

scuttling of the Korba Fertiliser project. Since this chemical is a U.S. concern, how could the Government come and say that to the best of their knowledge they know nothing in the matter of the contract? They should go deep into it. Things may happen behind the screen.

Another thing. As a matter of policy, I would also like the Prime Minister to note one thing. These bureaucrats are responsible for damaging and tarnishing public sector undertakings. And capital is being made by the Swatantra Party on that score. May I know, Sir, whether the Prime Minister would go into this and see that the bureaucrats are removed from the public sector? As a matter of policy they should not be inducted into public sector undertakings and she should see that they do not damage public sector undertakings in this way.

SHRIMATI INDIRA GANDHI: I think the hon. Member has repeated in English what the other hon. Member has said in Hindi, and I have already replied to it.

DR. ANUP SINGH (Punjab): Will the hon. Minister be good enough to tell us what are the technical qualifications of Mr. Mukharji? Is he a chemist? Is he an Engineer, or is he an I.C.S.? If he is neither, would it be unfair to presume that he has been given this post of Consultant for favours that he must have shown to his present employers?

SHRI K. RAGHURAMIAH: May I clarify one misunderstanding? There is no question of Government giving him any Consultancy. He is a retired Indian Civil Servant. He himself set up a Consultancy organisation. And he represents, among others, the Chemical Construction Corporation. Now he has himself set up a consulting organisation. He has become one of the representatives of concerns dealing in chemicals. As for the allegation that he was

responsible for the scuttling of Korba Fertiliser project, we will certainly look into it and place facts before the House.

#### RE STATEMENT ON SUGAR POLICY FOR 1967-68

MR. CHAIRMAN: On August 16, 1968, Shri Jagjivan Ram laid a statement on the Sugar Policy for 1967-68. Any Member desirous to participate?

SHRI A. G. KULKARNI (Maharashtra): Sir, on the 16th August, the hon. Minister of Food and Agriculture announced the sugar policy of the Government. I really congratulate him for at least coming forward to make it agriculturist-oriented, as well as in the interest of sugar manufacturers. However, Sir, this policy falls short in two respects. I want to have a clarification on these two points.

Sir, the policy now announced is linked to a recovery of 9.4 per cent. which is not going to give more incentive and it is not going to make the agriculturist grow sugarcane with high content of sucrose and more yield. It should have been naturally linked to 8.4 per cent, as has been advocated by knowledgeable persons in the sugar industry and agriculturists.

Similarly, there are the so-called concessions given by the hon. Minister of Food of excise rebate of 50 per cent. on 80 per cent. of production. As already stated in the statement made, there is 38 per cent. fall in the sugarcane acreage. Similarly, Sir, as you know, the factories during the last year worked, on an average, 22 per cent. below their crushing capacity. Sir, if the Government is really interested in getting more sugar, in arresting rise in the prices of sugar in the market, is it not illogical and is it not a fallacy that the Government announced a concession which in practice is not going to be availed of by any well-intentioned sugar manufacturer?

[Shri A. G. Kulkarni.]

In this respect, Sir, may I again request the Government that they must bring down this 50 per cent. rebate on the production in excess of 50 per cent. of the production in the last 1967-68 season? That will be a correct approach in this respect.

Similarly, Sir, when the sugarcane price can be calculated at Rs. 4, the illogical sugarcane price of Rs. 2.75 is also not going to encourage the agriculturist. Then, I want to congratulate the Minister personally on this matter. This House was all along agitating to implement the Sen Commission formula with five zones as a package, while all along the Government, on the advice of the departmental heads, was implementing the Sen Commission formula with 28 zones. I congratulate the Minister for realising the logical and rational method of fixing sugar prices. On these three or four points, I would like the hon. Minister to reconsider his policy and give more incentive to sugarcane growers to make sugar available at a reasonable price. Thank you.

SHRI ARJUN ARORA (Uttar Pradesh): Sir, there are two things obvious about this statement made by the hon. Food Minister. One is that the price of sugar for the consumer will not come down; it will go up. And the second is that the Minister still continues to rely on what is called free market forces for increased production of sugar and sugarcane. In the case of cement, the country has seen that reliance on the free market forces is something disastrous. Yet, the Government persists in repeating the mistakes and it has given an incentive to the industry—which means the wealthy members of the Indian Sugar Mill-Owners Federation—and has given them another opportunity to make more money. I am sure this statement will be a repetition of past mistakes. Secondly, this statement makes it clear that the Government persists in its failure to work out a

firm, long-range sugar policy which can be pursued with consistency. The history of sugar policy during the last 20 years has been its very absence. The Government adopts one formula or the other every year . . .

MR. CHAIRMAN: Mr. Arora, if you want any clarifications, you can ask for them . . .

SHRI ARJUN ARORA: I want to know why it is that the Government relies upon the free market factor to increase the production of sugar and sugarcane. And secondly, I want to know why it is that the Government is still unable to evolve a long-term sugar policy which it may follow consistently and not resort to make-shift arrangements every year. When there is drought, there is one policy change; when there is good monsoon, there is another policy change. Every time we are told that sugar is either in excess or there is scarcity, and the Government changes its policy every year. This is not something which helps the growers; this is not something which helps the consumers. This is something which helps the hoarders, the profiteers and the mill-owners. How long will the Government persist in this sort of vacillation and right-about-turn every year?

SHRI K. SUNDARAM (Madras): Sir, the sugar policy announced by the hon. Minister seems to be very inopportune. The Minister had been delaying suitable action for the last three years. From 35 lakhs of tonnes, the production has come to 22 lakhs and then to 17 lakhs. Even now the action that has been taken is not adequate. In the first instance, it is delayed action, and in the second instance, there is not enough incentive to increase the production immediately. Some quick action is necessary. Whereas here 9.4% recovery has been fixed and it has been stated that anything above that only will get incentive, it is not possible for any agriculturist to increase the recovery yield year after year. It is very difficult.

It will take many years to increase the yield. And for the sugar factories, you have already said that the acreage is less; therefore, there will be a 20 per cent reduction. How on earth will it be possible to produce more than 80 per cent of last year's production? If they can produce more, they will get 50 per cent reduction. But there is no chance and you know fully well that they cannot do it. Therefore, the incentive given here is only on paper. They will never be able to get it. Another point is that there has been no relaxation on controls at all. The so-called 40 per cent free sale is subject to Central Government releasing the goods. It is only perpetuating this corrupt machinery there. We know already what has been happening—cross movement of sugar supplies from Madhya Pradesh to Andhra Pradesh and from Andhra Pradesh to Kerala and like that. Because of delays, sugar is not being supplied on the spot when it is necessary. Therefore, I would request the Minister to re-consider this matter. The action taken is not adequate and some more relaxation is absolutely necessary immediately to increase the production. And lastly, when we are in so much short supply, why do you want to keep any export market? I do not understand. When the international price is only 50 paise per kilogram, our cost price is Rs. 3 per kilogram. When you are in such short supply why should you be in the export market at all at such a big sacrifice? I would like to have these points clarified by the hon. Minister.

**SHRI SITARAM JAIPURIA** (Uttar Pradesh): The hon. Minister has announced Government's Sugar Policy and while, no doubt, he has had to take pains to justify their action, I personally feel that it is not going to increase the production very substantially. First of all, the main point is that 40 per cent of the present year's production of sugar will be released i.e. of the production of 1st of Octo-

ber 1966 to 30th of September, 1967. According to the figures given by the hon. Minister himself, he does not expect more than 15 to 17 lakh tonnes production as compared to 22 lakh tonnes last year. That means it comes to about 75 per cent. If that is the basis, then actually only about 10 per cent, that is, 1½ lakh tonnes will be released. But I am quite sure that is not the intention of the hon. Minister because on the one hand, he has fixed the minimum cane price—which I would submit is rather low—and on the other hand, it appears that the higher cane price has to be kept on being paid and the goods will be released only after a certain percentage of sugar production has been achieved. My submission to him is that in case the price of sugarcane has to be paid, there cannot be two different sets of cane prices. Whether it is controlled sugar or released sugar, the cane prices which will have to be paid to the farmer, will be the same. In these circumstances, unless and until he decides to release sugar immediately it is produced in the new season and as and when produced, I am doubtful if it will be possible for the factories to pay to the cane growers the price of cane. And if the cane growers do not get the price of cane—they will probably get a much higher price from gur and khandsari because there is no control or restriction on them. So my submission is that the production of sugar will not be substantially increased. I would, therefore, like to ask the hon. Minister whether he proposes to release sugar—and that is his intention probably and if so, whether sugar will be released immediately it is produced in the new season and as and when produced, so that the factories are not short of finance and they are able to pay for the supply of cane. Secondly, in the statement, the hon. Minister has mentioned about five zones under the Sugar Enquiry Commission. So far as my knowledge goes, after the Report of the Sugar Enquiry Commission came into existence, 22 price zones have been work-

[Shri Sitaram Jaipuria.]

ing and so, this figure of 5 zones mentioned here appears to be a little erroneous. Thirdly, I would submit to the hon. Minister that because sugar is very much in short supply—in one year the production is 35 lakh tonnes and in the next year, it is 22 lakh tonnes—he should have a little more bold policy of having complete decontrol. My friends might misunderstand that complete decontrol may mean a little more profit for the mills. But they are absolutely mistaken if they are under that impression because it will depend on the price that is to be paid for the cane and in order to achieve maximum production, complete decontrol is the only alternative for the Government, when the price of sugar would have gone down considerably. On the first day, when the announcement of decontrol was made, there was a feeling that the price of khandsari had gone down substantially, in fact, to Rs. 50 per quintal. My information is that after the release of this scheme, the price of khandsari has gone up and that will probably create a problem for the Ministry to have maximum production of sugar. I would like to have clarifications from the hon. Minister on these points that I have placed.

SHRI M. R. SHERVANI (Uttar Pradesh): I would like to know if it is not a fact that in the sphere of sugar production we have gone from an era of plenty to an era of scarcity and we are heading towards sugar-famine conditions mainly because the price of sugarcane fixed was inadequate and unreasonable during the last two years and so the acreage has shrunk? The price announced now, that is, Rs. 2.75 is, in my humble opinion, unremunerative and unproductive because at the price of Rs. 2.75 the farmer will hardly get Rs. 800 per acre of land in 11 months to 12 months whereas if he grows wheat, he will get Rs. 1200 or Rs. 1300 per acre in six months. The main and radical change in our sugar policy was to be, to give an adequate and reasonable price in proportion to the

other agricultural Commodities, to the cane-grower. This has not been done and I would like the Minister to clarify as to how he expects the cane area to increase because the situation that exists to-day is the same as during the last two years, that is the gur and khandsari manufacturers were paying more than the price fixed by the Government. The area has shrunk. Again this year the price fixed is Rs. 2.75. Although they will get more, yet they will have at the back of their minds this psychological fear that next year it will be only Rs. 2.75 and Rs. 2.75 is inadequate. How do you feel that the area will increase by fixing this notional price of Rs. 2.75? Because the gur and khandsari manufacturers and probably the factories will pay Rs. 4 a maund? But unless and until the farmer is assured for next year that he will get for his crop Rs. 4 a maund for the 1968-69 season, he will never increase area under cane.

Secondly, with this price of Rs. 2.75 or Rs. 2 or Rs. 4 that the sugar factories will have to pay, considerably more finance will be required. Would the Food Minister advise the Reserve Bank to advise the State Banks to increase the limit for the sugar factories in keeping with, not the controlled price, but the free market price so that the farmers are paid promptly the cane price and there are no arrears?

SHRI N. SRI RAMA REDDY (Mysore): I must plainly confess that the entire approach to the problem is very disappointing to me, from my point of view. According to the statement, this year, namely, the 1967-68 sugar year, there would be a fall of 17 per cent. according to the estimates made by the Minister. The first and foremost thing that the Minister ought to have attempted on account of the fall in the cane area is, how best to increase the productivity per acre. It must have been the first thing that should have been told to this House. If there has been a fall of 17 per cent. in the same area,

the reduced area we could increase productivity by 50 per cent. which is certainly possible by two methods, one by irrigation and the other by fertilizer. Both of them are not sufficiently being given attention to, I am told, in the important State of U.P. where 40 per cent. sugar is produced. What I know I am telling you and please give me answers later.

**THE MINISTER OF FOOD AND AGRICULTURE (SHRI JAGJIVAN RAM):** Why should I give the answer?

**SHRI N. SRI RAMA REDDY:** First of all our production of cane ought to have been the first step that ought to have been taken. Our consumption is said to be 29 lakhs per year and if we produce only 17 lakhs, as he says, are we not going to be short by 12 lakh tonnes? How are we going to make up these 12 lakhs tonnes? Mere mechanical arrangements of the process of distribution will not relieve the sufferings of the nation. So we are not tackling the problem, according to my understanding at the grass-root level, whereas attempts are made only to gloss over the situation. The first and foremost thing that has to be done is to increase the per acre productivity. Give them both water and irrigation. Let him assure us that he is going to give these. Then our production will not be 17 lakhs only but it will be 29 or 25 lakhs. It will certainly be possible by dynamic approach to the problem of production of sugarcane, which is lacking in the statement.

**SHRI NIREN GHOSH (West Bengal):** May I know whether the cane price fixed is an economic one? May I know what the cane growers themselves demanded? What was their demand and what did the Government fix? Unless they really get an economic price, the cane production will not increase. Secondly this is partial control. My friend Mr. Jaipuria and others want complete decontrol and the Government have

gone out of their own way to accommodate them up to 60 per cent. and it is a surrender to the employers. What is the necessity for this partial decontrol of 60 per cent? What is the purpose? Is it to give them more profit? It is not clear. Since sugar is not being properly distributed, there should be complete control. The entire production should be taken away and distributed by the Government.

The countryside is not getting any sugar and by partial decontrol this sugar will sell at blackmarket price in the urban areas and the villagers will not get any sugar. Thirdly, may I know whether the Government in order to export, would never subsidise sugar and would put a burden on the public exchequer to the tune of several crores in order to get some export market for sugar? Why subsidise the millowners when the country is itself in short supply? So in the future I would like to know whether the Government would never subsidise sugar for export.

**SHRI D. THENGARI (Uttar Pradesh):** Some 10 days back a comprehensive scheme which claims to ensure extension of crushing season to 7 months, 11 per cent. recovery of sucrose content, elimination of the additional expenditure of Rs. 200 crores on installation of new machinery, demarcation of the spheres of controlled sugar and uncontrolled gur and khandsari, consequent reduction in the price of sugar here and abroad, etc. has been submitted to the Government of India by Mr. Thakurdas Sawhney of Lucknow? He is an expert in the matter. He had also seen the Minister, Shri Shinde, and explained the scheme on the last 10th. Has the Government gone through the scheme and arrived at any conclusions?

**SHRI BANKA BEHARY DAS (Orissa):** Sir, I always catch your eye at the last moment.

**MR. CHAIRMAN:** Not at all. After Mr. Murahari.

श्री गोडे मुराहरि (उत्तर प्रदेश) : श्रीमन्, मैं सरकार से यह पूछना चाहूंगा कि डिक्ट्रोल करने वक्त यह 60 प्रतिशत और 40 प्रतिशत का कैसे इन्होंने हिसाब लगाया। क्योंकि या तो पूरा कंट्रोल करते या पूरा डिक्ट्रोल करते लेकिन जिम तरह से हिन्दुस्तान में मिक्स्ड इकोनामी चल रही है उसी ढंग से यह जो मिक्स्ड कंट्रोल की व्यवस्था की जा रही है यह हम समझ नहीं पाते हैं। अगर आप 40 प्रतिशत डिक्ट्रोल करते हैं तो आप के पास क्या मर्शिनरी है जिसके जरिये आप मिलों में जाकर के देखें कि कहां तक यह 60 प्रतिशत और 40 प्रतिशत का हिसाब ठीक रखा गया है और ब्लैकमार्केट में कितना प्रोडक्शन मिल वालों ने डाइवर्ट कर दिया है। साथ साथ मैं यह भी जानना चाहूंगा कि यह जो सरकारी कोटा होगा 60 प्रतिशत का उसमें और इम 40 प्रतिशत में जो काम्पेटीशन चलेगा उसमें किस ढंग का काम्पेटीशन सरकार चलाना चाहती है। इसके साथ साथ मैं यह भी जानना चाहता हूँ कि जो अभी आप इंसेंटिव देने के लिये यह काम कर रहे हैं कि वहां पर गन्ने का उत्पादन बढ़े तो अगर गन्ने का उत्पादन उन ज़मीनों पर बढ़ गया जहां पर अभी अन्न का उत्पादन हो रहा है तो उसका परिणाम अन्न के ऊपर क्या पड़ेगा आगे जा कर। इन सब चीजों का सरकार हिसाब बताये तो समझ में आयेगा नहीं तो मुझको ऐसा लगता है कि कुछ दिन आगे चलकर के इससे भी बुरा नतीजा हमको मिलेगा और फिर सरकार को पछानना पड़ेगा।

SHRI BANKA BEHARY DAS: Just one preliminary word, Sir. Last time when we debated the sugar question on a Calling Attention Notice, you were pleased to advise the hon. Minister of State in the Ministry of Food, Shri Annasaheb Shinde, that before formulating the sugar policy the Minister should consult some Members of Parliament who are interested in this matter. The sugar policy was declared yesterday and consultation did not

take place. This is for you only, Sir.

I want to know from the hon. Minister what is the consistent policy of this Government on sugar. He knows very well that in the coming year sugar production in this country will be only a little more than half of what the country requires and at this time he is going to have partial decontrol. I can remind him that in 1950-51 this Government adopted a partial decontrol policy in which 50 per cent was there in the controlled sector and 50 per cent was in the decontrolled sector. This resulted in a disastrous situation in the country and as a result of that the Government went back again to the policy of control. Our experience in India has been that for every two years you have decontrol on sugar and then for the next two or three years there is control on sugar. That has been the history of their policy on sugar for those twenty years. When there is this impending crisis that is coming now next year because of lack of sugarcane production in the country, the hon. Minister is going to have this decontrol. The net result will be higher prices for the consumer. And what are the concessions he is speaking of? There is this talk of concessions and he seems to have already surrendered himself at the feet of the sugar magnates of this country by announcing his sugar policy yesterday. The policy for the coming year will be that 40 per cent of the sugar will be in the decontrolled sector. That is to say whatever the mill magnates want they can sell in the market at higher prices. First of all, this will be virtually legalising the black-market rates that are now ruling. And then only 60 per cent of the production will be in the controlled sector. Now, tell me. I am a sugar merchant, a shopkeeper. I will buy sugar from the decontrolled sector and also from the controlled sector.

AN HON. MEMBER: You are no shopkeeper.

SHRI BANKA BEHARY DAS: No, but I do not want to malign anyone else and so I am giving an example with me at the centre of the picture. The net result will be that I will be selling sugar that I buy from the controlled and also the decontrolled sectors, at prices which will really be the decontrol prices. That will be the net result. The second concession is this 50 per cent reduction in the excise duty on quantities produced over and above 80 per cent of the current year's production. That means that in the case of every mill, on 80 per cent of its production this year the duty will be the same as before and on the rest there will be a 50 per cent reduction. So the net result of all will be higher prices for the consumer. There will be higher prices for the consumer and less excise duty for the millowners. The third concession given is supposed to be for the agriculturists. You know that the ruling price of sugarcane at present is not less than Rs. 3 per maund and this is a fact which is seen every day in all the papers. And now he says a concession is being given to the agriculturists by giving them a price of Rs. 2.75 per maund. So the net result here also will be that the agriculturist will not get the real price which he is getting even now and finally the consumer will be buying sugar at a higher price. And the millowners will get the privilege of the rebate of excise duty and they can also sell their sugar in the open market at decontrolled prices. When there is deficit of sugar in the country, the normal policy of the Government should be to go in for more of control and more of regulatory measures so that at least the interests of the industrialists also to a certain extent, are safeguarded. Therefore, I should like to know from the hon. Minister whether he is going to surrender himself before the interests of the millowners or is he going to reorient his policy so that the interests of the agriculturists and the consumers are also equally served.

SHRI M. V. BHADRAM (Andhra Pradesh): The other day in this House the Hon. Minister of State in the Ministry of Food stated that the acreage in Andhra Pradesh under sugarcane had not gone down, that it was the same, if not a little more. But I may say that during the current season sugar production has gone down even in Andhra Pradesh, the reason being that more sugarcane is being diverted for the making of gur since it has a better market and the farmer also gets a better price. So will this rate of Rs. 2.75 per maund that the Hon. Minister is giving induce the farmer in Andhra Pradesh to give his sugarcane to the sugar factories in Andhra Pradesh?

SHRI ABID ALI (Maharashtra): Sir, I only want to request the hon. Minister to kindly let us know what is his assessment of the price at which this 40 per cent quota will be sold to the consumers at the retail shops?

SHRI M. M. DHARIA (Maharashtra): Sir, when the country is facing acute shortage of sugar, it is really strange that . . .

MR. CHAIRMAN: I do know how many people want to talk. If the whole House wants to talk I do not think I can allow that.

SHRI M. M. DHARIA: Should I proceed Sir?

MR. CHAIRMAN: Yes.

SHRI M. M. DHARIA: When the country is facing this shortage of sugar it is really strange that the Government should adopt a policy of partial decontrol. I feel this is the outcome of the hesitant, unscientific and also inconsistent policies of the Government. If only this Government gave a remunerative price to the farmers it would have been possible for the Government to protect the interests of the consumer. Anyway, I without entering into that controversy, I would like to have an explanation from the hon. Minister why this policy has been adopted

[Shri M. M. Dharia.]

now and also at what price sugar will be sold to the consumer. Besides this, I want to point out that last year when there was acute shortage of sugar and also of sugarcane, the farmers from Mysore, Maharashtra and Andhra Pradesh, in spite of the fact that the price of cane sold for gur making was as high as Rs. 250 per quintal, these honest farmers sold their cane to the sugar factories at a price of Rs. 60/- per quintal. Now because of this 80 per cent bar which has been fixed by the hon. Minister these honest farmers who have given their cane at Rs. 60/- a quintal will not get any benefit and all those who duped the authorities, all those who were dishonest, they would be getting the benefit. Besides, this policy of the Government of having an additional price for the purpose of giving incentive for growing sugarcane having 9.4 per cent sugar content is not correct. Why should not the Government give this additional incentive price for cane of 8.4 per cent sugar content? If it is given then naturally the growers will try to grow sugarcane containing more and more of sugar. Instead of giving more incentive to such farmers I fail to understand why the Government should adopt a policy whereby we give reward to those who are dishonest, those who are idle and we punish those who are industrious and those who are honest. Will the Government think of revising this policy?

SHRI D. L. SEN GUPTA (West Bengal): Sir, I would like to know from the hon. Minister whether, in view of the fact that our experience in this country has been that after every decontrol—and that has been the case in the matter of cement also—the prices go up, whether the decontrol is partial or complete, he will consider the advisability of stopping the sale of sugar abroad at subsidised prices, making the country self-sufficient, so far as sugar is concerned, and continue the tightening of sugar control still further?

SHRI JAGJIVAN RAM: Sir, I am grateful to the House and to all the hon. Members for not only seeking clarification but also for making suggestions according to their own predilections. The whole scheme of this statement on the sugar policy is this. Many people have gone by the figure of production that has been indicated in the statement as 15 to 17 lakh tonnes. That is the forecast on the basis of the present system. If the present system of control continues then the expectation is that the production will be somewhere between 15, 16 or 17 lakh tonnes. And that is the forecast not only of the sugar factories; that is the forecast of the co-operative sugar factories, of the growers, of all the interests concerned. Now, if I were to continue the present system, as some friends with whom control is an article of faith would like me to do, the inevitable result will be that the production will not exceed 15 to 17 lakh tonnes. The cane growers will have to be given remunerative price varying between Rs. 3/- to Rs. 5/- leading inevitably to a very steep rise in the price of sugar that will be available to the consumer. In that case certainly every Member will get up and ask why we are raising the price of sugar to the consumer. That one basic fact should not be ignored. The other alternative was complete decontrol leading again to a very high price to the consumer and naturally the Government had to think to what extent we can make sugar available to the vulnerable sections of the society at a controlled price. In that scheme one has to think whether we can increase the production of sugar with the given quantity of sugarcane available in the country. That can be possible only when the sugar factories are placed in a position to compete with the gur and khandsari and pay competitive prices to the sugarcane growers. We have fixed Rs. 2.75 per maund as the price of sugarcane and I would like to make it clear to the House that this is only the national price. The



whole scheme is that the sugar factories will have to pay much higher price to the cane growers if they have to procure sugarcane in competition with gur and khandsari. This price of Rs. 2.75 has been fixed with a view to determining the price of sugar which we will levy from the sugar mills and which we will sell at a particular controlled price to the domestic consumers who will be served through a system of public distribution by the State Governments. So I want to make it clear that this Rs. 2.75 is not the price of sugarcane; it is only a notional price and the whole scheme is that the sugarcane growers will get much higher price than what has been fixed here. If one pays Rs. 3 or 3.50 or Rs. 4 or Rs. 5 for the sugarcane and if we are going to pay him at the rate of Rs. 2.75 for 60 per cent of the production, Mr. Murahari raised the point as to how we are going to check. He has not cared to read the statement. The 60 per cent is not of next year's production; it is 60 per cent of the present year's production. The present year's production is 22 lakhs. We are not going to levy on the basis of the production in the incoming season; we are going to levy on this year's production of 22 lakhs that comes to 13.2 lakhs on the basis of the present year's production. Therefore there is no question of cheating. The whole scheme is, if we are going to levy this at a price which will be lower than the price based on the higher price of sugarcane that the factories will be paying, they have to be compensated somehow. And the scheme of compensation is in the first place, the withdrawal of the excise duty which benefit does not pass on to the factory but passes on to the grower. Then somebody asked why we are giving this 50 per cent rebate in excise duty. As the statement makes it clear our expectation was that on the basis of the present method of control the expected production of sugar will be 15 to 16 lakh tonnes, that is, 90 per cent

of the present year's production. The whole intention is that the production should increase. Unless you provide incentive for the sugar factories to produce more than what is expected under the present method of control the production may not increase.

**SHRI BANKA BEHARY DAS:** The incentive should be to the agriculturists, not to the millowners.

**SHRI JAGJIVAN RAM:** I can give explanation but I cannot provide understanding to the hon. Member. What can I do?

As I said the factories will have to pay higher price. There is no question of not paying because everybody has talked about competition from gur and khandsari. When you talk of competition from gur and khandsari why do you forget that in any scheme they will have to compete with them in buying the cane and pay higher price to the grower?

[THE DEPUTY CHAIRMAN in the Chair]

In the whole scheme the interest of the growers is kept foremost because we have to increase acreage, we have to increase productivity. And under this scheme we feel that the production may go up beyond the present year's production in some areas. On the basis of my talks not only with the sugar factories but even with the co-operatives I may inform for the benefit of my friend, Mr. Dharia, who had used some choice adjectives which I feel it is undignified on my part to use . . .

**SHRI M. M. DHARIA:** It is not insulting the Government. When we feel that the policy is wrong and it is inconsistent with our objectives, as a Member I have every right to say that.

**SHRI JAGJIVAN RAM:** It may not be on your part; I said on my part. I have not said that it is undignified on your part; I said that it is undignified on my part.

SHRI BHUPESH GUPTA (West Bengal): Many good things are undignified on your part.

SHRI JAGJIVAN RAM: For you it does not make any difference. Don't worry.

SHRI BHUPESH GUPTA: Then why are you speaking?

SHRI JAGJIVAN RAM: I would say for the benefit and for the information of hon. Member a large number of representatives of co-operative sugar factories from his State met me and they have by and large welcomed this scheme and Mr. Kulkarni . . .

SHRI M. M. DHARIA: It is under the compelling situation that we have to welcome the scheme. They were insisting for the last five years; you did not accept it. Had you accepted it at that time today there would have been abundant sugar in the country.

SHRI JAGJIVAN RAM: How can the responsibility for the last five years be laid at my door?

SHRI BHUPESH GUPTA: Not at your door but at the door of the Government through which door you have entered and gone out again and again.

SHRI JAGJIVAN RAM: About recovery being linked to 9.4 per cent I have continued the present pattern. When I have to consider the sugar policy I have to take the country as a whole; I cannot restrict it to particular areas. Therefore in the context of the whole country I think the present practice of linking the price to a recovery of 9.4 per cent has been a wholesome practice and I have continued that. Left to me I would like to treat the whole country as one zone but I have accepted the Sugar Commission's recommendations that the price should be fixed on the basis of five zones. Why should those who plead for reduction in the number of zones feel perturbed? I feel like fur-

ther reducing it but at present I have accepted the recommendations of the Sugar Enquiry Commission and accepted the five zones. If I continued the 22 zones on the existing pattern. I did not apply my mind to the . . .

SHRI SITARAM JAIPURIA: But it was the Government policy to . . .

SHRI JAGJIVAN RAM: Wait, I am coming to you also.

Now, there was some confusion in the minds of friends and they compared it with cement. They perhaps ignored or failed to grasp the difference between the decontrol of cement and the decontrol of sugar.

1 P.M.

In the case of decontrol of cement, it was wholesale decontrol. There was no scheme of levy or procurement by the Government from the cement factories at a fixed, controlled price of any quantity of cement. That is one fundamental basic difference which those who have raised this question have forgotten. They are so deeply wedded to some slogans and notions that they cannot think beyond them. I have to evolve a scheme which will serve the best interests of the growers, the producers and consumers.

Some friends have raised this question. How are you going to distribute the two sugars? They will be mixed. At present in all the States we have got a system of public distribution. For the 60 per cent sugar that we will be taking at the levy price, the public distribution system will continue and I have made it clear in my statement. The idea is that this quantity of sugar will be distributed according to the public distribution system by the State Governments to domestic consumers. The commercial consumers will be free to purchase in the free market from out of the 40 per cent that will be left with the sugar factories. The whole scheme is that we take care of the domestic consumers, we take care

of public institutions like the pharmaceuticals and things like that. I may again assure the House that so far as this year is concerned, the scheme is to continue with the present stocks and there is not going to be any rise in the price of sugar so far as the controlled sugar is concerned, during this period up to November.

Then, Mr. Jaipuria raised one question and Mr. Shervani said that this price of Rs. 2.75 is not going to be an incentive to the farmers. I agree that it is not going to be. But the whole scheme is that the farmer gets much more than that. Otherwise, there is no necessity of reserving 40 per cent freely to the sugar factories. That is for compensating them for giving increased price to the sugar-cane growers.

About the release of sugar, somebody spoke about corruption in the release of sugar. Well, those who are obsessed with corruption will find corruption everywhere. They will find corruption in their pocket itself. I cannot help it. (*Interruption*).

SHRI P. K. KUMARAN (Andhra Pradesh): It is a fact of life.

SHRI JAGJIVAN RAM: That is what I am just trying to explain, to drive home the whole scheme of things and if hon. Members will care to read the statement once more, they will find that the releases are only releases that can be sent to any part of India. We are not going to determine the destination of it. It is quite obvious that if we do not keep this power of monthly releases it may be that in the initial period, when the price of sugar is very high, there will be on the part of the sugar factories a temptation to release a large quantity of sugar. We have to see that whatever sugar is produced goes round, throughout the year. Therefore, we have retained this power of release. We will simply release it. What will be the destination will be determined by the sugar factories themselves so far as free sugar is concerned. So far as the rationed or controlled sugar is

concerned, its release will be monthly, timely release and release on the basis of destinations.

SHRI ARJUN ARORA: At the upward rate.

SHRI JAGJIVAN RAM: The rate, as I have said, will be calculated on the basis of the price of sugar-cane up to Rs. 2.75. That national price has been fixed with a view to calculating the price of the sugar which we will levy from the mills. That is the scheme.

SHRI ARJUN ARORA: It will be more than the price raise.

SHRI JAGJIVAN RAM: It will be slightly more than the price raise, because we have given them this excise rebate. With that, a higher price to the cane growers can be given, so that we have fixed the price at Rs. 2.75.

SHRI ABID ALI: The other 40 per cent is there.

SHRI JAGJIVAN RAM: The other 40 per cent is, of course, there. If the sugar factory pays Rs. 4 to Rs. 5 for the whole sugar-cane, for the purchases throughout the season, and if we compare the price related to Rs. 2.75 certainly we will have to sell the 40 per cent at a higher price in order to compensate . . .

SHRI ABID ALI: About?

SHRI JAGJIVAN RAM: It should be much cheaper than what it is selling in the free market today. I have no doubt about it. I am proposing to call the representatives of sugar factories and talk to them. This is the whole scheme of things.

SHRI A. G. KULKARNI: Can you reconsider that 80 per cent?

SHRI JAGJIVAN RAM: There is no question of reconsidering it. I have said that if the factories which have produced 100 tonnes this year produce 100 tonnes next season also,

[Shri Jagjivan Ram.]

they will get 20 per cent as excise rebate, even if they do not exceed it . . .

SHRI A. G. KULKARNI: You have already accepted a 20 per cent reduction in production.

SHRI JAGJIVAN RAM: I have not accepted that under the present scheme. I understood that Mr. Kulkarni knew something about sugar and he claims himself to be an authority (*Interruption*). His opinions are obsessed. It is so clear. We have a twenty per cent reduction in the present control system. When we are having a partial decontrol we must think that at least they will produce what they produced last year. If they produce now what they produced last year, twenty per cent of that they are getting as excise rebate. I think it is quite attractive.

Some friends suggested three years' production to be taken together. I will ask my friends, who have suggested this, to take the figures of some factories and some areas for the last three years. They will find that if the production of factory is much below, even if it is 50 per cent of last year's production, they will get incentive. That is an absurd proposition. The whole idea is to increase the production. I should like to repeat that any quantity which is only about fifty per cent of last year's production is not going to be accepted by any sensible person. The suggestion is for giving rebate on that. That will take us to absurd figures.

SHRI DAHYABHAI V. PATEL (Gujarat): Therefore, they have got mixed up with Shiv Sena.

SHRI JAGJIVAN RAM: Therefore, this policy has been evolved. Some people have spoken of consistent policy spoken of a long-term policy. Everybody has expressed himself negatively. I wish somebody had suggested that this should be the consistent policy. I would say if we succeed in this policy, it will be a consistent policy.

I forget Mr. Sri Rama Reddy. When ever he speaks on the sugar policy, he is so much obsessed with agriculture as a whole. Everywhere he will bring in agriculture. He will speak about agriculture and not the sugar policy.

## PAPERS LAID ON THE TABLE

### NOTIFICATIONS UNDER THE INDIAN TELEGRAPH ACT, 1885

THE MINISTER OF STATE IN THE DEPARTMENTS OF PARLIAMENTARY AFFAIRS AND COMMUNICATIONS (SHRI I. K. GUJRAL): Madam, I beg to lay on the Table, under sub-section (5) of section 7 of the Indian Telegraph Act, 1885, a copy each of the following Notifications of the Department of Communications (Posts and Telegraph Board):—

- (i) Notification G.S.R. No. 1124, dated the 13th July, 1967, publishing the Indian Telegraph (Fourth Amendment) Rules, 1967.
- (ii) Notification G.S.R. No. 1125, dated the 21st July, 1967, publishing the Indian Telegraph (Seventh Amendment) Rules, 1967.

[Placed in Library. See No. LT-1463/67) for (i) and (ii).]

### NOTIFICATIONS OF THE MINISTRY OF HOME AFFAIRS

THE DEPUTY MINISTER IN THE MINISTRY OF HOME AFFAIRS (SHRI K. S. RAMASWAMY): Madam, I beg to lay on the Table, a copy each of the following Notifications of the Ministry of Home Affairs:—

- (i) Notification G.S.R. No. 1115, dated the 17th July, 1967, publishing an amendment to the Indian Administrative Service (Fixation of Cadre Strength) Regulations, 1955.