

वह क्या बिहार सरकार द्वारा उपलब्ध की जा रही है ?

श्री एम. एल. फतेदार : सभापति जी, मैंने पहले ही कहा है कि यह इंस्टीट्यूट बिहार सरकार के अधीन है और इन्होंने जो बताई हैं, शायद बिहार सरकार अब इस तरफ भी ध्यान दे। मैं मुख्य मंत्री से गुजारिश करूंगा, और जो बात आनरेबल मेम्बर ने कही हैं, उनके नोटिस में लाऊंगा कि वहां के लोगों की सेहत के बारे में भी ध्यान रखें।

Subsidy on Food and Fertilizer

*222. KUMARI CHANDRIKA
PREMIJI KENIA:

SHRI PASUMPON THA.
KIRUTTINAN:

Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering to withdraw subsidy on food and fertilizers; and

(b) if so, what are the details thereof and in what manner Government propose to compensate the farmers to offset the high cost of production?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHANTARAM POTDUKHE): (a) and (b) A statement is laid on the Table of the House.

Statement

In so far as food subsidy is concerned, the subsidy on sugar has been withdrawn with effect from the evening of 24h July, 1991.

The question was actually asked on the floor of the House by Kumari Chandrika Premji Kenia.

In the case of fertilizer subsidy, low analysis fertilizers such as calcium ammonium nitrate, ammonium chloride, ammonium sulphate and sulphate of potash have been freed from price and movement control with effect from 25th July, 1991. The prices of all other fertilizers have been increased on an average by 40 per cent with effect from 25th July, 1991. In addition, in respect of single super phosphate, there will be a ceiling on the subsidy per tonne payable to producers so as to move towards Dotal deregulation in the next few I years.

Farmers will be compensated for the proposed increase in the price of fertilizers through suitable increases in procurement prices. In addition, it will be ensured that 50 per cent of Plan resources are invested in the agricultural and rural sectors. The provision for the continuing schemes for assistance to small and marginal farmers for dug-wells and shallow tube-wells would be doubled. The ceilings on assistance in difficult areas where the water level is very low, would be removed. The provision for assistance for fresh water and brackish water aquaculture and for oilseeds and pulses production would be substantially stepped up. New schemes are being drawn up to popularise small tractors and matching implements, drip and sprinkler irrigation in areas where water is scarce, and quality seeds in low yield areas. A new scheme would be implemented from this Kharif season for providing assistance to State Governments, cooperative societies and farmers groups to provide blanket plant protection cover on payment of a small fee in large identified areas under cotton or pulses. The credit structure would be strengthened to ensure adequate availability of credit particularly to the small and marginal farmers. Soil testing laboratories and farm advisory services all over the country would be strengthened to ensure efficient use of fertilizers and popularise the use of bio-fertilizers.

KUMARI CHANDRIKA REMUI KENIA: Sir, the Union Budget for 1991-92 has made a major attempt to cut down the fiscal deficit to the tune of Rs. 14,976 crores with a view to complying with the conditions of the World Bank. A major portion of the reduction has been effected through a cut in the non-Plan expenditure to the tune of Rs. 12,239 crores and about Rs. 2,200 crores through additional taxation measures. The Union Budget has slashed the provision for subsidies. The major subsidies, namely for food, fertilizers and export promotion to the tune of Rs. 1,726 crores have been cut down. I would like to submit that the Government's step to hike the fertilizer prices by as much as 40 per cent would contain the subsidy to the level of Rs. 4,000 crores only as against the anticipated level of Rs. 7,000 crores as stipulated in the Budget and as claimed by the hon. Finance Minister due to the impact of the 12 per cent surcharge and the recent devaluation of the rupee. I would like the hon. Minister to react to the statement. Sir, another disturbing factor is the decontrol of certain fertilizers which are termed as the low-analysis fertilizers. It has been decided that there would be no price movement control on such items like Ammonium Sulphate, Calcium Nitrate and Ammonium Chloride. As a result, the prices of these three fertilizers will increase considerably though they provide the same nutrients like urea which is subsidised. Will the hon. Minister react to this statement because decontrolling these items will lead to market distortions? Finally, will the Finance Minister comment on the statement that the withdrawal of the subsidy on fertilizers will affect the agricultural production adversely and also it will affect the farmers and the common man adversely because the budget is inflationary? The Finance Minister has himself admitted that the Budget will cause inflation for the next three years.

THE MINISTER OF FINANCE
(SHRI MANMOHAN SINGH): Sir,

the right hon. Member had started by saying that we have cut subsidies at the behest of the World Bank. I respectfully submit that that simply is not true. What we have done is in the best interests of the country...
(Interruptions) ...

THE LEADER OF THE OPPOSITION
(SHRI S. JAIPAL REDDY): You have done is as the behest of the IMF and not the World Bank... (Interruptions) ...

SHRI MANMOHAN SINGH: The second thing that the right hon. Member asked was whether what we had done will lead to market distortions... (Interruptions).....

SHRI MENTAY PADMANABHAM: Sir, there are only hon. Members in the House and there are no right hon. Members...
(Interruptions)...

SHRI MANMOHAN SINGH: My answer to the second question is 'No'; there is no such danger. She then asked whether withdrawal of subsidies would affect the agricultural production and the farmers in particular. My answer is 'No', because the Government is committed to doing all that is possible to encourage farmers to increase food production and to encourage agricultural production. To encourage agricultural production, Government have already decided that if there is any adverse effect it will be taken care of through suitable adjustment in the procurement prices. The fourth question she asked was whether the Budget will be inflationary. My answer is that taking into account the totality of circumstances, the tight fiscal monetary regime that we envisage, the 2 per cent reduction in the fiscal deficit, history of this country before, the history of this country before, the overall impact of this Budget will be disinflationary and not inflationary.

KUMARI CHANDRIKA PREMJI
KENIA; I would like to submit that

as far as cutting of the financial deficit to 2 per cent is concerned, as stated by the Finance, it is in response to the IMF loan conditionally....,

SHRI A. G. KULKARNI: What is the question?

KUMARI CHANDRIKA PREMJI KENIA: Apart from that, I had asked a very specific question about the decontrol of the fertilizers items which will really create market distortions. I would like to have a proper response from the Finance Minister to that. Sir, the Finance Minister has stated that the resources for development must be raised from those who have the capacity to pay and tax revenue from direct taxes must improve. Yet, nothing has been proposed in the Budget for taxing the rural rich. The agricultural income and wealth generated from agriculture continue to be exempt. So is the position regarding capital gains arising out of agricultural properties. Will the Finance Minister agree that there is no justification for sparing these in the agricultural sector who have the capacity to pay such taxes?

Finally, you have promised enhancement in procurement prices to compensate the loss to farmers due to raising of fertiliser prices by 40 per cent. Many I know from the hon. Minister, when will the Government act on this promise and what will be the modalities?

SHRI MANMOHAN SINGH: Sir, I would again like to emphasize that what we have done is not at the behest of the Government or the World Bank, but what we have done is in the interest of the people of this country. Therefore, for any misconception to the contrary, I am afraid, there is no basis.

The second question that the hon. Member asked, and I did try to answer is, is it a fact that we have de-

controlled certain fertilizers? This in itself is not going to cause market distortions. In fact, we are going to put a ceiling on the subsidy admissible on some of these products and an incentive for reduction in the cost of production.

The third point that she raised is with regard to the taxation of the rural rich. That suggestion is for action. We consider all these suggestions as and when the opportunity arises. We can consider all these things. That idea was presented in my Budget.

The next question she asked was about the enhancement of procurement prices. We have established a mechanism for that. The Agricultural Price Commission is there. Their recommendations are considered by the Government. They come up to the Cabinet. And you have my assurance that we would take appropriate action as soon as possible.

SHRI S. JAIPAL REDDY: Sir, there is a feeling in certain quarters that reduction in fertilizers subsidy affects only the rich farmers. In my humble view, it is not true. The rich farmers are in some way taken care of through increase in the procurement prices. It is the small farmers who have no marketable surplus, who will be severely affected. So, I would like to ask the Finance Minister as to how he is going to help the small farmer who will be directly and severely affected by the steep withdrawal of the reduction in subsidy.

Part (b) of my question is that it is applicable only to fertilizers to be released now. But in Andhra, the fertilizer dealers who have had a better idea about this than all of us, have been hoarding fertilizers for a long time and they would like to sell the hoarded fertilizers at the new rates. And what does the Government of India propose to do to stop this malpractice?

SHRI MANMOHAN SINGH: Sir, it is true that bigger farmers proportionally use more fertilizers. But the information that I have is that it is not true that small farmers do not produce for the market. Years ago, the most authoritative study in this subject was done by a very distinguished economist in this country who was later on the Chairman of the Agricultural Prices Commission, the late Dr. Dharam Narain. And Dr. Dharam Narain's study shows that nearly 50 per cent of the marketed surplus in this country came from what could be called as small farmers. Therefore, as we adjust procurement prices, their interest would also be taken care of. But the hon. Member is right that there may be, I think, some residual problems. For the farmers who do not produce for the market, as I mentioned in my Budget Speech, special programmes will be adopted by way of increased credit facilities, by improved extension services, pest control measures and provision of pesticides. And I do believe that the answer we have given lists various measures that we have in mind. We are committed to earmarking about 50 per cent of Plan funds for rural and agricultural development. We would ensure that these programmes have a bias in favour of small and marginal farm-ers.

SHRI S. JAIPAL REDDY: The second part of my question has not been answered...

DR. YELAMANCHILI SIVAJI: It is about hoarding of fertilizers in Andhra Pradesh.

SHRI MANMOHAN SINGH: I am sorry, Sir, I forgot to answer the second part of his question. With regard to the pricing of fertilizers or fertilizers already with the dealers, the hon. Member will be pleased to know that my distinguished colleague, the hon. Minister for Agriculture, on that very day when we announced prices of fertilizers, issued instructions that this increase in pri-

ces will not apply to fertilizers sold out of stocks already with the dealers,.

SHRI S. JAIPAL REDDY: Sir, the question is not one of instructions. The question is...

MR. CHAIRMAN-. Instructions have been issued by the Minister or (. *Interruptions*)

SHRI S. JAIPAL REDDY: Sir, we have a real law and order problem in Andhra Pradesh... (*interruptions*-)

SHRI MOTURU HANUMANTHA KAO: Dealers are refusing to sell at *did* rates... (*Interruptions*).. Farmers are agitating. Firings have taken place all over Andhra Pradesh... (*interruptions*)

SHRI MENTAY PADMANABHAM: How do you ensure that they sell at the old rates?

(*Interruptions*)

MR. CHAIRMAN: He has followed your question. They want to know how will you ensure that... (*Interruptions*) What is the methodology? (*Interruptions*)

SHRI MENTAY PADMANABHAM: The price of a bag of 50 Kgs. has gone up by Rs. 60... (*Interruptions*)

MR. CHAIRMAN: He has followed ! your question.

SHRI MOTURU HANUMANTHA RAO: There has been firing in so many places in Andhra Pradesh. (*Interruptions*)

SHRI MANMOHAN SINGH: Sir, I will consult my hon. colleague, the Minister for Agriculture, and I will come back to you. (*Interruptions*)

MR. CHAIRMAN-. They want to know how do you distinguish... (*Interruptions*)

DR. G. VIJAYA MOHAN REDDY: There are police firings going on in Andhra Pradesh. Your assurance has no meaning. (*Interruptions*)

MR. CHAIRMAN: The Minister for Agriculture is standing. He is also an agriculturist himself. He knows everything.

THE MINISTER OF AGRICULTURE (SHRI BALRAM JAKHAE): I would like to add, Mir. Chairman, Sir, that the day the Budget was presented, my Ministry took the immediate step to inform all the State Governments to check and register whatever they had in their stocks, and asked the State Governments to see that this fertilizer is not sold at the enhanced rates. I altered everybody throughout the country and published in all the media, in Doordarshan, Radio newspapers and also told my farmers to look after their interest. I have also instructed all the agriculture departments throughout the States to see that their agriculture officers go and check it. Now, I have got some reports. I am always on the telephone with them to see that this thing is stopped.

DR. YELAMANCHILI SIVAJI: I have checked with the Agriculture Ministry. The Agriculture Department in Andhra Pradesh says that there is a Directive from the Government that the stocks that are with the retailers are to be sold at old rates. But some stocks held with the wholesalers are to be sold at new rates.

SHRI BALRAM JAKHAR: Only new stocks are to be sold at new rates. *(Interruptions)*.

DR. YELAMANCHILI SIVAJI: At this moment of time ... *(Interruptions)*.

SHRI MENTAY PADMANABHAM: How can the hon. Minister distinguish between... *(Interruptions)* j

SHRI BALRAM JAKHAR: I know that cannot be. *(Interruptions)*. But it is a question whether the stock is lying with them or not. *(Interruptions)*. Mr. Chairman it is the quantity of the stock.

SHRI MENTAY PADMANABHAM: What is the purpose of... *(Interruptions)*.

DR. YELAMANCHILI SIVAJI: Sir, the National Highway is blocked by farmers for want of fertilizers. What is the Ministry going to do to restore the Highway and to sell the stocks at normal price?

SHRI VITHALRAO MADHAVRAO JADHAV; Mr. Chairman, Sir, in the reply it is... *(Interruptions)*

SHRI JAGESH DESAI; They must have done... *(Interruptions)*.

SHRI MENTAY PADMANABHAM: Sir, this is a very very serious matter as far as Andhra Pradesh and other places are concerned. I want to know whether the Minister is making a statement on this because the fertilizer prices have suddenly shot up. The farmers are not able to adjust the budget. This is a sowing season. Fertilizer is very important for this Kharif season. I want to know whether the Minister will come out with a statement on this issue. Let the Minister assure the House... *(Interruptions)*.

SHRI BALRAM JAKHAR: I am very much concerned. That is why I took immediate steps on that very day without even consulting anybody. I thought it was inappropriate. I think, we should all have to cooperate. The State Government should cooperate and I also ask my farmers to see that something is done because some malpractice can exist and can happen. That is what I think. We have to do it. We have to safeguard their interest. I knew it was going to happen and stocks are to be sold which are available anywhere. I know there could be no distinction between the old and the new. The problem that we have is, whatever happened, I tried to find out. I knew what was going to happen and I took that step. Never before it has been done like that.

SHRI VITHALRAO MADHAVRAO JADHAV: Sir, low analysis fertilizers such as calcium ammonium nitrate, ammonium chloride, ammonium sulphate and sulphate of potash have been freed from price hike. Sir, for these fertilizers, sulphate of potash and ammonium sulphate the price is already low. There is no obligation from the Government and the Ministry that they are giving some concession in prices. Sir, in his second reply, he said the prices of all other fertilizers have been increased on an average by 40 per cent. Sir, 'the real fertilizers are urea and other mixtures, nitrogen, -phosphorus and potash. Nitrogen phosphorus are costly fertilizers. So, may I know from the hon. Finance Minister, as he has increased the prices of fertilizers by 40 per cent on that line whether the Minister wants to increase by 40 per cent the procurement prices of agricultural commodities. Unless an increase of 40 per cent in the procurement price is allowed, the farmer will not get compensation for increase in fertilizer price. Secondly, the hon. Minister has stated in his reply that the farmers will be compensated for the proposed increase in the price of fertilizers through suitable increase in the procurement price, and in addition to that, it will be ensured that 50 per cent of Plan resources are invested in the agricultural and rural sectors. I would like to know as to how this 50 per cent investment in the agricultural and rural sector will compensate for the abolition of subsidy on fertilizers and how the farmer will get benefited out of that investment. Then the hon. Minister has also stated that new schemes, are being drawn up to popularise small tractors and other matching implements. I would like to know whether any subsidy is being provided on such purchases by the farmers. I know you want to modernise agriculture but unless the purchasing capacity of the farmer is increased, he cannot purchase either small or big tractors.

SHRI MANMOHAN SINGH: I

think the assumption that if price of fertilizer is increased by 40 per cent, procurement price must also increase by 40 per cent, is not correct because fertilizer is only one item of the cost of production and I have already assured the House that increase in fertiliser price in so far as it increases the cost of production of foodgrains, will be fully taken into account while fixing the procurement price. But I cannot say at this stage as to what that percentage will be. We have established mechanism in the Government to do these calculations and as soon as these calculations are ready, I will come before the House and share the information with the House.

Second question was about 50 per cent of the plan outlay. I did mention that our Government is committed to see that 50 per cent of the plan outlays are spent on agriculture and for the benefit of rural development. About the new schemes, some new schemes are needed; some of these new schemes are mentioned in my answer to the question. These are under examination and they would be reflected in the plan for 1992-93 and I am sure all these things would help to usher in a new dynamism in our agricultural and rural sectors and that the totality of the measures that I have taken taking into account what has been done to reduce and eliminate excise duty on large number of agro-based activities, would usher in a new agricultural revolution in the country. There is still scope for subsidies but I do believe honestly that the time has come when the country ought to recognise that our farmers need a lot more and that subsidies must, therefore, have a less and less scope.

SHRI VITHALRAO MADHAVRAO JADHAV: What will be the impact of all this on our agriculture?

SHRI MANMOHAN SINGH: I have not done the exact calculation and I can say only on a rough basis that if one assumes that the level of consumption of fertilizer in the country

as a whole is as high as the level of fertilizer consumption in the State like Punjab which is the highest user of fertilizer on per hectare basis, then such wild assumption and calculation that I have, shows that there would be an increase of Rs. 7- per quintal in the price of paddy, Rs. 8- in the price of wheat, etc. This is the range, I am not saying that these are the Anal figures, but roughly this is the order and magnitude, and in recent years, fertilizer prices have increased much more than this. But we can take care of it while fixing procurement prices.

श्री भूपेन्द्र सिंह मान : मंत्री महोदय ने पूछा कहेंगे कि किसान को रियल टैम्स में कितनी सबसिडी मिलती है ? यह सबसिडी रियल टैम्स में किसान को मिलती है, कंज्यूमर को मिलती है या इंडस्ट्रीज को मिलती है ? दूसरा सवाल यह है कि यह जो फर्टिलाइजर अब तक पाइपलाइन में है वह कितने दिनों में खत्म होने वाला है और उसमें जो सबसिडी में कमी की है वह किसानों को कैसे मिलेगी ? तीसरा सवाल यह है कि इंटरनेशनल मार्किट में फर्टिलाइजर की कीमत भारत के फर्टिलाइजर की कीमत से कम है और भारत के किसान को कहा जाता है कि वह इंटरनेशनल मार्किट में एक्सपोर्ट करने की बात करे तो यह कैसे होगा ? जैसे पाकिस्तान ने फाइन राइस एक्सपोर्ट करने में इंटरनेशनल मार्किट को कैप्चर कर रखा है इस कारण भारत का किसान वही मार्किट में फाइन राइस एक्सपोर्ट नहीं कर पा रहा है क्योंकि यहाँ कास्ट आफ प्रोडक्शन ज्यादा है तो मैं यह जानना चाहता हूँ कि आपके पास एक्सपोर्ट करने के लिए किसान को मदद देने के लिए क्या योजना है जबकि यह कहा जाता है कि एक्सपोर्ट करना बहुत जरूरी हो गया है। यह कहते हैं कि सिर्फ कास्ट आफ प्रोडक्शन में जो फर्टिलाइजर की कीमत है वह पकड़ी जायेगी तो फर्टिलाइजर की कीमत बढ़ने से जो इन्फ्लेशन हो रहा है उसका बाकी चीजों से भी संबंध है या सिर्फ फर्टिलाइजर से ही है ?

SHRI MANMOHAN SINGH: I would like to say that the question about the effect of the increase in the fertiliser prices. On the international competitiveness for the agricultural exports cannot be viewed in isolation. In fact, what I have done on the exchange rate front—the adjustment of the exchange value of the rupee-plus what has been done in excise concession on agro processing, I think, have greatly increased the incentive for agrarian exports, in totality. These were not done before.

श्री भूपेन्द्र सिंह मान : मैंने यह पूछा था कि यह जो सबसिडी की बात कहते हैं यह रियल टैम्स में फार्मर को जा रही है या नहीं ?

श्री सुरेन्द्र सिंह : माननीय सदस्य ने जो सवाल किया है उसका जवाब नहीं आया है। मंत्री जी इसका जवाब दें।

श्री सुरेन्द्र सिंह ठाकुर : यह महत्वपूर्ण सवाल है इस पर आधे घंटे की दिसकशन हो दीजिए।

श्री सभापति : आप लिख कर दीजिए।

श्री भूपेन्द्र सिंह मान : मेरे सवालों का जवाब नहीं आया।

श्री सभापति : सब सवालों का जवाब द दिया है। सत्रण नं० 223।

West Bengal Proposal on Balance of payment Crisis

*223. PROF. SOURENDRA BHAT-TACHARJEE: T MISS SAROJ KHAPARDE:

Will the Minister of FINANCE be pleased to state;

(a) whether it is a fact that the West Bengal Government has come up with an alternative approach to resolve the balance of payments crisis as per the news-item entitled "Bengal Proposals on BOP Crisis" which appeared in the 'Hindustan Times' of the 6th July, 1991;

The question was actually asked on the floor of the House by Prof, Sourendra Bhattareharjee.