

LOKSABHA DEBATES

LOK SABHA

Wednesday, May 12, 1993/Vaisakha 22,
1915 (Saka)

The Lok Sabha met at Eleven of the Clock

[MR. SPEAKER in the Chair]

[Translation]

SHRI SHARAD YADAV (Madhepura): Mr. Speaker, Sir, yesterday 10-11 Members of Parliament of our party took a plane at 2 o'Clock and reached here at 11 o'Clock. It was such an important issue and voting was also there. I want to submit that it was done deliberately, it should be inquired into.

[English]

MR. SPEAKER: Question No. 961.

(Interruptions)

MR. SPEAKER: Please do not disturb the Question Hour.

(Interruptions)*

MR. SPEAKER: Nothing is going on record.

(Interruptions)

MR. SPEAKER: It is not going on record. I am not allowing it.

(Interruptions)*

MR. SPEAKER: Questions No. 961.

(Interruptions)

11.02 hrs.

ORAL ANSWERS TO QUESTIONS

[Translation]

Subsidy on Fertilizers

*961. DR. PARSHURAM GANGWAR: Will the PRIME MINISTER be pleased to state:

(a) the extent of subsidy given on various fertilizers during 1990-91, and 1991-92, separately;

(b) whether this subsidy is being given during the current financial year also; and

(c) if so, the extent thereof?

[English]

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO). (a) to (c): A statement is laid on the Table of the House.

STATEMENT

(a) An amount of Rs. 4389.06 crores and Rs. 4799.60. crores was disbursed as subsidy on fertilizers during 1990-91 and 1991-92, respectively.

(b) and (c). Nitrogenous fertilizers still continue to be subsidised. There is a budget provision of Rs. 3500 crores for 1993-94 for subsidy on fertilizers.

[Translation]

DR. P. R. GANGWAR: Mr. Speaker, Sir, the hon. Minister has not given right answer to my question because I had asked about the subsidy given on different types of fertilisers separately but he has just stated about the total subsidy. It was Rs. 4389 crores during 1990-91, during 1991-92 it was Rs. 4999 crore and it was reduced to Rs. 3500 crore in 1993-94. I want to submit in this regard that during 1991-92 the price of D.A.P. was Rs. 192 per bag, MPK Rs. 173 per bag, Urea Rs. 115 per bag whereas the prices of per quintal of wheat was Rs. 215, prise Rs. 17-1800 and sugarcane Rs. 41 per quintal. Now in 1993-94 the prices of DAP is Rs. 435, MPK Rs. 102. Urea Rs. 146 and Wheat is Rs. 303 per quintal....

MR. SPEAKER: You need not give all this information, you just ask your question.....

DR P. R. GANGWAR: This information is related to this question that is why I am giving all this and as such. I want to submit that the prices of fertilizers increased three-fold and on the contrary the prices of the produce of the farmers have gone down. I want to ask when the farmers are suffering on account of increased prices of the fertilisers, what are the reasons behind not making any clear policy regarding providing subsidy on fertilizers? Is the Government formally any policy of giving any subsidy by

fertilizers, if so, the reasons for giving less subsidy in the year 1993-94?

[English]

SHRI EDUARDO FALEIRO: Sir, I would respectfully submit that we do have a very clear-cut policy on fertilizers. I will come to that in a moment. But first, let me reply to the point made by the hon. Member that in my written answer, I have not given the details that he is asking now. To our understanding of the question, we have given details. More details, fertilizer-wise, are available with me right here. I can read them or lay them on the Table, as per your direction. Perhaps you would like me to lay them on the Table because they are a little longer.

Now, on the point whether prices have been going up due to lack of any policy, let me say that we have a clear-cut policy. The policy is as per the recommendations of the Joint Parliamentary Committee. On the question of prices of fertilizers going up, I would just like to make two or three points. Firstly, when the fertilizer subsidy was started in 1977, it was to the extent of about Rs. 25 crore. Now, after decontrol which has reduced the burden by about Rs. 2,000 crore, it reached to about Rs. 5800 crore last year. Just to give an idea of the magnitude of this increase and the burden that it has created, the increase from 1977 upto now, even after decontrol, is to the extent of roughly 2,300 percent! Even as of today Sir, of all the major subsidies including food subsidy on PDS, including the export subsidy, subsidy on fertilizers is the highest. It is much more than the food subsidy and far higher than the export subsidy. Now Sir, this is the position.

In brief, I will outline the main elements of our fertilizer strategy and policy. Firstly, to maintain subsidy on urea and in fact, to decrease it by 10 percent. Secondly, to give incentives to our units to produce better and more by eliminating customs duty, by refunding the cus-

toms duty in some cases on import of capital goods, by reducing interest rate by about three per cent and so on. These, broadly, are the outlines and I am not going into details. Thirdly, to encourage farmers to produce better and give them incentives. Therefore, money has been given for infrastructural development, borewells and so on and so forth and to increase procurement prices every season. Last Khariff season, the increase was 17 per cent. We should compensate all these. So, there is a clear-cut policy and strategy and I have outlined just now. The three main elements. This is as per the recommendations of this House through the Joint Parliamentary Committee.

[Translation]

DR. P. R. GANGWAR: Mr. Speaker, Sir I would like to ask the hon. Minister whether the subsidy given by the Centre to farmers is also given by states, if not the reasons therefore? If the Government considering to provide fertilizers to the farmers on credit basis which means the payment towards the fertilizers will be made after the produce is sold and if for any reason, the crops are destroyed, then the supply of the fertilizers will be stopped? If the Government is not considering upon the credit basis policy the reasons therefor?

[English]

SHRI EDUARDO FALEIRO: Sir, let me make it clear that as far as this Department is concerned, it deals with production of fertilizers and despatch of fertilizers to the consumption points. The rest is the responsibility of the Ministry of Agriculture. Yet, speaking about the State Governments, I would like to say that in this contribution to lessen the burden on the farmers, the State Governments can do more in certain cases. For instance, sales tax in States was at a particular rate, say at 8 per cent, before decontrol and they used to get certain revenue. Now the costs have gone up and therefore, the

revenues have increased at the cost of the farmer. They can reduce the sales tax and to get the same revenue because the prices have gone up. That way, a lot of things can be done. It is for the State Governments to consider. We are doing our best on our side.

[Translation]

SHRI PRAKASH V. PATIL: I would like to know whether the production of food grain has gone down due to withdrawal of subsidy on fertilizers and whether fertilizers are being used in less quality. Considering all this whether the Government is going to import fertilizers for the farmers or it is going to give some tax concession on the prices of the fertilizers.

[English]

SHRI EDUARDO FALEIRO: As I said, the major bulk of fertilizers used is urea and it is still under control. These fertilizers are not only under control, but costs have been reduced by 10 per cent in view of the recommendation of the Joint Parliamentary Committee. In fact, the other nitrogen based fertilizers which were earlier decontrolled, were again introduced under control to give this benefit. On the other side, other fertilizers are being imported to an extent and at the moment, international prices are comparatively low. That is the position.

As far as the point raised by the Member is concerned, it is necessary and I agree with him - to educate the farmers that even if the cost of some fertilizer, a small percentage of fertilizer, hardly one-third of the fertilizer, a small percentage of fertilizer, hardly one-third of the fertilizer, has gone up, it is in the economic interest of them to use this fertilizer for a balanced use because as the Member has said, balanced use compensates in terms of output and production. As I have already said, procurement price has been raised and other benefits are given. Even if they pay a little more for the small portion of the

fertilizer, the benefits that accrue to them, exceed the costs incurred by them. That is my submission.

SHRI LOKANATH CHOUDHURY: With regard to the money that has been given in the last two years, I want to know how the disbursement of that money is made by the state Governments. It is said that the poor and marginal farmers could not receive the money. Has it actually reached the marginal and small farmers? Has the Government made any study on this aspect?

My second point is that there is some subsidy this year on fertilizers. I want to know whether industry will be given some subsidy, where the cost of production per unit is more than the cost of imported fertilizer. Is the Government considering some subsidy to those industries which are unable to cope due to so many historic factors. Apart from benefits such as duty free import, concession on income tax, etc. which are mentioned in the Policy, are the Government going to give some budgetary support or some other support to continue the production, especially of DAP, which has been closed.

MR. SPEAKER: You have asked the question. Let him reply.

SHRI LOKANATH CHOUDHURY: Lastly, I want to know whether the Government is aware of the fertilizer subsidy given to farmers in countries all over the world. The World Bank has forced our Government to cut subsidies. But, has our Government taken into consideration the fact that countries such as America, Japan and some European countries, which produce fertilizer, are giving subsidies to their farmers? What is their per capita subsidy and what is our per capita subsidy?

SHRI EDUARDO FALEIRO: The hon. Member wants to know what we are doing for the marginal farmers and small farmers. I

repeat that this Department deals with production and despatch. When it despatches, whether it be big farmer or small farmer or no farmer, they are entitled to buy the produce. As far as this Department is concerned, that is the responsibility.

With regard to giving other subsidies and other benefits to the farmers, I would like to say that it comes under the jurisdiction of Ministry of Agriculture. We shall definitely ask them to look into different suggestions made by the hon. Member.

SHRI SAIFUDDIN CHOUDHARY: Yesterday I made a request to the hon., Prime Minister with regard to this. So, today I will put my that request in the form of question. In view of the demands of the farmer, the Government has announced to restore some major subsidies to certain types of fertilizers. Phosphatic fertilizer is one of them. In the scheme of giving subsidy to phosphatic fertilizers only DAP fertilizer is included. There is another type of phosphatic fertilizer, that is the SSP, which is mainly used by the small and marginal farmers as this fertilizer is very cheap and it is called as the poor man's fertilizer. SSP is being left out from this scheme which is causing a real distress to the poor and marginal farmers. I would request that while giving subsidy to the phosphatic fertilizers, SSP fertilizer should also be included in the interest of the small and marginal farmers and also in the interest of the industry which is producing the said fertilizer in the country.

SHRI EDUARDO FALEIRO: In view of the suggestion made by hon. Member, I will look into this. To be more specific, I will call a meeting of the representatives of this industry to find out the problem.

[*Translation*]

SHRI ASHOK ANANDRAO DESHMUKH:

Mr. Speaker Sir, I have asked questions regarding fertilizers on many occasions. Last year, de-control led to a price increase and where there is a increase in prices then naturally industry also suffers a loss. You had promised to give a subsidy of Rs. 1000/- on fertilizers, which you gave promptly, but it hardly made any difference and farmers are in distress. Now I want to submit that a subsidy of Rs. 1000 is not sufficient for the bringing the fertilizer prices at par with those prevailing in 1990 then how much subsidy should be given? Secondly, there are 450 agricultural districts in the country. 150 of these districts use 80 per cent of fertilizers and other districts use less fertilizers. Due to rise in prices of fertilizers, there is a 30 per cent short fall in the use of D.A.P. and 50 per cent in pertasium fertilizers as a result of which the food production, which should have been 185 million tonne has been only 181 million tone. Therefore, I request the Government to give it a serious thought.....

MR. SPEAKER: Come to the question.

SHRI ASHOK ANANDRAO DESHMUKH: Mr. Speaker, I want that Government should give more subsidy on fertilizers and I have prepared and sent a policy in this regard to the Prime Minister. I want that Government should make available fertilizers to the farmers at cheaper rates. What steps are being taken in this regard?

[English]

MR. SPEAKER: I will summarize the question. His question is what are you going to do to reduce the cost of fertilizers.

SHRI EDUARDO FALEIRO: Sir, we are taking several measures in different directions which I have already outlined. These are some benefits for the farmers for infrastructural development, incentive for the industry for increased production, and maintaining subsidy on major fertilizer which is Urea I would respectfully like

to say, Sir, that our overall approach should be in line with what JPC has said. Unless we make an effort, to the extent possible to reduce the cost of fertilizers our own entire macro-economic policy will go out of gear and our fiscal debt will increase. As the sources are not elastic, it should be at the cost of planned expenditure. This will have a long effect on our economy.

[Translation]

SHRI ASHOK ANANDRAO DESHMUKH: Mr. Speaker, Sir, I want to know.....

MR. SPEAKER: This is not the right way. You please sit down. Your statement is not going on record. Please sit down. Shri Rampal Singh.

SHRI RAMPAL SINGH: Mr. Speaker, Sir, just now hon. Minister has stated that a sum of Rs. 4389.06 crore in 1991-92 a sum of Rs. 4799.60 crore in 1991-92 and Rs. 3500 crores for 1993-94 has been given as subsidy on fertilizers. The hon. Minister had said while replying to the debate at the time when demands for grants that were being passed that the concession being given for agriculture will not be curtailed but when prices are soaring high, the rupee is being devalued then why the sum of subsidy has been reduced in comparison with those of yester years?

[English]

SHRI EDUARDO FALEIRO: As I have already mentioned, compensation to the farmers and all these aspects are dealt with by the Ministry of Agriculture.

[Translation]

SHRIMATI SANTOSH CHAUDHARI: Mr. Speaker, Sir, the fact is that the subsidy which actually goes to the farmers is only 50 per cent and the rest of 50 per cent is grabbed by the

factory owners. The Comptroller and Auditor General in his report for the year 1992 has stated that the subsidy meant for farmers on the fertilizers is directly given to factory owners also. Through you, I want to know from the hon. Minister whether the Government has constitute any committee for fixing the price of fertilizers and giving subsidy to factory owners? If so, the aim thereof and what norms have been fixed by it?

[*English*]

SHRI EDUARDO FALEIRO: We are looking into this matter, Sir.....

[*Translation*]

SHRI DAU DAYAL JOSHI: I want to know from the hon. Minister the names of the states which gave relief the 1992-93 and on which items and amount of relief given by these states separately?

MR. SPEAKER: He does not have such information. This question is disallowed.

SHRI SURYANARAYAN YADAV: Mr. Speaker, Sir, the Government aims at providing assistance to small farmers. I would like to know from the Government as to whom will it consider small farmers? Will a farmer having 30 bigha of land with irrigation facilities be considered as a small farmer.?

[*English*]

SHRI EDUARDO FALEIRO: As I have already mentioned, our Department has a limited responsibility in this regard. This matter is being dealt with by the Ministry of Agriculture. Recently, in the past few years we had schemes specially directed to small and marginal farmers. There have been difficulties in implementing these schemes precisely because of its exact definition and otherwise.

[*Translation*]

SHRI ANNA JOSHI: Mr. Speaker, Sir, the hon. Minister has just now stated that the Government is providing many incentives to the producers including reduction in excise duty on fertilizers. The indigenous producers and fertilizer factories in our country cannot compete with multinational companies in our country and the import of fertilizers has resulted in the closure of about 12 fertilizer factories in our country. Therefore, I would like to know whether the Government has any scheme of providing protection to indigenous production so that they may be able to compete with multinational companies and provide fertilizers to the farmers at cheaper rates?

[*English*]

SHRI EDUARDO FALEIRO: Indigenous production should be given more encouragement but they must also be able to compete. I had a meeting with the representatives of the Fertilizers Association of India when they complained about the dumping by foreign companies. I suggested them to take recourse to anti-dumping measures. I am happy to inform the House that they have already filed anti-dumping proceeding in the Ministry of Commerce.

SHRI ANNA JOSHI: You are asking them to take action against the dumping policy. Why not Government takes initiative in this direction?

MR. SPEAKER: Commerce Ministry is also part of the Government.

SHRI EDUARDO FALEIRO: It is not contemplated that the Government should take anti-dumping proceeding. In fact the Government is acting in a quasi-judicial capacity while deciding on the proceeding the Commerce Ministry. So, somebody who had the element and who

complained, filed a petition. That petition is now under the consideration by the concerned officer in the concerned Ministry. They also complained that they have to import the raw materials and that the prices of raw materials must go down with the import of Phosphoric Acid, Sulphuric Acid, phosphoric Acid and Ammonia. I am happy to inform the House that the prices have gone down to some extent. For instance Senegal have reduced the price of fertilizers. Similarly, others have also reduced their price. Another approach is to have joint ventures with those countries which have those raw materials in their countries which are not available in our country. We have made some progress in this regard. At the moment we are exploring the possibility of working with the Jordans.

We have also asked the Geological survey of India to find out such deposits in the country. These are just a few steps along with what I have said earlier in reply to earlier supplementary.

SHRI ANNA JOSHI : What about other industries which are fallen sick?

Electronic Sector

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*962. SHRI BOLLA BULLI RAMAIAH:
SHRI. D. VENKATESWARA RAO:

Will the PRIME MINISTER be pleased to state:

(a) the details of the investment proposals, including foreign tie ups in the electronic sector which are pending with the Union Government for approval;

(b) the reasons for not clearing these proposals; and

(c) the time by which these are likely to be cleared?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPARTMENT OF INDUSTRIAL DEVELOPMENT AND DEPARTMENT OF HEAVY INDUSTRY) (SHRIMATI KRISHNA SAHI): (a) and (b). Three applications for industrial licences for entertainment electronics items, four proposals for Electronic Hardware Technology Park/software Technology park units and eight proposals for 100% Export Oriented Units, that is, altogether fifteen proposals are under consideration.

(c) All steps are taken to expedite decisions.

SHRI. D. VENKATESWARA RAO: Mr. Speaker, Sir, the hon. Minister has stated that fifteen proposals altogether are under consideration. According to the information available, there are about forty investment proposals out of which, seventeen are foreign tie-ups which have been recommended and approved by the Standing Committee on Industrial Approvals and Foreign Investment Promotion Board.

Sir, the Minister has not answered about the reasons for the delay. This has been approved by these two units, eight months back. Was it true that the Department of Electronics proposed a single window Clearance System whereby these delays can be put an end to and tense investments can be brought in as early as possible? The investors like the USA, UK, Singapore and Thailand are there. So many sophisticated electronic devices are being contemplated in this. These people are willing to go back because of the delay that is being created in the Department. Is there any proposal with the Government like Single Window Clearance of something like that?

[Translation]

SHRIMATI KRISHNA SAHI: Mr. Speaker, Sir, regarding the question raised by the hon. Member I would like to state that 15 proposals