

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

UNSTARRED QUESTION NO:1044  
ANSWERED ON:28.07.2000  
INCENTIVES TO INDIAN FARMERS  
SUNIL KHAN

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

- (a) whether due to OGL of 1429 items, the foreign rice and other agricultural items have become cheaper than Indian agricultural items;
- (b) if so, the manner in which the Indian cultivators would be able to compete with the foreign cultivators;
- (c) whether the cost of production of agricultural products has also increased much higher than before due to withdrawal of subsidy on fertilizers; and
- (d) if so, the specific incentives being provided to Indian farmers to make them able to compete with foreign farmers?

**Answer**

MINISTER OF COMMERCE AND INDUSTRY(SHRI MURASOLI MARAN)

- (a) Out of 1429 tariff lines as on 1.4.99 on which Quantitative Restrictions were being maintained on Balance of Payment grounds, Quantitative Restrictions have been lifted only on 714 items on 31.3.2000 and this itself cannot result in any decline in international prices of rice or other agricultural items.
- (b) For most of the agricultural items, there is a considerable leeway between the applied rates of custom duties and the bound rates and the applied rates of customs duties can be suitably calibrated within the bound rates to provide necessary protection to Indian cultivators. Moreover in cases where a casual link is established between domestic injury and dumping or with extension of trade distorting subsidies by any of the member countries, Anti Dumping or Anti Subsidy Countervailing duties can be imposed. In case of any threat of any serious injury, to the domestic farmers or industry, due to any surge in imports, safeguard duties can be imposed.
- (c) The prices of fertiliser like Urea, DAP and MOP were increased with effect from 29.2.2000 resulting in some reduction in the subsidy/concession paid on these fertilisers. According to estimates, these increase in price are likely to affect the cost of cultivation by less than 1.5%.
- (d) Some of the incentives being provided to farmers include:
  - (i) Subsidy on seed distribution;
  - (ii) Subsidy on improved farm implements;
  - (iii) Subsidy on bio-fertilisers;
  - (iv) Subsidy on sprinkler sets and drip irrigation;
  - (v) Distribution of seeds mini kits free of cost; and
  - (vi) Subsidy on plant protection equipment and chemicals