

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:4157
ANSWERED ON:20.12.2011
IMPACT OF LOCAL TAXATION ON PROCUREMENT
Owaisi Shri Asaduddin

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the imposition of higher local and market (mandi) taxes by various States is threatening the substantiality of foodgrains procured by the Union Government from farmers for its buffer stock;
- (b) if so, whether the Commission for Agricultural Cost and Prices (CACP) has assessed the impact of higher taxes on the increasing procurement cost of the Food Corporation of India (FCI);
- (c) if so, the details and the outcome thereof indicating the tax liability of FCI towards different States for the current year; and
- (d) the steps suggested by CACP to reduce procurement cost of foodgrains and the remedial steps taken or being taken by the Government in this regard?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a): No, Madam.

(b): No, Madam.

(c) & (d): A Statement showing the details of taxes levied on wheat and paddy in different States is at Annexure-I. The Commission for Agricultural Costs and Prices (CACP) in its report on Price Policy for Rabi Crops of 2011-12 has stated that high taxes and cesses in some states have increased cost of foodgrains procurement by Government agencies. Department of Food and Public Distribution has from time to time taken up the issue with State Governments where there is high rate of taxes and levies, to rationalise the same. However, these state Governments have expressed their inability to accept the request. The impositions of taxes, fees, cess and commissions on Minimum Support Price is, however, the subject matter of State Governments concerned. A Statement showing tax liabilities, as per taxes and levies applicable in different States to be incurred by FCI for the current year is at Annexure-II.