[The Deputy Chairman.]

Kurre, Shri Dayaldas
Lalitha (Rajagopalan), Shrimati
Mahanti, Shri B. K.
Mallikarjunudu, Shri K. P.
Mangladevi Talwar, Dr. (Mrs.)
Maniben Vallabhbhai Patel, Kumari
Mary Naidu, Miss M. L.
Mehta, Shri Om
Mirdha, Shri Ram Niwas
Mishra, Shri L. N.
Mishra, Shri S. N.
Misra, Shri M.
Mitra, Shri P. C.
Mohammad, Chaudhary A.
Momin, Shri G. H. Valimohmed
Muhammad Ishaque, Shri
Muniswamy, Shri N. R.
Neki Ram, Shri
Pande, Shri C. D.
Pande, Shri T.
Panjhazari, Sardar Raghbir Singh
Patel, Shri Dahyabhai V.
Patra, Shri N. Pattanayak, Shri B. C.
Pillai, Shri J. Sivashanmugam Purkayastha, Shri M. Pushpaben Janardanrai Mehta, Shrimati
Ramaswamy, Shri K. S. Reddy, Shri K. V. Raghunatha Reddy, Shri M. Govinda Reddy, Shri N. Sri Rama
Sahai, Shri Ram
Sapru, Shri P. N.
Shah, Shri K. K.
Shah, Shri M. C.
Shukla, Shri Chakrapani
Shukla, Shri M. P.
Shyam Kumari Khan, Shrimati
Siddalingaya, Shri T.
Singh, Shri Santokh Sinha, Shri Awadheshwar Prasad Sinha, Shri B. K. P. Tankha, Pandit S. S. N. Tiwary, Pt. Bhawaniprasad Upadhyaya, Shri S. D. Usha Barthakur, Shrimati Varma, Shri C. L. Vero, Shri M. Yajee, Shri Sheel Bhadra Yashoda Reddy, Shrimati *The motion was negatived.*

HALF-AN-HOUR DISCUSSION REGARDING PRODUCTION OF SUGAR

THE DEPUTY CHAIRMAN: We shall now take up the half-an-hour discussion. Mr. Shervani is not here. Mr. Arora and Mr. Kulkarni can have *1* minutes each. And then only Mr. Niren Ghosh has given notice of a question and so he can ask a question. I am going to strictly follow the Rules of Procedure for the half-an-hour discussion and, therefore, the half-an-hour discussion will be over exactly after half-an-hour. Mr. Arora.

5 P.M.

SHRI ARJUN ARORA (Uttar Pradesh): Madam, this half-an-hour discussion arises out of Starred Question No. 1 of this Session.

[THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): in the Chair.]

In reply to that question by Mr. Shervani and Diwan Chaman Lall, the Minister of State in the Ministry of Food and Agriculture said:

> "The question of augmenting the the supply of sugar which depends, among other matters, on the development of sugarcane cultivation is being considered by the Central

Government in consultation with the State Governments. The Sugar Development Council has also considered this matter. Concrete steps will be decided upon to improve production of sugar during the next crushing year viz., 1967-68. Action for the year 1968-69 will be taken *in* the light of the situation in 1967-68.'

The reply given by the Minister makes it obvious that so far the Government has no policy as far as this important industry is concerned. The Government has not arrived at any decision on sugarcane policy for the year 1967-68 so far. The Government is obviously aware that twenty million cultivators are engaged in sugarcane cultivation. Yet the Government does not have a policy for the year which has already begun—1967-68. The Minister also said:

"Government had i's own assessment and we were also af'aid that the production was likely to fall because, after all, the sugar industry depends on the availability of the raw material, sugarcane. Now the expected production of sugarcane was affected by drought, as a result of which there was a certain drop in the acreage under sugarcane and a drop in sugarcane production."

This r^ply of the learned Minister (seeks to create an impression that the sugar crisis is due only to the drought. This is not a fact. The sugar crisis is due to lack of policy on behalf of .the Government, The Government's policy regarding this important industry which is important from the consumers' point of view, also important from the cultivators' point of view depends upon its fluctuations from year to year. The Government have no long-range policy. There was a time when Mr. S. K. Patil advocated a cut in sugar-cane cultivation and the Government preached 10 per cent, reduction in the sugarcane acreage. The re^uH w^s that the following year there was more than 10 per cent reduction in the sugarcane acrege. The country had a sugar shortage. The present situation is not due to drought alone. It is due to the fact that sugar millowners have been treating the sugarcane cultivators in a callous manner. In U.P. and Bihar 11 crores of cultivators' money is due from millowners which they do not pay. How can there be input? The cultivator produces wheat or produces oilseeds. He can sell them for ready cash but he is forced to supply sugarcane to a particular sugar mill which defaults in payment and the amount of eleven crores of rupees which should have gone into the development of sugarcane crop is with the guilty millowners. There has been a continuous reduction in the yield and the sucrose content of sugarcane in U.P. and Bihar. This is due to the fact that the State Governments in U.P. and Bihar have been collecting cane cess but they have been spending that money on everything except the development of sugarcane. The result has been that the sugarcane yield per acre in these itwo States has been decreasing and the sucrose content has also been decreasing and there has been a constant fall in sugarcane cultivation in these areas.

Ther* is another aspect of the problem in this sugar industry where there are two sectors, the private sector and the co-operative sector. In State* like U.P. and Bihar and Rajasthan it is the private sector which is the dominant sector. In the State of Maharashtra the co-operative sector has ben deliberately and systematically developed, and the result is that in this co-operative sector sugarcane cultivation, the quality of sugarcane and the sucrose content of sugarenne have improved, and the whol.-- industry, as such, in Maharashtra, is producing very good results. Now that the co-operative sector. So the Minister was not correct when he blamed the drought alone. The blame lies with the Indian Sugar Mills Association and its members. The blame lies with the Government which collects the cane cesi *n:l pit-5 it away which docs not spend it on deve-

LShi-i Arjun Arora.] lopment of sugarcane. The present sugar crisis is also due to faulty, to very faulty distribution. In Delhi, in Kanpur, in Jaipur, everywhere, what we find is that sugar ration is cut. Rationed sugar is available in smaller and smaller quantities but in the black market, at three rupees a kuo. one can buy as much sugar as one likes. So there is a great defect in the distribution arrangements for ^ugar, in the country.

SHRI A. G. KULKARNI (Maharashtra): Sir, my friend Mr. Arjun Arora, has given his views, and only because the time is very short I will go through my script and read it very quickly.

Sugar indusry occupies an important place i_n the economy of this country. It is the second largest industry and provides employment to 1J lakh persons in the industrial sector. The special feature of this industry is its close connection with argriculture. It is an important source of livelihood for a considerable section of agricultural population. For about 20 million cutivators or more, scattered in different parts of the country, sugar is one of the principal crops for meeting their cash requirements. In spite of its importance to the economy of the country, its fortunes have fluctuated ^{s0}widely from year to year causing grave concern both to the agriculturists and the sugar manufacturers, and it has become very difficult to say with any certainty how this industry's fortune li«e in the future. It is Ml of surpluses and shortages, and controls, decontrol and recontrol.

The fluctuating performance of this industry in the past has been cyclic, and at no time has Government attempted to deal with the problems of this industry in a manner that would bring some steadiness to it. The problems of this industry have so far been dealt with on an *ad hoc* basis, primarily to overcome shortages and surpluses whenever these happen. Apart from the vagaries of nature, on which the prospects of this important agro-based industry depend to a large extent in many parts of .the country, even in those areas where such vagaries could be overcome largely by a determined and long-range policy, it has become evident that such a policy does not exist. In years of surpluses there was no dearth of drastic measures to reduce the area under cultivation, and the quantum of production by the factories. Even in periods of shortfall, such a_s last year, restrictions had been imposed, such as, on the irrigation potential made available for sugarcane crop, and this had led to reduction in area under sugarcane in factory areas, accompanied by reduction in yields, acreage and sucrose content of jane. Considerable sums of money are collected by th_e various State Governments as purchase tax (cane cess), which originally came into existence to enable build a fund to provide finance for undertaking "cane development work in sugar factory areas. Such development work is not limited only to improve the varietal position in factory zones, improve the yield of sugarcane per acre and the sucrose content of the sugarcane; it has also the objective of providing and improving communications in factory areas. This is very important while dealing with a perishable raw material like sugarcane which should be processed i_n the factories with the minimum time-lag between harvest and processing. Various other handicaps, such as, lack of timely and proper credit facilities for sugarcane growers, and the timely supply of $variou_s$ other inputs in kind, such as, fertilizers, etc., should be removed.

While everybody realises the necessity for augmenting cane development in factory areas, $_s$o *ar little has been done to give a practical shape to this need. While the processing units in the co-operative sector are primarily concerned with the welfare of the members of the society, who are cane-growers, and take all the interest in can_e developemenf activity, they are very often denied the $mean_s$ to provide facilities for doing this work. In the

private sector of the industry little interest has been shown by the producers of sugar in the welfare of a large number of cane-growers in their areas of operation despite Government's insistence that factories establish a good liaison with the cultivators in the areas and concentrate upon cane development measures. It is reported that private sugar manufacturers in some parts of the country owe a very huge amount to the poor cane-growers, who supplied the cane, for fairly long time.

It is, therefore, an urgent need that effective measures be taken to see that proper cane development is undertaken in the areas of the respective factories, and where the factories show a keen interest in it, they should be enabled to achieve the necessary results by giving them the necessary assistance.

By and large, the sugar industry in this country consumes about 30 to 35 per cent 0f the total sugarcane grown, and as such it looks Odd to say that the production of sugar is so drastically effected despite large production of sugarcane. It is because the problems that the factories have to face to secure full supplies of the sugarcane grown in their areas of operation, have not received any reasonable measure of solution. Measures should , therefore, be taken to see that this 30 to 35 per cent sugarcane grown in the country, which is within the area of operation of the respective sugar factories, is secured for processing by the factories by limiting an area of 10 miles round a factory as an exclusive factory area, and the sugarcane cannot be diverted. Also there should be proper safe-gaurds in the interests of the growers. Competition from other alternative users of sugarcane in the sugar factory areas must be put a stop to. I may suggest that a novel experiment to avoid the national waste of obtaining criminally low recovery of sugar from the cane which is diverted to jaggery manufacture can be attempted. By encouraging 200 to 300 tons mechanical crushing, by installing mills and by arrangement of classification and evaporation, we can obtain 15 per cent yield of jaggery instead of 8 to 10 per cent, and release a larger area of land for other crops, that which is diverted to gur.

One steps are taken to ensure adequate availability of sugarcane, in terms of quantity and quality, to the factories, the other problem, that would ensure a regular supply, is a fair price for the sugarcane grown on the basis of its quality. Government have already approved, as a measure of policy, the linking of price of sugarcane to its quality. In this country, unlike other agricultural produce, the quality of sugarcane grown in different areas is widely different. Th« base price should be such that it should meet the cost of production, and the increase in payment of price for sucrose content should be such that it compensates for the extra inputs required for growing such sugarcane. Whatever the price, the grower should find it economical to continue to grow sugarcane in comparison to the present-day returns that he is able to get from other crops and/or by using the sugarcane for producing gur and *khandsari.* Unless such a reasonable price is fixed, it would not be possible to ensure that all the cane grown in the factory areas would come to the factories for manufacture of sugar.

At the same time, the cane price fixed should be such that, whatever be the method of calculating the ex-factory price of sugar which may be approved, there should not exist a wide disparity in the inter-regional ex-factory prices of sugar, as now exists, that is, between Rs. 130 and Rs. 160. For a single finished product, wherever it may be produced in this country, such wide variations should not be allowed from the consumer viewpoint. It is necessary to reduce the disparity in the existing interregional sugar prices. With this object the Sugar Inquiry Commission made its recommendations. Unfortunately, although the Commission has specifically made it clear that its recomenda-tions should be implemented as a package, Government have used wch portions of the recommendations as

[Shri *A.* G. Kulkarni.]

they found convenient to serve vested interests, while nothing has been done about the other sectors which produce sugar. In so doing, the benefits of the arduous labour *of* the Commission have not been realised by the agricuturist, the efficient sugar-producer or the consumer. Nevertheless, we hear that Government have made, or are making a fresh reference on the issue to the Tariff Commission.

I am keenly observing that politics has entered into the economic of the sugar industry to such an extent that it has come to be said that "in sugar 10 percent is Pol and rest is politics".

No sensible person will disagree that, when we purchase sugarcane for manufacturing sugar, we are purchasing not the bagasse in the sugarcane, but the sugar contained therein, and hence nobody will dispute that we should pay the price of the sugarcane according to the quantity of the sugar contained therein. *Ye%* this House will be surprised to know that this is not being done at all. Although sugarcane price has been so surreptitiously fixed as to appear that there is no disparity therein.

The experts-like the Sen Commission—had recommended that the minimum sugarcane price should be fixed on the basis of 9 per cent recovery, and sugarcane of a higher quality should be paid a higher price according to certain formula.

(Time *bell rings.)*

Two minutes more, Sir.

THE VICE-CHAIRMAN: (SHRI M. P. BHARGAVA): Your time is over, Mr. Kulkarni.

SHRI A G. KULKARNI: Only two or three minutes more

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): No two minutes or three minutes. Already you have taken 7J minutes.

SHRI A. G. KULKARNI: I shall 2nd my speech now after making this la9t point. Wh'it I want to make out Is that the Cane Commission has suggested the formula, how the price should be worked out and how their recommendations should be applied as a package. But the Government and the department have worked out these prices not in a fair manner, and that is why the present discrepancy has occurred, and that is why the sugar-can-grower is discouraged to grow sugarcane on a larger scale. What I want to request is that the Government instead of falling a prey to the capitalist and vested interests and fixing the price on a cost *plus* basis and encouraging the inefficient units, should really open their eyes to what the Sen Commission has said and apply that formula so that the consumer will be benefited, the cane-grower will be benefited and there will be no such occasion again when there will be a sugar crisis in the country.

I have done.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): Mr. Niren Ghosh, just a question.

SHRI NIREN GHOSH: (West Bengal): Yes, just a question.

I would like to impress upon the Government that as far as my information goes there is immense blacmarket-ing in sugar at the mill sources. Twenty per cent of the production the millowners directly divert to the blackm'arket. At least that is my information; and they do not give the torrect figures of production to the Government. In this way they are not only defrauding the exchequer of the excise duty but also indulging in blackmarketing. How are they going to stop this?

The next question is about price. The sowing season is already over but the Government has yet announced the price. They know and they have themselves admitted that they are giving a lower price and in the last seven or eight months there has been an insistent demand for a fair price to the cane-growers. But that has not been announced and the sowing season is over and the peasantry still does not know what price is going to be fixed. How they are going to tackle the production of sugar in adequate quantities passes my comprehension.

Then there is distribution. It is not adjusted to the habits of the different parts of the country. Those who are not used to sugar are given sugar and those who are used to sugar are not given sugar. They have some sort of rough and ready method and in the village areas the people are totally denied. In the distribution of the quota that is given to the village there is favouritism and nepotism and the ordinary people do not get their share.

THE VICE-CHAIRMAN (SHRI M P. BHARGAVA): That will do, Mr. Ghosh.

SHRI NIREN GHOSH: Just one last question.

SHRI M. M DHARIA (Mharash-tra): Sir, may I ask • • •

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): No. no. You have not given your name, Mr. Dharia, We must stick to the rules.

SHRI NIREN GHOSH: Sir, I want to impress upon the Government that the export of sugar on a subsidised basis should stop. Subsidised sugar should never be exported. Even if we have greater production sugar should not be subsidised in order to be exported. If we carfcompete in the world market, it can be exported. Otherwise the practice of spending Rs. 20 to 30 crores by way of subsidy for earning a few crores of foreign exchange should be stopped.

THE VICE-CHAIRMAN (SHRI M P. BHARGAVA): Mr. Shinde, fourteen minutes.

THE MINISTER OP STATE IN THE MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND CO-OPERATION (SHRI ANNASAHEB SHINDE): Mr. Vice-Chairman, Sir, I welcome this discussion since sugar is one of the important articles of consumption and since it is also one of the sensitive articles. Some hon. Members and especially Mr. Arjun Arora—unfortunately he is not here now; he has left the House— made an allegation that the Government had no policy in regard to sugar. I must with all humility, submit to this House that the Government has a well thought out policy in regard 'to cane development, production and distribution of sugar. If we look to the history of sugar in this country we will find that immediately after we attained freedom in the post-independence period we had to production of . . . *(Interruption)* I hope.

Mr. Kulkarni will not interrupt *me* now; I did not interrupt him when he was speaking so hurriedly.

As I was saying in 1950-51 we had a production of about 11,34 lakh tonnes but as the House is well aware last year we reached the record production of 35 lakh tonnes and this shows that the Government has a well-planned policy. If a well-planned policy had not been there, it would not have been possible to increase *be production alomst three-fold within a period of 14 to 15 years. And that is why the sugar industry has come to occupy a very important place in the Indian economy. But unfortunately the sugar industry, like many other industries which depend upon agricultural raw material, has some difficulties when there are setbacks on the agricultural front. As we know, the sugar industry mainly depends on the availability of sugarcane. And last year, not only last year but as a result of two consecutive years of drought, there has been a fall in the acreage under sugarcane. The sowings have fallen down and perhaps the per acre yield also must have gone down. The reports which are given to us by the various State Governments indicate that there has been a fall of 11 to 17 per cent in acreage under sugarcane during the year 1966-67. The figures with me indicate that there has been a fall of 14 per cent in U.P., 15 per

[Shri Annasaheb Shinde.] cent in Bihar, 17 per cent in Punjab and 10-5 per cent in Maharashtra and according to the information supplied by the State Governments the prospects of sugarcane production next year also are noa very favourable. I am given to understand that planting of sugarcane has fallen down to the tune of 20 per cent in U.P. 25 per cent in Bihar and 8 per cent in Punjab. The point I am driving at is that because of the fall in the acreage under sugarcane the availability of the cane -to the factories has been limited.

Another important factor which has contributed to less availability of cane to the factories is the competition presented by jaggery and khandsari. If we compare the prices of jaggery and khandsari in the last few years we find that there has been a steep increase in the prices of jaggery and khandsari. I can quote the figures but I have not got much time now. The jaggery and khandsari manufacturers were in a position to pay almost 50 to 100 per cent more price to the canegrowers and that is why the sugar factories were unable to attract enough cane. The result has been a large fall in sugar production which has come down from 35 lakh tonnes to 22 lakh tonnes.

One of the points made by Mr. Arora and Mr. Ku'karni is that the interests, of the eane-growers have not been properly looked after by the Government. I do not agree with that contention made by Mr. Arora. He may have some charges against the factory owners; I also have my own views about therrT~ahd I know that some of the sugar factories act in such a way that they cause harm to the interests of the cane-growers. I am here concerned with the point -whether the Governmet policy with regard to the cane price has been fair or not. May I submit for the information of Mr. Arora, Mr. Kulkami, Mr. Niren Ghosh and also of this House that as a result of our considered policy in regard to sugarcance price, sugarcane enjoys a comparative advantage over other crops in regard to price? That is why when look into the figures of sugarcane acreage during the last ten to fifteen years we find that the acreage under sugarcane has been going up at a fast rate as compared to other crops. There has been this setback only in the last year and a half and that is mainly because of the drought. Otherwise during the last ten to fifteen years as a result of the very reasonable prices which were being fixed from time to time the cane-growers have been enjoying an advantage and I wish to submit here that even in the future as far as the interests of the canegrowers are concerned we shall be second to none in championing and protecting their interests. Even now we are considering how the cane price sho^d be revised. As I have already mentioned, the Minister of Agriculture has addressed a communication to the Chief Ministers of important sugarcane growing States and we have sought their advice. As soon as the replies from all of them are available we shall take up this question of the price of the cane, and come to some conclusions. Then, various suggestions have been made by hon. Members as to what should be done to ensure production next year. There have been some suggestions that the jaggery and khandsari prices should be controlled and the State ban should be there. There has been a suggestion that there should be a partial decontrol, etc. AH these suggestions are being examined. Some two or three years back it was raised whether jaggery and khandsari should be controlled or banned. This was referred to the Sugar inquiry Commission. They expressed the view that in order to enable sugar factories to get more cane, £here should be some regulation in factory areas, in respect of jaggery and khandsari.

They also expressed the view that, as far as possible, there should not be price control on khandsari and jaggery and they were even against any State ban. Ali these matters are being examine^ afresh.

In regard to partial decontrol, which is suggested by the industry and others, we examined this. We took up this matter with the Law Ministry. They have opined that it is not possible legally to have partial control or partial decontrol. So, that suggestion would be out of consideration,

The only other point which I would like to cover, since the time is very limited, is this. Shri Niren Ghosh contended that there has been some discrimination in regard to sugar distribution between urban and rural areas. Now, we allot quotas to State Governments and they are competent to take a decision as to what quantity or quota of sugar which is allotted to them should be distributed as between the urban and rural areas. As far as the distribution system is concerned, it is entirely within the jurisdiction of the State Governments. We have no direct control over them. In fact, we have addressed a communication to them that they should exercise strict control over the distribution of sugar, so that malpractices are checked.

Then, Sir, one of the points, which have been referred to in the discussion, is in regard t0 cane development. I also attach great importance to cane development and I can say that the future of the sugar industry will mainly depend on how far we are in a position to handle the cane development problem. Many of the State Governments are levying a sugarcane cess. The orginal idea of this was to have a substantial amount a'located for the development of sugarcane. I would like to take this opportunity to request the State Governments to see that larger amounts are placed at the disposal of the cane development departments of the State Governme-its, so that the, nece^sa^y... irrigation facilities, road development, etc. will be made available in the sugar factory areas.

I do not agree with one of the charges levelled by Mr. Kulkarni, that we have not accepted the recommendations of the Sugar Enquiry Commission. They have given a very valuable report. We attach great import-tance to the recommendations made by them. As far as the sugar prices are concerned, it was done on the bar.is of the recommendations made by the Sugar Enquiry Commission. II in regard to this there has been any departure, I would be glad to receive instances from Mr. Kulkarni, if he has any specific grievances about it I may assure the House that, as far as the Government of India is concerned, not all the recommendations but many of them have been accepted. Many of the important recommendations made by the Sugar Enquiry Commission were closely examined by us and on the basis of the recommendations accepted by us we are trying to follow them up.

.In the end I would urgs that we should not be panicky about the present situation. The present fall in sugarcane production is mainly due to the drought conditions and as soon as the drought conditions are over, I think we will be in a position to overcome the present crisis. In the past too, we had difficulties, in 1953-54 and 1962-63. We could overcome the crisis. We have adequate instal'ed capacity and with this it should be possible for us to ensure adequate availability of sugar. In regard to sugarcane the plantings have been less this year, but we are contemplating various measures to ensure adequate availability of cane and I hope with the cooperation of hon. Members here and with the cooperation of this House it may be possible for us to take adequate measures and ensure availability of cane to sugar" factories so that we" get" ado

[Shri Annasaheb Shinde.]

quate production and we would be in a position to end the present-day difficulties as early as possible.

Thank you.

THE VICE-CHAIRMAN: (SHRI M. P. BHARGAVA): The House stands adjourned till 11 A.M. to morrow.

The House then adjourned at thirty-six minutes past five of the clock till eleven of the clock on Thursday, the 1st June, 1967.

GMGIPNDLS III—669 RS—4-11-67—670.