

LOK SABHA DEBATES

LOK SABHA

Tuesday, July 1, 1980/Asadha 10, 1902
(Saka).

The Lok Sabha met at Eleven of the
Clock

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Retention prices for fertilizers

*326. SHRI A. T. PATIL: Will the Minister of PETROLEUM AND CHEMICALS be pleased to state:

(a) whether Government have fixed the retention prices for fertilizers;

(b) if so, what are those prices;

(c) if not, what are the reasons for the delay in fixing retention prices; and

(d) what action do Government propose to take to fix the prices at the minimum level for the agricultural consumer?

THE MINISTER OF PETROLEUM, CHEMICALS AND FERTILIZERS (SHRI VEERENDRA PATIL): (a) to (c). The Government introduced a scheme of retention prices for nitrogenous fertilizers, namely, urea, ammonium sulphate and calcium ammonium nitrate with effect from 1st November, 1977 and for the phosphatic fertilizers (excluding single super phosphate) with effect from 1st February, 1979. These retention prices were valid up to 31st March, 1979. The necessary exercises for the fixation

of retention prices for the next pricing period commencing from 1st April, 1979 and ending on 31st March, 1982 are presently in hand and a decision on the revised retention prices is expected to be taken soon. Pending the announcement of revised retention prices for the pricing period commencing from 1-4-1979, the Government have granted *ad hoc* payments to the various fertilizer units for the entire year of 1979-80 in order to ensure that the units do not suffer the problems of liquidity in the absence of a Government decision on the retention prices. The usual monthly payments of subsidy under the retention prices scheme have also been continued in 1979-80 on the basis of the previous retention prices.

(d) The selling prices of most of so as to keep the retention prices at the major fertilizers are under statutory control. The maximum retail prices of various fertilizers have recently been fixed under the Fertilizer Control Order with effect from 8th June, 1980.

SHRI A. T. PATIL: In its exercise to fix retention prices, what measures does the Government on the one hand, and the fertilizer units on the other, take to cut down the production costs so as to keep the retention prices at the lowest level?

SHRI VEERENDRA PATIL: By referring to the cutting down of costs, what the hon. Member means to say is that the cost of production is very high. If it is very high, certainly we will take steps to reduce it—if there is any scope for reducing the cost of production.

SHRI A. T. PATIL: I am referring to the Minister's reply to (d) of my

question. So far as the prices of the agricultural products are concerned, the prices of fertilizers have very great effect. In fact, in 1973-74 the fertilizer prices were increased by 40 per cent whereas the prices of agricultural produce were raised only by 5.5 per cent, with the result that there was a fall in the production of agricultural produce. The prices of fertilizers have now generally increased by about 40 per cent, and with the result that there is likely to be a fall in the agricultural produce for two reasons: rise in prices and the indebtedness of the agriculturists. In view of the steep rise in prices of fertiliser and also in view of the inability of the farmer to secure credit from banks due to their indebtedness, whether the government thinks it necessary, just and proper either to reduce the fertiliser price or to grant subsidy to the farmer, especially small and marginal farmers in respect of fertiliser and to raise the procurement prices of the agricultural produce.

MR. SPEAKER: This is not the way to put a supplementary; this is too much. You should put a supplementary; this is not a supplementary; this is a full speech; this is not the way of putting a supplementary. I am surprised at this.

SHRI A. T. PATIL: In view of the steep rise in prices of fertiliser and also in view of the inability of the farmer to secure credit from banks due to their indebtedness, whether the government thinks it necessary, just and proper either to reduce the fertiliser price or to grant subsidy to the farmer....

MR. SPEAKER: I disallow this question. Next question. This is not the way. I cannot allow it; no, no, not allowed.

SHRI BHAGWAT JHA AZAD: While fixing the price of fertiliser by this Ministry, whether government works in isolation to have steep rise or to they also consult the Ministry of Agriculture for the prices that the

farmer gets for his produce? How do they fix the prices—in isolation or in consultation with the government as a whole?

SHRI VEERENDRA PATIL: The government as a whole will take into consideration so many factors while fixing the retention price. It is not one Ministry which is going to fix the retention price. With regard to retention price this is the retention price which is based on fixed norms of efficiency and production. If the efficiency is less, they will get less profit; hence built-in incentive is there on the retention price. Therefore, whatever price is fixed, retention price is fixed and it is fixed by the government, not by one Ministry.

SHRI BHAGWAT JHA AZAD: If it was in consultation with the Ministry, how is it that the price of fertilizer is so steep and not according to the cost of production of the farmer. Whether there is a unanimous decision. How is it so?

SHRI VEERENDRA PATIL: There are so many factors which are to be taken into consideration for the cost of production. The cost of input has to be taken into consideration and other factors have to be taken into consideration while fixing the prices.

SHRI Y. S. MAHAJAN: Do the prices of Fertilizers contain an element of subsidy even now?

SHRI VEERENDRA PATIL: In the statement I have made it clear that it contains an element of subsidy.

SHRI R. K. MHALGI: What are the reasons for delay for fixing the retention prices for the period commencing 1st April, 1979 and ending 31st March, 1982?

SHRI VEERENDRA PATIL: The reasons for the delay are that the representations were received from the industry about the methodology of calculating the return on the net worth. The industry represented that the net worth should be calculated on the basis of equity plus free reserve.

The earlier methodology adopted by the committee was deferred and it was based on capital employed method, which means net assets plus working capital. Since the issues raised by the industry were complicated and had financial implications, the scrutiny took some time.

श्री राम सिंह यादव : मैं जनता चाहता हूँ कि इफको को कितनी प्रांट दी गई है और दूसरी कम्पनियों को कितनी प्रांट दी गई है ?

SHRI VEERENDRA PATIL: *Ad hoc* Payment is made on the basis of escalation of the prices.

Himalayan rivers Potential for Hydel Power

*327. PROF. MADHU DANDAVATE: Will the Minister of ENERGY AND COAL be pleased to state:

(a) do Government propose to explore the possibility of utilising the potential of Himalayan rivers for the generation of hydro-electric power;

(b) if so, do Government also propose to enter into necessary agreements with our neighbouring countries like Nepal; and

(c) what concrete and time-bound steps are proposed to augment the generation of hydro-electric power?

THE MINISTER OF STATE IN THE MINISTRY OF ENERGY (SHRI VIKRAM MAHAJAN): (a) to (c). A statement is laid on the Table of the House.

Statement

The Government is anxious to exploit the country's hydro-power potential. In this connection, following steps have been taken:—

(i) The reassessment of hydro-electric potential in the country is being carried out in the Central Electricity Authority.

(ii) In pursuance of the above reassessment, the Central Electricity Authority has undertaken a study to identify further hydel schemes that could be taken up for execution in a phased manner.

(iii) With a view to increasing the hydro component in the power plan, the National Hydro-electric Power Corporation and North Eastern Electric Power Corporation have been established in the Central Sector, for taking up the execution of suitable projects and thus supplementing the efforts of the States, in this regard.

(iv) Serious attention is also being given to improving the methods of investigation and construction with a view to executing the projects within the shortest time-frame.

As regard agreement with neighbouring countries, Nepal has evinced great interest in the development of hydro-electric power and the matter is under discussion with the Government of Nepal.

PROF. MADHU DANDAVATE: You will be surprised that in the statement laid on the table of the House there is no reference to the Himalayan Rivers at all. I would like to know from the hon. Minister out of the total power requirements in the country what component of these requirements is the hydel power. Out of that how much power we have been able to generate through hydro-electric power stations and if we are not able to meet that requirement, in that case what concrete steps are being taken to have this generation in a time bound manner.

SHRI VIKRAM MAHAJAN: So far as the Himalayan Rivers are concerned, the present capacity of the hydel power project under construction is 3399 mw and the installed capacity is 3099 mw.

PROF. MADHU DANDAVATE: My question was very sharp and pointed. What is the total power requirements of the country and out of that what is the component of hydel power and out of that requirement what is the actual production?

THE MINISTER OF ENERGY AND COAL (SHRI A. B. A. GHANI KHAN CHAUDHURI): 11,000 mw is the