

cash and reduction in excise duty and bank interest in order to generate funds for rural and backward areas?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): Some of the subsidies included in the Central Budget are in the nature of direct assistance, such as subsidies for minor irrigation, land development works, agricultural inputs, and animal husbandry schemes for the benefit of the Rural population. Subsidies are also paid for the establishment of industrial units in backward areas.

Reductions in excise duties are notified with reference to considerations like market conditions, ability of an industry to bear the maximum rate of duty etc. They are not of the nature of subsidies which can be curtailed to generate funds for rural and backward areas.

The structure of bank rates has been laid down for different sectors of economy having regard to all the relevant circumstances including the cost of borrowing. Interest subsidies in the form of cash are given after making specific provision in the Budget.

It is the policy of the Government to review the subsidies from time to time and reduce them progressively bearing in mind the effects of such economies on commodity prices and the cost of living.

The Committee headed by Shri Va-dilal Dagi, which has been set up already would be looking into the system of controls connected to subsidisation and make recommendations about the possibility of moderating or eliminating the system of subsidisation by suitable modifications in the system of controls.

Export of Sugar

*493. SHRI GURUDEV GUPTA:
SHRI ARVIND GANESH
KULKARNI: SHRIMATI
LEELA DAMODARA MENON:
SHRIMATI USHI KHAN;

Will the Minister of COMMERCE, CIVIL SUPPLIES AND COOPERATION be pleased to state:

(a) the quantity of sugar exported so far during the current year, the price realised therefor and the names of the agencies through which it was exported;

(b) whether Government are aware of the over production of sugar in 1978-79 and the inability of the industry to pay minimum prescribed price to canegrowers; and

(c) if so, whether Government propose to evolve a national policy to encourage production?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE, CIVIL SUPPLIES AND COOPERATION (SHRI ARIF BAIG): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) In the current year i.e. 1978-79, so far, a quantity of 12,200 MT sugar valued at Rs. 2.15 crores has been exported by the State Trading Corporation, the agency through which export of sugar have been canalised since 1974. The average price realised on these exports is Rs. 1763/- per MT FOB.

(b) and (c) Production of sugar for the sugar season 1978-79 (October-September) is yet to commence. The production during the current season i.e. 1977-78 is expected to be of the order of 65 lakh tonnes, which is an all time record and has resulted in heavy carry-over of stocks with the sugar mills and some difficulty in payment of cane price by some of the factories to growers.

The following measures have been taken by the Government to relieve the sugar industry of the burden of heavy stocks and also to enable it to pay minimum prescribed prices of the sugar-cane to the growers: —

(i) Excise duty on free sale sugar was reduced from 45 per cent *ad-valorem* to 27 per cent *ad-valorem* with effect from 16-11-1977 and that on levy suga, was reduced from 15 per cent to 12J per cent. The excise duty on levy sugar has been further reduced to 11 per cent w.e.f. 15-3-1978.

(ii) The all-India weighted average levy price was enhanced to Rs. 187.50 per quintal with effect from 1-3-1978.

(iii) To relieve the industry of the heavy burden of carrying stocks brought about by increased production, it has been decided to export 6.5 lakh tonnes of sugar during the current year. The quantity is also India's quota in effect under the International Sugar Agreement.

(iv) Credit facilities have been liberalised to take care of the additional production.

(v) An excise duty rebate scheme to encourage and enable factories to crush beyond 30-4-1978 so that offtake of cane by the industry is maximised, has been announced.

(vi) All restrictions on the export of gur have been removed.

(vii) Margins on bank credits, both for gur and khandsari manufacturers/traders, have been reduced.

(viii) Government agencies like FCI and NAFED purchased gur at a premium above the market price in substantial quantities.

1 (ix) Some State Governments have reduced Purchase Tax on sugarcane at the instance of the Central Government.

(x) Stock limits of khandsari dealers have been enhanced to 5000 quintals.

(xi) Export of khandsari, both through STC and private trade, has been permitted.

(xii) Continuous monitoring is done, and contact maintained with the State Government's to keep the cane arrears under check.

(xiii) The Sugarcane (Control)' Order has been amended w.e.f. 2-2-1978 to provide for 15 per cent interest on delayed payment of cane price which is comparable to commercial rates of interest

Another amendment has been to< the Sugarcane Control Order, 1966, *vide* notification issued on 28-3-1978, making a statutory provision re. garding the rebate to be made by khandsari units from the minimum, cane price fixed for them by some of the State Governments like U.P., A.P. and Haryana. This was considered necessary because of complaints from cane growers regarding' arbitrary cut being made/ khandsari units from the minimum cane price fixed for them towards transport etc.

(xiv) Provision has also been made in the Sugarcane (Control) Order for the transfer of unpaid cane price-dues at the end of the sugar year to the Collector of the District with the stipulation that payments will be made to *bona-fide* claimants and amounts still remaining at the end of three years from the end of the relevant sugar year, will become part of the consolidated fund of the State and the same will be utilised by the State Government, as far as possible, for the development of sugarcane.

SDR system in International payments

*494. SHRI SHIVA CHANDRA JHA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that India is still a member of the SDR system of international payment;