

GOVERNMENT OF INDIA
MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
RAJYA SABHA
QUESTION NO 07.03.2011
ANSWERED ON
WAIVING OF TAXES ON ESSENTIAL COMMODITIES .

1130

Shri D. Raja

Will the Minister of COAL CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state :
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(a) whether the Prime Minister had appealed to the State Governments to waive different types of State level taxes against essential commodities in order to fight food inflation; and

(b) if so, the details thereof and the reaction of various State Governments thereon?

ANSWER

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

(PROF. K. V. THOMAS)

(a) & (b) : Yes, Sir. The Government have reviewed periodically the position regarding food inflation and had taken measures to contain inflation. One of the steps is to urge the State Governments to consider waiving mandi tax, octroi and other local levies which impede smooth movements of essential commodities. The Prime Minister in his speech at the 2nd Annual Conference of Chief Secretaries held on 04.02.2011 stated as follows:

“.....there seems to be a strong case for waiving mandi taxes, octroi and local taxes, which impede the smooth movement of the essential commodities.....”

A Conference of Chief Ministers(CMs) was held on 06.02.2010, which was presided over by the Prime Minister to consider measures to insulate the poor and vulnerable from adverse price movements. As a follow up, a Core Group of some CMs and concerned Central Ministers met under the Chairmanship of Prime Minister on 08.04.2010 and recommended, inter-alia, setting up of a Working Group on Consumer Affairs (under the Chairmanship of CM Gujarat with CMs of Andhra Pradesh, Tamil Nadu and Maharashtra as its Members). The terms of reference were reducing the gap between farmgate and retail prices and better implementation and amendment to Essential Commodities Act including suggestion of strategies/ plan of action inter-alia for increasing efficiency of distribution channels from farm to consumers; reducing intermediation cost and for reducing gap between farm gate and retail prices; promoting State interventions for retailing essential commodities at reasonable prices and enforcement of statutory provisions to improve availability of essential commodities at reasonable prices. The Working Group on Consumer Affairs has submitted its Report on 02.03.2011. One of the recommendations of the Working Group Report is as follows:

“...VAT rates can be kept at low level and if possible exemption can be given to the agriculture produce. ...APMC cess should be collected at a single point to avoid cascading impact on prices.”

Besides the above measures, Government had conveyed to all the States and Union Territories, that assistance for creation of market infrastructure under the scheme of National Horticulture Mission and the scheme of Development/Strengthening of Agricultural marketing, Infrastructure, Grading and Standardization for projects promoted by state agencies including APMCs would be released only to those States/UTs, which at least in respect of perishable horticultural commodities have waived market fee and permitted direct marketing by farmers to consumers, processing units, bulk buyers, providers of cold chain facilities/storage/contract farming etc.

Government has also constituted a Committee of State Ministers, In-charge, Agriculture Marketing to promote market reforms in the country. The Committee has been consulting the States on market reforms issues, including the waiver of market fee on fruits and vegetables.