

incident that occurred in Jammu, if so, what steps were taken by him?

**SHRI I.K. GUJRAL:** There was no need to have a report from intelligence agencies about this incident because Pakistanis have openly said that they were making preparation for it. When the Foreign Minister of Pakistan visited here, I personally drew his attention to his statement that it was a highly provocative and objectionable statement. While drawing his attention to it, I did not mince words and told him in very clear terms that as we were fully prepared to face the situation, we would deal with the situation firmly. Even today we are in a position to deal with the situation firmly. So there is no need to worry. (*Interruptions*) In so far as representatives of U.N.O. are concerned, they were deputed after 1965 was to supervise the cease-fire line. After the 1971 war, there was no cease-fire line as it was replaced by the line of actual control. So the role of the representatives of the U.N.O. ended. Since then we neither inform them nor take any notice of them. Of course, they are still there but they have no role to play.

**AN HON. MEMBER:** Why are they positioned there?

**SHRI I.K. GUJRAL:** Some of them are on our side of border and some are on Pakistan side. There is no harm because of their presence.

**SHRI MADAN LAL KHURANA:** Mr. Speaker, Sir, I was telling that the representative of U.N.O. has addressed a gathering of terrorists in the cantonment area. This is not his job. He is there only to supervise the boundary line.

**SHRI I.K. GUJRAL:** We don't want to inform the U.N.O. about it. They have no jurisdiction over it. (*Interruptions*)

**MR. SPEAKER:** Next question.

[*English*]

**Committees to Review Methodology of Cost of Production of Crops and Declaration of Agriculture as an Industry**

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\*43 **SHRI D. AMAT:**  
**SHRI ANAND SINGH:**

Will the Minister of AGRICULTURE be pleased to state:

(a) whether Government have set up Committees to review the methodology of cost of production of crops and to go into the issues relating to declaration of agriculture as an industry;

(b) if so, the terms of reference and the composition of these Committees; and

(c) the time by which these Committees are to submit their reports to Government?

[*Translation*]

THE DEPUTY PRIME MINISTER AND MINISTER OF AGRICULTURE (SHRI DEVI LAL): (a) to (c). A statement is laid on the Table of the Sabha.

**STATEMENT**

(a) to (c). The Government have set up two committees: (i) Expert Committee to Review of Methodology of Cost of Production of Crops and (ii) Advisory Committee to go into the issues relating to declaring agriculture as an industry. The terms of reference, composition of the Committees and the schedule of submission of their Reports are given below:-

1. Expert Committee to Review of Methodology of Cost of Production of Crops

Terms of Reference

- i) To examine the design, content and methodology adopted in

regard to generation of cost of production estimates under the Comprehensive Scheme for studying the Cost of Cultivation/ Production of various crops;

- ii) To review the terms of trade between agricultural and non-agricultural sectors and suggest methods to safeguard the interests of the farmers;
- iii) Recommend any other measures to improve the remunerativeness of crop production.

The Expert Committee will also submit an Interim Report on the following specific issues:-

- i) Valuation of labour on the basis

of statutory minimum wages or actual wage rate whichever is higher as against only actual wages which have been the basis so far.

- ii) Adjusting procurement/minimum support prices announced before the sowing season for rise in costs of inputs during the period intervening the announcement of the procurement/support prices and the arrival of the crop in the market.

- iii) To include managerial/entrepreneurial functions performed by farmers as an input and treat the same as an item of cost.

Composition of the Committee

The composition of the Committee is as under:-

1)	Dr.C.H. Hanumantha Rao, Institute of Economic Growth, Delhi	Chairman
2)	Dr. D.S. Sidhu, Punjab Agricultural University, Ludhiana	Member
3)	Dr. V. Rajagopalan, Ex-Vice Chancellor, Tamil Nadu University of Agriculture, Coimbatore.	Member
4)	Dr. Prem Narain, Director, IASRI, New Delhi.	Member
5)	Dr. S.P. Pant, Ex Professor and Head of the Department of Economics, J.N. Krishi Vishwa Vidyalyaya, Jabalpur.	Member- Secretary

Schedule of submission of Reports

Term of Reference

The Committee will submit its Interim Report on the 15th March, 1990, and its full reports within a period of four months.

- II. Advisory Committee to go into the issues relating to declaring agriculture as an industry.

- i) To review the present policies and programmes for the promotion of agricultural development in the country specially with a view to generating export surpluses; and

- ii) To examine the feasibility/desirability of declaring agriculture as an industry; or in the alternative, treating agriculture on par with industry for the purpose of granting suitable facilities/concessions.

**Composition of Advisory Committee**

The Composition of the committee is as under :-

1.	Shri Bhanu Pratap Singh	Chairman
2.	Shri Kumbha Ram Arya	Member
3.	Shri Hardev Singh Sanga	Member
4.	Shri M.G. Devasahayam. IAS(Retd.)	Member
5.	Shri V. Sobhanadeeswara Rao, Ex-M.P.	Member
6.	Shri Suraj Bhan, Ex-M.P.	Member
7.	Prof.V.M. Rao. Instt. for Social and Economic Change, Bangalore	Member
8.	Economic & Statistical Advisor Deptt. of Agri. & Coopn	Member
9.	Joint Secretary (Extension) Deptt. of Agri. & Coopn.	Member-Secretary

**Schedule of submission of Reports**

The Committee was set up on 6th February, 1990 and will submit its report within a period of six months. It may however submit an interim report in two months time.

[English]

SHRI D. AMAT: Both industry and agriculture are the means of production. It is a pivot around which the whole economy of the country hinges. So, may I know from the hon. Minister whether the agricultural labour be treated at par with the industrial labour.

[Translation]

MR. SPEAKER: The hon. Member is asking as to whether the agricultural labour will be treated at par with the industrial labour.

SHRI DEVI LAL: Mr. Speaker. Sir, a

committee has been set up to review the cost of production of crops and another committee has been set up to go into the issues relating to declaring agriculture as an industry. This is an expert committee which is going into the matter.

[English]

SHRIMATI UMA GAJAPATHI RAJU: Mr. Speaker, I would like to know from the hon. Minister, is the Government aware that the scientific output in agriculture is imbalanced and lopsided in certain States of the country. If you take Andhra Pradesh, Agriculture is the main stay occupation. And is the Government proposing to have a few more ICAR chapters in places like Visakhapatnam which are neglected in the agricultural sector?

[Translation]

SHRI DEVI LAL: Mr. Speaker, Sir, as I stated two committees have already been

set up. One is to review the cost of production and the other is to go into the issues relating to declaring agriculture as an industry. I would like to tell the House of the names of the members of this committee. Its Chairman is Dr. C.H. Hanumantha Rao and Dr. D.S. Siddhu of Punjab Agriculture University is one of its members (*Interruptions*)

MR. SPEAKER: Devilalji, he is asking about Andhra Pradesh. Does this reply cover his question or not?

(*Interruptions*)

[*English*]

MR. SPEAKER: Please order.

(*Interruptions*)

SHRI VAKKOM PURUSHOTHAMAN: We want your protection. We want an answer to her question. You must ask the Minister to answer that question.

MR. SPEAKER: There is nothing to be angry about it.

SHRI VAKKOM PURUSHOTHAMAN: All right, Sir.

[*Translation*]

MR. SPEAKER: This is a general question. She wants to know about her constituency Vishakhapatnam.

SHRI DEVI LAL: It is not related to this question. This is a general question.

[*English*]

MR. SPEAKER: It is a general question. But the Minister should tell that it is a general question.

[*Translation*]

SHRI DEVI LAL: Mr. Speaker, Sir, a separate notice is required for a question about a particular state. I am giving general

information. Two committees have been set up. I am also telling the name of the members.

[*English*]

MR. SPEAKER: The Deputy Prime Minister requires a separate notice.

[*Translation*]

SHRI DHANRAJ SINGH: Mr. Speaker, Sir, I would like to know the percentage of profit to be allowed to the farmers over the cost of production of their produce. Farmers should be given remunerative prices of their crops. The Government has set up a committee to declare agriculture as an industry. I would like to know whether the prices of various inputs such as fertilizers, seeds, insecticides and pesticides which determine the cost of production of crops, will be taken into account as is done in case of industry in which expenditure on storage, packing and labour is included in the cost of production so that agriculture may no longer be an unremunerative enterprise for farmers.

SHRI DEVI LAL: Mr. Speaker, Sir, I was saying the same thing, but our friends sitting on the opposite side do not like it. We have decided to grant agriculture the status of an industry and accordingly an expert committee has been set up. It will review all the aspects as to how it could be done. Its report is expected today evening.

SHRI BANWARI LAL PUROHIT: Mr. Speaker, Sir, the Government has decided to declare agriculture as an industry. In industry, profit is computed after deducting the interest on the amount invested as capital, amount paid as minimum wages to the workers and expenditure incurred on raw materials. As regards agriculture, the value of land should be treated as capital investment. The value of land is about Rs. 50,000/- an acre. Suppose a farmer has 10 acres of land, his capital investment comes to about Rs. 5 lakhs. Status of industry can be granted only when he is allowed profit after deducting interest on the amount of capital, amount

paid as minimum wages and other expenditures incurred on production of crops as is done in case of industry. It is very easy to say, but quite difficult to put into practice. I would like to know whether the Government has taken this decision after taking into account the things referred to above?

**SHRI DEVI LAL:** Mr. Speaker, Sir, I have clarified the matter more than what the hon. Member wanted to know. I think that in order to declare agriculture as an industry, other expenditures have also to be included. The farmers should be paid for his managerial skill and the cost of production should be calculated after taking into account all such expenditure. The best brains available in the field in the country and a number of farmer organisations have been associated with the committee. They will give their report after reviewing all the aspects. We will accept its reports.

**SHRI SHIVRAJ V. PATIL:** Mr. Speaker, Sir, it was clearly mentioned in the agricultural policy of the previous Government laid on the table of the House that agriculture would be granted the status of an industry. It was also mentioned in it that while fixing market prices of crops, various factors including the cost of labour will also be taken into account and its cost index would increase from time to time as D.A. is increased with the increase in price index. This policy statement was laid on the table of the House by the former Prime Minister. I would like to know whether that policy statement has been brought to the notice of the hon. Deputy Prime Minister and if so, how many points have been taken from that policy statement?

**SHRI DEVI LAL :** We say that agriculture should be given the status of an industry and the cost of production should be calculated after taking into account all things such as cost of land, cost of labour, the work put in by the farmer and members of his family etc. Neither I am a graduate from Oxford or I have studied in Doon School. I am only a representative of the people. We will accept the report of the Committee. Please have patience. As many as 319 members are

sitting here to support it. Do not worry, everything will be done.

[English]

**SHRI KADAMBUR M.R. JANARDHANAN:** Even if the Committee which has been formed by the Government comes to a conclusion that agriculture should not be treated at par with the industry, has the Government got a political will to treat agriculture at par with the industry?

[Translation]

**SHRI DEVI LAL.** Mr. Speaker, Sir, I was saying that let the report come. Points referred to above will be taken into account. From the chair which I am occupying to day, a lot of 'Bhajan' and 'Puja' have been performed, but no result could be achieved. I have offered puja to the Almighty, with Whose blessing I have decided to grant agriculture the status of an industry. In order to achieve this end, top most experts of the country have been appointed as the members of the committee. They are supporter of this policy. The Government will accept their report in to.

**SHRI PURUSHOTTAM KAUSHIK:** Mr. Speaker, Sir, the new Government has taken initiative in ensuring remunerative prices to the farmers without wasting any time and has appointed two committees to review the seen of cost of production of crops and to declare agriculture as an industry respectively. With the setting up of these Committees, three kinds of reactions among the people have been noticed. Firstly, people are very much curious to know as to whether the prices recommended by one of these Committees, will be applicable to the current harvesting season or not. Secondly, a sense of fear is gripping the public mind that after granting agriculture the status of an industry, the Government may impose income-tax on agriculture. As regards third kind of reaction, these committees have raised a high expectation. People are thinking as to whether the Government will provide same facilities to farmers as it provides to the factory owners to run their factories by providing them credit

facilities according to their need and capacity.

SHRI DEVI LAL: Mr. Speaker, Sir, all the three points raised by hon. Member are quite significant. We have already set up a committee yesterday and its convener will send advice to the Planning Commission also. The advice given to the department by them will be accepted. Please do not worry.....(*Interruptions*)

Mr. Speaker, Sir, let me finish.

MR. SPEAKER: Order, Order, Now Bhajan Lalji

SHRI BHAJAN LAL: I would like to know from the hon. Minister of Agriculture through you that the Government headed by hon. Shri Rajiv Gandhi..... (*Interruptions*) Please listen to me .....(*Interruptions*).....I would like to know from the hon. Minister of Agriculture as to what extent he agrees with the policy of granting agriculture the status of an industry declared in the House by the then Government headed by hon. Shri Rajiv Gandhi. (*Interruptions*)

MR. SPEAKER: Order, Order.

SHRI BHAJAN LAL: With the provision of inclusion of minimum wages paid to the farm workers in the cost of production, I would also like to know whether the owner of the land will be declared as manager. The farmer does not get remunerative prices of his produce at the time of harvesting. Will the Government increase the support price with the increase in price index? At the time of harvesting of crops, prices crash. The then Government of Shri Rajiv Gandhi prepared a scheme.

(*Interruptions*)

MR. SPEAKER: He is speaking in favour of farmers.

(*Interruptions*)

MR. SPEAKER: Order, Order.

SHRI BHAJAN LAL: The traders take advance from the banks by pledging the stock of their foodgrains to the banks as security.....(*Interruptions*)

Mr. Speaker, Sir, I would like to submit through you that the traders take 90 per cent advances from the banks by pledging their stock of foodgrains as security to the bank. We have extended this facility for the farmers also. Will the facilities extended to farmers by the then Government continue now?

SHRI DEVI LAL: Mr Speaker, Sir, so far as prices of farmer's produce is concerned, we have provided storage facilities for their produce so that they could get remunerative prices of their produce. We are in favour of good programmes launched by the Government of Shri Rajiv Gandhi. Of course, we do not accept the Jawahar Rozgar Yojana which provided employment to Sarpanchs but made Shri Rajiv Gandhi unemployed. (*Interruptions*)

MR. SPEAKER: We are discussing matter concerning welfare of farmers. Why are you shouting?

SHRI DEVI LAL: I was submitting that a number of schemes were launched by the Government of Shri Rajiv Gandhi but he depended too much on the officials. Had he not done so he would have been successful. (*Interruptions*)

SHRI BHAJAN LAL: Mr. Speaker, Sir, he hasn't replied to any of my points. Please ask him to reply to my points. (*Interruptions*)

MR. SPEAKER: Shri Uttam Rathod.

SHRI UTTAM RATHOD: With reference to the remark made by Tauji that Shri Rajiv Gandhi has been rendered unemployed, I am to submit that had he not been rendered unemployed, he and his son would not have come to power. The hon. Minister wants to bring agriculture at par with industry. But in industry, production can be increased upto optimum level because all the factors responsible for optimum production are under

control of the management whereas in agriculture this is not the case. We can not achieve optimum level of production unless protracted irrigation is made available. Farmers of our country are totally dependent on monsoon. Keeping this in view, how are you going to fix the prices of foodgrains? Will separate prices be fixed each for the areas dependent on monsoons and those where protracted irrigation facilities are available? Perhaps, your policy is in favour of all uniform price all over the country. This policy will go against the interest of the farmers dependent on monsoon for irrigation.

SHRI DEVI LAL: I already said that a committee had been constituted. It will give recommendations after taking all the aspects into account. It is an expert committee. So far as the question of *Rabi* and *Kharif* crops is concerned, our Government has decided that 50% of our resources will be spent on agriculture. During the Congress rule, not more than 24% of the total resources were spent on agriculture. Question raised by you in this House is not related to the main question.

[English]

SHRI NIRMAL CHATTERJEE: The agriculturists do not suffer only because of increase in cost of production, but they also suffer as consumers. This expresses in the worsening terms of trade between agriculture and industry in the course of this decade. So will this Committee take into account the changes in the terms of trade? Also will the rising price of industrial goods be taken into account while fixing the prices of agricultural commodities? In the main answer, it has been stated that the interim report will be presented by 15th of March. Today is the 15th of March. If there any interim report? If there be one, what is the content of that report?

[Translation]

SHRI DEVI LAL: Mr. Speaker, Sir, I have already said that the report of expert committee is about to be submitted. I men-

tioned March 15th as the stipulated date and I think that the report is likely to be submitted today by 5 O' clock. I would like to mention the names of the members of the Advisory Committee, which has been constituted to declare agriculture as an industry, so that the hon. Members could be satisfied. The Chairman of the Committee is Shri Bhanu Pratap Singh, Shri Hardev Singh Sanga is one of its members and he is from Ludhiana...

MR. SPEAKER: He is asking whether the interim report has come or not.

SHRI DEVI LAL: I am replying to it that the report is expected by today evening. The members of this committee are very responsible persons. Shri M.G. Devasahayam is a retired I.A.S. officer, Shri V. Shobhanadreeswara Rao and, Shri Suraj Bhan, Ex-M.Ps and Prof. V.H. Rao is from Institute For Social and Economic Change. They are members of the Committee. The Government will consider the interim report and its recommendations, if found reasonable, will be accepted.

[English]

SHRI K.S.RAO: There is nothing new. There is a total unanimity whichever party comes to power, that the farmer is the backbone of Indian economy. And the statements by the hon. Deputy Prime Minister, time and again, give the hope that he is going to bring some changes in improving the lot of agriculturists in this country. He made an addition in his statement today. On the one hand he said that in considering the inputs to arrive at the remunerative prices he will take into consideration the sweat or the labour put in by the farmer and, on the other hand, he said that he will take into consideration the cost of the land also. That is an addition. At the same time, he was telling that he was not thorough with the subject and some *poojaris* or officials might come in his way to come to a final conclusion to help the farmers. He must also be aware that in regard to the fertiliser industry, where the Government felt that it may not be remunerative to supply fertiliser at the prices they are

supplying, they are paying twelve per cent interest on the investment of the industrialists. I specifically wish to know from the hon. Minister whether he also would like to go scot free in the name of the *poorjaries* or the officials or will he take into account the 12 per cent interest being paid to the fertiliser industry and then pay similarly to the farmers also, keeping in view the cost of the land, in addition to the sweat or the labour put in by them.

[Translation]

SHRI DEVI LAL: Mr. Speaker, Sir, I appreciate the points raised by the hon. member but one thing I would like to tell him that the persons who toil hard this side. Their hand labour managerial skill, interest on the cost of the land, all these things will be taken into account while fixing the prices. Not only this, village and small scale industries will also be looked into and we will grant agriculture the status of an industry. However, this will be done only when the report is submitted to us.

### **Indo-Soviet Friendship Treaty**

\*44. SHRI YADVENDRA DATT: Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether the Indo-Soviet Peace, Friendship and Cooperation Treaty signed in 1971 is to expire in 1991;

(b) the views expressed, if any, by the USSR on the working of this treaty;

(c) Whether the first Deputy Foreign Minister of the USSR on his recent visit to India proposed a review of the working of the treaty; and

(d) if so, the changes proposed and the response of Government of India thereto?

THE MINISTER OF EXTERNAL AFFAIRS (SHRI I.K. GUJRAL): (a). The Treaty of Peace, Friendship and Cooperation between USSR and the Republic of

India was signed on 9th August, 1971 for a period of twenty years with the provision for automatic extension for a period of five years.

(b) The Soviet Union has consistently been of the view that the Treaty is an outstanding milestone in Indo-Soviet relations. It provides a reliable and time-tested framework for the development of Indo-Soviet relations and for promoting peace and stability in Asia and the world.

(c) No, Sir,

(d) Does not arise.

SHRI YADVENDRA DATT: Sir, I put the question that keeping in view the fag end of the treaty and the events developing in Europe and in Soviet Russia itself, have the two Governments made any exercise or talks on the treaty, keeping in view the present context of the power equation in Europe and the needs of our security.

SHRI I.K. GUJRAL: Sir, as I have said, the question of discussion regarding the treaty does not arise because there is an automatic provision for extension, and when the time comes we will look into it. At the moment, I understand and I agree with you that there are far-reaching changes in Europe and elsewhere. The Treaty holds its own and, therefore, we abide by the Treaty. The question of extension will arise only next year. So, we will see at that time. But let me say that there is no doubt in our mind that the treaty has served the best interests of India and the mutuality of interests.

SHRI YADVENDRA DATT: Sir, in view of the developments in Europe and within the Soviet Union, may I know—because the time is very short; August, 1991 is not very far off—whether the Minister will go into the depth keeping in view our needs, keeping in view the power equation and, above all, our security needs and the economic needs. Secondly, will the Foreign Minister consider that with the change in the political atmosphere of the whole globe, we can think of other parts in the interest of economic devel-