

[The Deputy Chairman]

The House then adjourned for lunch at thirty-five minutes past one of the clock.

The House reassembled after lunch at thirty-three minutes past two of the clock. The Vice-Chairman (Shri Jagesh Desai) in the Chair.

#### SPECIAL MENTIONS—Contd.

#### PROBLEMS OF NEW COOPERATIVE SUGAR FACTORIES IN MAHARASHTRA

SHRI VITHALRAO MADHAV-RAO JADHAV (Maharashtra): Mr. Vice-Chairman, Sir, I am very thankful to you for giving me permission to raise a very important issue pertaining not only to Maharashtra but the entire country, that is, the problems of the new cooperative sugar factories to be set up in Maharashtra and other sugar factories in the rest of the country.

Sir, the Government of India had issued licences for 33 new sugar factories in 1989. Out of these, erection work of some factories is in progress. The share capital component is to be raised by cane growers and the State Governments in the ratio of 1:4.33 as on 22nd January, 1992. Out of 38 sugar factories in Maharashtra, 27 were permitted to book orders for the purchase of machinery. Now the project cost of a factory has gone up to Rs. 34 crores. The Government of India has appointed a Committee.

The total number of licences given in this country is 107 and 62 cooperative sugar factories are to be erected in the entire country. The project cost has gone up from Rs. 27 crores to Rs. 34 crores, and the remaining Rs. 7 crores has created a problem for the 62 cooperative sugar factories. The total comes to about Rs. 434 crores. From where this amount has to be brought, is the main question. For Maharashtra 27 new sugar factories are to be set up. So, the total requirement is Rs. 189

crores. That is the backlog which is required to be installed by Maharashtra co-operative sugar factory-owners. The Government is insisting on reducing the erection cost. But due to the non-decision of the Government on how to finance the sugar projects, for the last three years this erection work is pending. If this problem had been solved, 62 sugar factories would have come up. And there is an yearly loss of Rs. 1,500 crores because these sugar factories have not been set up in the country.

Sir, as far as the Maharashtra Government is concerned, at present Maharashtra has been divided into two zones. The State demanded that it should be divided into three zones. One hundred per cent free sale of sugar is to be allowed in the high recovery zone for 10 years, in the immediate recovery zone for 12 years and in the low recovery zone for 15 years. There is participation of the NCDC also in the projects for new factories. The NCDC is not in a position to give adequate funds to erect new sugar units. The escalation cost has gone up by Rs. 7 crores. So, the Central Government should come to the rescue of these sugar factories.

The expenditure on harvesting and transporting of sugarcane is not taken into account when fixing the levy price. The Government of Maharashtra has requested that these two factors should be taken into account in fixing the levy price.

If these factories are not given financial assistance as early as possible, the escalation cost may further increase. So, it is requested that finance may be made available for setting up of the sugar factories.

Sir, as you are aware of the fact, one securities scam has cost Rs. 3,500 crores. To instal 62 sugar factories in the country, we require only Rs. 434 crores. Due to the shortage of this amount, our farmers or our entrepreneurs in the co-operative sector are unable to instal the co-operative sugar factories. Due to this the

rural development has been badly stuck up. Due to that no new licence has been given for the last three years. The Government of India says that new licences cannot be given unless the question of financing of these 62 new sugar factories is solved. Our delegation went to the Prime Minister, the Finance Minister and the Food and Civil Supplies Minister. The Prime Minister has also categorically assured that this problem would be solved because this is a problem of the farmers. Even then, for the last six months no decision has been taken on this. As far as the policy of issuing new licences is concerned, for the last three years not a single licence has been given. Even at the time of issue of licences a partial view was taken.

Even my sugar factory proposal is pending with the Ministry of Food and Civil Supplies since 1984. After that three licences were cleared, and they have come up by influence. I thought that we must follow some procedure. But it is pending. I request, through you, Sir, that the Ministry should take...

**SHRI MURLIDHAR CHANDRAKANT BHANDARE (Maharashtra):** You have to use political influence.

**SHI VITHALRAO MADHAVRAO JADHAV:** That is right. My friend, Mr. Bhandare, says that I must use political influence. I will start using Mr. Bhandare's political influence.

**SHRI MURLIDHAR CHANDRAKANT BHANDARE:** Like you, I have no political influence.

**SHI VITHALRAO MADHAVRAO JADHAV:** You can do and undo many things. That I know.

**SHRI MURLIDHAR CHANDRAKANT BHANDARE:** You better choose a power-broker.

**SHRI VITHALRAO MADHAVRAO JADHAV:** Sir, I request, through you that these 62 new sugar factories should be set up in the country as

early as possible and that the question of 27 proposals which are pending for lack of financial assistance from the Union Government, should be immediately solved. Economic justice should be done to the farmers and growers of Maharashtra.

With this special mention, I request my friend, Mr. Shivajirao Patil, .....

**THE VICE-CHAIRMAN (SHRI JAGESH DESAI):** He wants to associate himself with it.

**SHRI MURLIDHAR CHANDRAKANT BHANDARE:** I am also associating myself with it.

**SHRI VITHALRAO MADHAVRAO JADHAV:** Sir, he is the President of the National Sugar Federation, and his views are very important. So, I request him to give his views while associating himself with my special mention.

**SHRI MURLIDHAR CHANDRAKANT BHANDARE:** Sir, I also associate myself with this.

**THE VICE-CHAIRMAN (SHRI JAGESH DESAI):** Mr. Shivajirao Patil is a former Minister for Co-operation in the Government of Maharashtra. So, he knows this subject very well.

**SHRI SHIVAJIRAO GIRIDHAR PATIL (Maharashtra):** Thank you very much for providing me this opportunity to speak. I am glad that I have to make my maiden speech on the subject with which I am concerned and deeply involved.

Without repeating the arguments which my hon. friend has already put forward, I would like to say that there are certain very important aspects on which I would like to draw the attention of this august House.

By the end of the Eighth Five-Year Plan the Government intends to increase the sugar production capacity to 13.5 million tonnes. Today the capacity is only 92 lak tons. With

[Shri Sivajirao Giridhar Patil]

all the expansions and the new factories that are already in the making, the capacity may go up to 102 Lakh Tons. So, additional capacity of not less than 23 lakh tonnes of sugar production will have to be established. But, unfortunately, for the last one year—in fact, 18 months—the question of licensing and the question of concessions is hanging in balance. No decision has yet been taken in spite of our having moved right up to the topmost in authority in the country. We had the support of many Members of Parliament, Ministers and Chief Ministers. Once we had a meeting with the Finance Minister along with all the financial institutions, including the NCDC. This was discussed at length. Nothing happened. About two months back we had a meeting with the Prime Minister. I remember that the Prime Minister was very categorical in his direction to the Principal Secretary asking him to call the financial institutional heads and try to find out the level at which the economic viability of new sugar factories could be attained and try to do that in 25 days. Nothing has happened in spite of the fact that 50 days have elapsed. It is very important that the sugar production capacity is increased. We need about 14 million tonnes of sugar for ourselves by the end of the Eighth Plan.

People may ask: When we are already producing 133 lakh tonnes of sugar, why should we want to increase the capacity? Sir, we are causing a great loss to the nation. Because the capacity is limited, we start crushing at a time when the sugar recovery is hardly six or six-and-a-half or seven per cent. We continue to crush even until June or July when again recovery goes down to seven per cent. In the entire world the sugar crushing is always done at the peak period when the recovery is at the maximum. But here that does not happen. It is necessary to do this.

THE VICE-CHAIRMAN ( SHRI JAGESH DESAI): That means it is a national loss because of this.

SHRI SHIVAJIRAO GIRIDHAR PATIL: That is right. We lose a lot of sugar. If that is to be saved, more capacity has got to be established. There was a committee which was established in 1975. The Sam-path Committee has given concessions for the high cost of capital investment that is required for establishing sugar factories. The most important factor is that this concession has got nothing to do with the Government. It does not require a single paisa from the Government treasury. It would get it through the sale of sugar for five or seven years to the consumers. That is how the high cost capital investment is recovered and the factory is made economically viable. Unless more concessions are granted, no sugar factory will become economically viable. I would, therefore, request through you Sir, that the Government must take immediate decisions in this regard. Unless that is done, not only the 27 factories of Maharashtra, but about 60 sugar factories in the whole country will remain in such a situation that the establishment of the desired production capacity would never be achieved. I would request through this Special Mention that my request may be forwarded to the Government.

#### NEED TO STRENGTHEN POPULATION CONTROL MEASURES

SHRI MURLIDHAR CHANDRAKANT BHANDARE (Maharashtra): Mr. Vice-Chairman, Sir, 11th July, 1992 was observed world over as "World Population Day". Since it was a holiday and the Parliament was not sitting, I am taking this earliest opportunity to express the concern of this House on population explosion and declare its firm resolve to meet the challenge of rapid population growth. I am confident that the entire House will associate itself with my sentiments and resolve. In fact, in a