

radical than merely avoiding delays here and there?

**SHRI K. C. PANT:** Sir, I personally and myself in sympathy with that concept and we had a discussion in the Government to try to see if we could accept this. Now the problem that arises is that in the present balance of payments position, the Commerce Ministry is very keen that there should be an attempt to get counter-trade deals along with our exports. So MMTC being the major canalising agency, would prefer to have this leverage and so this is the reason why this was not possible. Otherwise the idea was considered and this is certainly one of the ideas that could lead to a much quicker inflow of material. Sir, the other problem is that when actual users are public sector undertakings, they not only have to follow the usual procedure of CCI&E and foreign exchange etc. but they also have to float tenders and it takes time. Then there is the period of delay into which we are trying to look. It requires certain procedural...

**SHRI JAGESH DESAI:** That also requires that you get a certificate from the SAIL and then you allow it.

**SHRI K. C. PANT:** That part we can certainly do. There is no problem there. I had a case study done of a case to find out how long it takes, in which Ministry and where. There is no problem in that. But the problem arises thereafter. Thirdly there are OGL imports. Then there are a few items under REP imports. Since the hon. Member is so knowledgeable, I would like to float another idea. If there is a kind of buffer stock, I would like to know who should finance this buffer stock.

**MR CHAIRMAN:** Next question  
Hon. Members absent.

\*262. *The questioners (Shri Radha Krishan Malaviya and Shri Suresh Pachouri) were absent. For answer, vide cols. 33-34 infra.*

**MR. CHAIRMAN:** Question No. 263.

### Prices of chemical fertilizers

\*263. **SHRIMATI KANAK MUKHERJEE:** Will the Minister of AGRICULTURE be pleased to state:

(a) the prices, per tonne, of different chemical fertilizers from 1983 to 1986-87, year-wise; and

(b) the total amount of additional resources collected through those price hikes during the period from 1983 to 1986, year-wise?

**THE MINISTER OF STATE IN THE DEPARTMENT OF FERTILIZER IN THE MINISTRY OF AGRICULTURE (SHRI R. PRABHU):** (a) and (b) A statement in laid on the Table of the Sabha.

### Statement

(a) The prices per tonne of different selling prices of fertilisers, one on 1986-87 are given in the Annexure.

[See Appendix CXL, Annexure No. 66.]

(b) There were two revisions in the selling prices of fertilisers, one on 29th June, 1983 and the other on 31st January, 1986. On 29th June, 1983 there was reduction in the selling prices while on 31st January, 1986 selling prices of fertilisers to consumers were increased.

Consequent to downward revision in consumer prices in June, 1983 additional amounts had to be paid as subsidy. This was Rs. 190 crores for indigenous fertilisers and Rs. 69 crores for imported fertilisers in 1983-84.

Due to increase in selling prices of fertilizers in January, 1986, there was reduction in payment of subsidy amounting to Rs 22.27 crores on indigenous fertilizers and Rs. 12 crores on imported fertilizers in 1985-86.

The increase in fertilizer consumer prices does not always result in reducing the net burden on subsidy as this depends on the cost of production of fertilizers, cost of imported fertilizers and overall consumption in the country in any particular year. The year-wise amount of subsidy provided by the Government is given in the enclosed annexure.

## Annexure

*Amount of subsidy paid on fertilizers during the last five years*

Year	(Rs. in Crores)		
	Subsidy on indigenous fertil.	Subsidy on imported fertil.	Total
1981-82	275 00	100.22	375 22
1982-83	550.00	55.36	605 36
1983-84	900.00	141.83	1041.83
1984-85	1200 00	727.31	1927.31
1985-86 (stimated)	1600 00	323.00	1923.00

**SHRIMATI KANAK MUKHERJEE:** May I know from the hon. Minister what quantity of chemical fertilizers is imported every year and from which countries in the form of raw material and also in the form of finished product? Secondly, how much money has been spent in the year 1985-86 for importing chemical fertilizers? Then considering the price rise of fertilizers, is the Government thinking of increasing support price or subsidised price of the fertilizer? In the statement, you have mentioned only about the amount of payment as subsidy both for indigenous and imported fertilisers.

**SHRI R. PRABHU:** As far as the first part of her question is concerned, we imported about 30 per cent of the fertiliser which was consumed in the country in 1985-86. The quantity of fertiliser imported in financial terms is about 1400 crores of rupees and that would be about 30 lakh tonnes in 1985-86. Since it is a long question, I could not follow the second part of your question. I request you, Sir, to request the hon. Member to repeat the question.

**SHRIMATI KANAK MUKHERJEE:** Considering the price hike of fertilizer, are you thinking of increasing the support price or subsidised price to the peasants? That was my question.

**MR. CHAIRMAN:** If you want to know the amount of subsidy which is given, then he can give the amount. What is the amount of subsidy which is given on the fertilizers?

**SHRI R. PRABHU:** Sir, I would like to say that we are not thinking of increasing the subsidy. But I can give the figures of subsidy for 1985-86. Subsidy for indigenous fertiliser is 1600 crores of rupees and subsidy for imported fertiliser is 323 crores of rupees. The total comes to 1923 crores of rupees.

**SHRIMATI KANAK MUKHERJEE:** The cost of agricultural production is increasing. The prices of pump sets, fertiliser, trucks, petrol and diesel are increasing whereas the price of agricultural produce is falling. Consequently the purchasing power of the peasants, who constitute a majority of the population, is falling bringing them down the poverty line. What are you doing to check this imbalance? Secondly, is there any scheme to modernise Durgapur Fertiliser Corporation and increase indigenous production instead of depending more and more on the imported fertilizers?

**SHRI R. PRABHU:** So, I don't think that the increase in prices of fertilizers would really increase the price of the foodgrains. As far as the second question is concerned about

maximising our production indigenously, there are proposals to set up new plants...

MR. CHAIRMAN: She wants facts about the Durgapur plant.

SHRI R. PRABHU: About that, Sir, I would require special notice.

SHRI M. KADHARSHA: Sir, Annexure given in the statement clearly shows that there is an increase in the fertilizer price from the year 1983. Sir, the widening gap of our trade is largely because of the import of fertilizers. The problem is that the Government has totally failed to make an assessment of the fertilizer demand and the trend. I would like to know from the hon. Minister as to what is the reason for importing fertilizers while the installed capacity itself is not being utilised. I would also like to know from the hon. Minister as to what is the installed capacity of the indigenous fertilizer units, what is the actual production and why our indigenous units are not being able to make optimum utilisation of the capacity.

SHRI R. PRABHU: Sir, it is a very comprehensive question and it covers the next question of imported fertilizers also. But I will try to give an answer in this itself. Sir, as far as the prices are concerned, if the hon. Member has a look at the statement given, the price at a point of time on 11-7-1981 for urea, for example, was Rs. 2,350 per tonne. And this was subsequently reduced in 1983, and it was made Rs. 2,150 per tonne. And on 3-1-1986, it was increased to Rs. 2,350 per tonne. It is only an increase of Rs. 200 and is brought back to the level of 1981. It is only 8 per cent increase. As far as our imports are concerned, our total requirement of fertilizers per year is about 100 lakh tonnes and we have a production of about 60 lakh tonnes in this country and we import the rest. It is 62 and 33 lakh tonnes every year. We import 33 lakh tonnes every year. As far as capacity utilisation is concerned, we have 11 companies in the public sector. And capacity utilisation ranges

from 40 per cent to right upto 75 per cent. As far as FCI and HFC are concerned which are in the north eastern region, their capacity utilisation is quite low. That is why probably the weighted average of the public sector units comes down to about 55 per cent. But, Sir, I can assure the hon. Member that we are making all out efforts to maximise our capacity utilisation.

MR. CHAIRMAN: Have you he figures for installed capacity? The question is: What is the installed capacity?

SHRI R. PRABHU: Sir, I don't have the figures off hand.

SHRI RAMNARAYAN GOSWAMI: Sir, as you know, fertilizer is the major input of agriculture. It is more so in the case of high-yielding variety. Not only that, Today, crop failure in most parts of our country becomes the order of the day due to floods and drought. It should also be mentioned that the price of agricultural produce is decreasing year after year due to the inimical attitude of the Agricultural Prices Commission towards the agriculturists. I would like to know from the Minister as to what are the reasons which prompted the Government to increase fertilizer prices.

SHRI R. PRABHU: Sir, I had stated earlier that agricultural produce support prices increased and I quoted the figures for wheat and paddy. It is about 14 per cent in the case of wheat and 27 per cent in the case of paddy. Now fertilizers prices are being raised only by 8 per cent. So, I do not see the concern of the hon. Member because by rising the fertilizer prices the price of production of agricultural products does not go up relatively.

श्री बीरेन्द्र वर्मा: मान्यवर, क्या माननीय मंत्री जी बताने की कृपा करेंगे कि जो पब्लिक एंटरप्राइजेज की युनिट्स हैं उनकी फटिलाइजर्ज वह Most of the units in the public sector or more than half the units are running at huge losses. What are the

reasons and how are they going to overcome those losses?

**SHRI R. PRABHU:** Sir, I do not agree with the hon. Member that most of our public sector units in fertilisers are running into huge losses. As I said, there are 11 companies which have many units under them. Out of these 9 companies are running at profits and they have been making continued profits. It is only HFC and the FCI which are in the North-Eastern region which are making losses.

**श्री वीरेन्द्र वर्मा :** आप क्या कर रहे हैं? मान्यवर, मैंने यह पूछा था कि उनमें जो लोसेस चल रहा है, उसमें सुधार लाने के लिए क्या कोशिश हो रही है?

**SHRI R. PRABHU:** Sir, we are taking steps.

**SHRI VIRENDRA VERMA:** What steps?

**SHRI R. PRABHU:** There are various proposals before the Government for cost reduction and various investment proposals and no decisions have been taken yet.

**SHRI BIR BHADRA PRATAP SINGH:** Sir, the question is not whether the price rise of fertilisers is 8 per cent or 10 per cent. What is material is there is great disparity, as somebody has pointed out in this House just now, between the prices of foodgrains and fertilisers. The only one good work that the Janata regime has done is that it had reduced the prices of fertilisers. The only good work that they had done was by reducing the prices of fertilisers. I do not know whether it was an economic magic. But it was the will-power to give support to farmers to produce and maintain a parity between the produced goods, the grains and the fertilisers. Therefore, my humble request to the Minister is whether he will consider, in view of the price rise which has upset the balance between the produced goods and the fertilisers, to maintain some parity which the Janata regime had

done on the issue of prices of fertilisers.

**SHRI R. PRABHU:** Sir, I do not agree with what the hon. Member says because basically the cost of production of fertilisers in this country is high but we do give fertilisers at reasonable prices to the farmers and because of this the Government of India is giving a subsidy to the farmers, which is nearly Rs. 2,000 crores this year. And, Sir, in the Eighth Plan the quantum of subsidy that was calculated was about Rs. 8,800 crores and already in this year we have reached Rs. 2,000 crores and that is why marginally the fertiliser prices have been increased by 8 per cent.

**SHRI V. NARAYANASAMY:** Mr. Chairman, Sir, if you go through the Annexure which has been given along with the answer by the Hon. Minister, the original price which was fixed in 1981 has been restored giving a go-by to the 1983 figure. And if you see the reply, Sir, the subsidy which was given for indigenous fertilisers was Rs. 190 crores and for imported fertilisers it was Rs. 69 crores for the year 1983-84. Sir, I would like to know from the hon. Minister whether the subsidy alone was given consideration for the purpose of increasing fertilisers prices in 1986 or whether the overall burden on the agriculturists and also the prices of the yield which the agriculturists got, were taken into consideration. Therefore, I would like to know from the hon. Minister whether considerations apart from the subsidy, support price they are giving for fertiliser, are considered or not.

**SHRI R. PRABHU:** Sir, an overall view was taken while revising this price. The hon. Member has referred to the reply which says additional amount in 1983-84 paid by way of subsidy was Rs. 190 crores. Sir, the Government was quite alarmed when even in the first year of the Plan the subsidy reached Rs. 2000 crores level because in the Seventh Plan we had earmarked Rs. 8,800 crores. As I have already said and this was one of the main considerations when the price of fertiliser was marginally increased

and because of this Rs. 440 crores of subsidy would be reduced and we would not cross the Rs. 2,000 crore mark.

**SHRI NIRMAL CHATTERJEE:** Sir, it would be the curiosity of the century that while petroleum prices are coming down, the Fertiliser prices are going up. My question is in Industry there is a concept of backward districts but in agriculture there is none uptill now. Would the Minister consider this question because dependent upon the S. R. Sen Committee report, the entire eastern region is backward and many districts, which are backward, can be discovered there? Can he make some arrangement where the rate of subsidy for these backward districts would be increased for fertilizers?

The other part of the question is when there is a shortage in domestic production, why is it that instead of winding up or closing down a few units they are not being modernised so that the dependence on import of fertilizer is reduced a little?

**SHRI R. PRABHU:** As far as the first part of hon. Member's question is concerned, the ultimate price of fertilizer at any point of India is the same, be it in the southern region or the north-eastern region or the north-western region.

As far as the second part of his question is concerned, I do not see how we can shut down units like that. Employment aspect has to be taken care of. There are various proposals with the Government to modernise the plants which are not running properly and which are sick, and these proposals are under consideration.

**MR. CHAIRMAN:** Next question.

**SHRI NIRMAL CHATTERJEE:** I asked about giving financial subsidy to the backward districts. He has said about the existing situation of the selling price...

**MR. CHAIRMAN:** No, no. Next question.

\*264. [The questioner (Shri Pramod Mahajan) was absent. For answer, vide col. 34-35 infra.]

\*265. [The questioner (Shri Parvathaneni Upendra) was absent. For answer, vide col. 35-36 infra.]

#### Distribution of fertilisers

\*266. **SHRI RAMKRISHNA MAZUMDER:**

**SHRI CHITTA BASU:†**

Will the Minister of AGRICULTURE be pleased to refer to the reply to Unstarred Question 557 given in the Rajya Sabha on the 7th November, 1986 and state what steps Government propose to take to ensure proper distribution of fertilisers for optimum use?

THE MINISTER OF STATE IN THE DEPARTMENT OF FERTILIZER IN THE MINISTRY OF AGRICULTURE (SHRI R. PRABHU): A Statement is laid on the Table of the Sabha.

#### Statement

The Government have already taken a number of steps to ensure proper distribution of fertilisers for optimum use. The present system of distribution of fertilisers consist of the following steps:—

##### (1) Assessment of Demand

The requirement of fertilisers for each State/Union Territory/Commodity Board is assessed before the beginning of each crop season. This is done in consultation with the State Governments/UTs/Ministry of Railways/Planning Commission/Fertiliser Industry and various Commodity Boards.

##### (2) Allocation

After assessing the requirement of fertilisers, allocation of indigenous fertilisers is made to cover the requirement of each State/UT/Commodity Board and short-fall if any, is made up by allocating the requir-

†The question was actually asked on the floor of the House by Shri Chitta Basu.