. You say that they are not shut down. Of course, technically they are not shut down because you are paying wages to the workers but they are producing 5 per cent of their capacity. Why don't you invest 100 crores or 125 crores ? Or is it an absolute dogma that imported fertilisers are superior to domestic fertilisers just as we have been told that dung imported from Denmark is superior to indigenous cow-dung ?

**श्री राम लखन सिंह यादव :** सर, मेरी दिक्कत यह है कि माननीय प्रश्नकर्ता सदस्य खुद कोई कमीशन के चेयरमैन है और रहे चुके हैं, लेकिन मैं तो खुद एक छोटा किसान हूँ। प्रैक्टिकल क्या दिक्कत होती है और कैसे मिलता है, मेरे ब्याल से, मेरी समझ से उनसे थोड़ा ज्यादा मुझ को ज्ञान है। ऐसी हालत में इस ज्ञान को सामने रखकर, इस उद्देश्य को सामने रखकर कि किसानों को हर तरह से फायदा हो, उस काम को हम लोग करते जा रहे हैं और इससे चेयरमैन साहब, हमने बहुत बड़ी मदद की है। (Interruptions.)

**SHRI S. JAIPAL REDDY :** Sir, are you satisfied that the question put by the Member has been answered ? (Interruptions).

**SHRI RAM LAKHAN SINGH YADAV :** He has made a speech. (Interruptions). I am not going to make a speech here. (Interruptions).

**MR. CHAIRMAN :** Please sit down. The Prime Minister is speaking.

**THE PRIME MINISTER SHRI P. V. NARASIMHA RAO :** He has referred to a very very specific incident or specific action which he considers wrong. If the description given by him and the figures given by him are right—I also consider it wrong—we will certainly look into it. If instead of Rs. 700 crores, which is again the figure to be verified, being spent for import, Rs. 125 crores had been given to a particular factory and it would have produced Rs. 700 crores' worth of fertilizer, naturally, the decision is wrong. We will look into it and let the House know. There is no problem.

**SHRI MENTAY PADMANABHAM :** Sir, I am referring to the import of fertilizers and the subsidy issue. As there is no time, I would put a direct question. It appeared in the Press that the Finance Minister is thinking in terms of abolishing the subsidy on fertilizer including nitrogenous fertilizers. But the Prime Minister has taken a different view on this. I would like to know from the Prime Minister or any of his colleagues in the Government whether they would assure this House that they are going to continue the fertilizer subsidy for some time to come. I would also like to know whether they are going to think in terms of changing the subsidy aspect in the near future.

**श्री राम लखन सिंह यादव :** जहाँ तक फर्टिलाइजर पर सब्सिडी देने का प्रश्न है, बजट आप के हाथ में है, आप उसे देख चुके होंगे, उसमें कहीं भी नहीं है कि सब्सिडी में कोई कटौती की जाएगी या काम बढ़ाएंगे ।

**श्री विजय कुमार मल्होत्रा :** 2000 करोड़ रुपए की कटौती की है सब्सिडी में ... (व्यवधान)

**श्री राम लखन सिंह यादव :** पहले साढ़े 3 हजार करोड़ रुपया दिया जाता था, उसकी जगह पर इस बार ओरिजिनल बजट में ही 4 हजार करोड़ रुपए का प्रावधान कर दिया गया है और बाद में प्रधानमंत्री जी ने और गवर्नमेंट ने और बढ़ाया था बीच के साल में,

इसकी भी संभावना रखी जा सकती है । इस लिए अभी जो मौजूदा स्थिति है, इसमें सब्सिडी में कमी करने का कोई प्रश्न नहीं उठता ।

**SHRI MENTAY PADMANABHAM :** Sir, can we take it as an assurance in this House ?

**SHRI P. V. NARASIMHA RAO :** Sir, they can take it as an assurance that we are considering all these things. We will take decisions and come back to the House with those decisions and announce them. What he has just told the House is the general outline. In the absence of specific decisions, how is it possible for anyone to jump the gun and announce decisions here ? This is not possible. It will take a little time.

**SHRI SOMAPPA R. BOMMAI :** Sir, the Prime Minister was good enough to answer that it is under the consideration of the Government whether to continue or not to continue the subsidy.

**SHRI SOMAPPA R. BOMMAI :** If I have understood it correctly, the Government is thinking of discontinuing subsidies. I would like to know something about this.

**श्री राम लखन सिंह यादव :** मैंने पहले ही कह दिया है और अभी माननीय प्रधानमंत्री जी ने भी फिर से कहा कि आज जो बजट में प्रावधान है, बजट में इस संबंध में जो निर्णय लिया गया है वह आपके सामने है, उससे कहीं भी यह नहीं आता है कि कोई सब्सिडी हम कम करने जा रहे हैं । आज की स्थिति यह है । बाद में कब क्या होगा, परिस्थिति क्या होगी, उस परिस्थिति के मुताबिक क्या किया जाएगा, उस पर विचार किया जाएगा । जो डिमिशन होगा वह आपके सामने आएगा ।

**MR. CHAIRMAN :** The Question Hour is over.