

## RAJYA SABHA

Friday, the 10th May, 1963/the 20th  
Vaisakha, 1885 (Saka)

The House met at eleven of the  
clock, MR. CHAIRMAN in the Chair.

### SHORT NOTICE QUESTION AND ANSWER

SHRI A. B. VAJPAYEE: Sir, before I put this Short Notice Question may I seek your permission to offer a personal explanation for my absence on the 3rd of May, when a similar question stood in my name but I was not present in the House?

MR. CHAIRMAN: It is not necessary.

SHRI A. B. VAJPAYEE: The position is that the newspapers have adversely commented on my absence, while the fact of the matter is that I did not receive any intimation from the Secretariat that my Question had been admitted.

MR. CHAIRMAN: I am sorry if it is so. You may put the Question now.

### FIXATION OF PRICE UNDER SUGAR (CONTROL) ORDER, 1963

5. SHRI A. B. VAJPAYEE: Will the Minister of FOOD AND AGRICULTURE be pleased to state:

(a) whether it is a fact that under the Sugar (Control) Order, 1963 the price fixed for factories in Eastern Uttar Pradesh and North Bihar is less than the cost price envisaged by the Tariff Commission;

(b) if so, the grounds on which the price has been so fixed;

(c) whether any proposal to increase the ex-factory price for the factories referred to in part (a) above is under Government's consideration; and

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(d) if the answer to part (c) above be in the affirmative, when a final decision is likely to be taken in this regard?

THE DEPUTY MINISTER IN THE  
MINISTRY OF FOOD AND AGRICULTURE (SHRI A. M. THOMAS): (a) No, Sir.

(b) Does not arise.

(c) No, Sir.

(d) Does not arise.

SHRI A. B. VAJPAYEE: Sir, is it not a fact that the sugar factories in Eastern U.P. and North Bihar had complained that the cost of production of those sugar mills was much above the level of statutory prices? Sir, we have been supplied with figures which go to show that the Tariff Commission has recommended higher prices while the prices fixed under the Sugar (Control) Order are less than the prices recommended by the Tariff Commission.

SHRI A. M. THOMAS: Sir, it is true that we have received some representations. We have adopted uniformly, throughout the country, a certain yard-stick and that yard-stick is that the prices have been fixed having regard to the estimated cost of production of sugar determined on the basis of the relative schedule of costs given by the Tariff Commission and also the average ex-factory prices of sugar realised by sugar factories during the months of February and March, 1963, and we have also taken into consideration the interests of the consumers. Sir, the House would recollect that in the months of February and March questions have been put on the floor of this House expressing anxiety over the rise in the price of sugar, and questions were also asked whether the Government was intending to introduce some sort of control, and you may remember, Sir, that I said that it would not be proper for me to say whether there would be control or there would not be control.

I just mention this fact to show that prices were on the high side in the months of February and March, and we have taken into consideration these high prices as well as the cost of production for the fixation of prices under the Sugar (Control) Order.

**SHRI A. B. VAJPAYEE:** Is it not a fact that the price fixed for mills working in the Southern Region and Maharashtra is higher than even the price recommended by the Tariff Commission and, if so, why there is so much disparity?

**SHRI A. M. THOMAS:** Sir, we have gone on the basis of the cost schedules prepared by the Tariff Commission. It is a fact, Sir, that the cost of production in Maharashtra and in the South is comparatively low. Those circumstances also the Tariff Commission has taken into consideration, for factories in Bihar and U.P., the average duration of 90 days and we have proceeded on that basis. I have got also the Tariff Commission's Report with me. I do not want to tire the House by quoting what they have stated. And we have, in this matter, also discussed how we should calculate the cost of production, informally with the Tariff Commission, and we have gone by their advice. Sir, the average ex-factory realization in the State of Bihar in February-March was Rs. 40.28 per maund, and we have fixed a price of Rs. 40-50, so that it is even higher than the price prevailing in the months of February and March.

**SHRI PANNALAL SARAOGI:** In reply to a supplementary question of mine some time back the hon. Deputy Minister did state that the ex-factory prices of sugar had been fixed and he also mentioned the same facts he has just now mentioned that the ex-factory prices of sugar had been fixed, taking into consideration the prevailing ruling prices in the market during the months of January, February and March, 1963. Is Government aware that the sugar released and sold in the

months of January, February and March, 1963 was sugar which was sold, sugar which was produced in the season 1961-62 and the cost of production of that sugar was considerably lower than the sugar produced in the present season, and the sugar which is being sold after the month of March, that is, in the months of April and May is being released out of the present stock where the cost of production has been much higher?

**SHRI A. M. THOMAS:** Sir, the assumption made by the hon. Member is not correct. We have generally taken into account the average ex-factory prices prevailing in February and March, as I have already stated. We did release new sugar as early as on the 8th of February so that the new sugar began to come into the market by February; by February and March new sugar was three. It is true that, as far as some factories in the North are concerned, in Bihar especially, old sugar was still being sold—in the months of February and March. I would also say that the factories were deliberately holding back stocks in the expectation of higher prices because of an anticipated levy of excise and other factors. Having deliberately withheld stocks, they cannot now take advantage of the fact that old sugar was being distributed at the relevant period.

**SHRI PANNALAL SARAOGI:** Is Government aware that according to the price schedule decided upon by Government for different regions, the Maharashtra and the Southern Region Mills are getting Rs. 3-10 per bag over and above the fair expected price according to the Tariff Commission formula, but the factories in the North, particularly in Eastern U.P. and Bihar have been made to suffer a loss from about Rs. 3 to about Rs. 15 per bag?

**SHRI A. M. THOMAS:** It is true that the factories in Maharashtra and in the South had always been enjoying a freight advantage. Even in the previous control period, we had fixed

ex-factory prices only for the States of U.P. and Bihar, first only for North Bihar—and then for South Bihar—and Punjab, taking into consideration that prices in Maharashtra and in the South would be governed by the landed cost of U.P. sugar, because 60 per cent. of the sugar is produced in the North, in Bihar and U.P. That was the fact that we have taken into consideration, and that freight advantage amounted to from Rs. 2.50 to Rs. 4 per maund, but now you would find that that advantage has been taken away, the advantage of freight ranging from Rs. 2.50 to Rs. 4 per maund, or Rs. 6.75 to Rs. 10.80 per quintal. That margin has now been reduced, as per the prices that we have fixed, to Rs. 1.35 per quintal in the cess of Maharashtra and to Rs. 2.70 per quintal in the case of the South. The House would agree, Sir, that it would be too hard to take away this advantage all of a sudden. But we have tried to narrow down the difference, as would be seen by the ex-factory prices that we have fixed for the various regions.

**SHRI SITARAM JAIPURIA:** Just now the hon. Minister said that the cost of production in Maharashtra is lower than that in U.P. or Bihar, while the Tariff Commission, according to the hon. Minister, has recommended higher prices for Maharashtra and lower prices for Eastern U.P. and Bihar. This is nothing short of a mockery of justice. So will the Government consider the appointment of another enquiry commission to correctly go into the cost structure of the factories in different regions?

**SHRI A. M. THOMAS:** That is not necessary according to the Report, and I shall just read one sentence.

"While the Naidu Schedule was framed on the basis of 60-160 days we considered that current trends in sugar production justified the alteration to periods ranging from 90 to 200 days".

The minimum was 90 days. And on page 54 of this Report they have said:

"We would also mention that in calculating the fair price for Madhya Pradesh and Rajasthan Region for 1958-59 we have taken into account a duration of 90 days while the actual duration was only 78 days."

So the minimum fixed is 90 days and we cannot project back, according to the Schedule that has been laid down by the Tariff Commission. Moreover, there is a margin of 12 per cent. that has been fixed. That 12 per cent. return on employed capital perhaps may be reduced a bit, but having regard to all the facts that I have mentioned, no factory would be receiving less than the cost of production in any case.

**SHRI FARIDUL HAQ ANSARI:** Sir, when this question was raised here in the beginning of this Session, to a supplementary put by me whether this crisis was due to the wrong policy of Government, the hon. Minister denied it by saying 'No,' but immediately after that, the Chief Minister of U.P. declared again that all this crisis was due to the faulty policy of the Government. May I know whether it is correct?

**SHRI A. M. THOMAS:** I do not want to apportion blame, Sir. But that restriction in the matter of production applied only to the year 1961-62 and not to the year 1962-63. As far as the current year's production is concerned, there was absolutely no restriction, no regulation in the matter of production of sugar. Sir, it is because of circumstances beyond our control that the sugar production happened to be less this year, because of adverse weather conditions and other factors.

**SHRI N. C. KASLIWAL:** May I know, Sir, the cost price according to the Tariff Commission formula and in which State it is higher or lower?

SHRI A. M. THOMAS: As I have already stated, we have taken into consideration the average ex-factory realization in the months of February-March. We have also taken into consideration the interests of the consumers. That is very important because the sugar from U.P. and Bihar has also to move to the South and is also in demand in Maharashtra. We have also taken into consideration what would be the landed cost of that sugar so that the consumers cannot be expected to pay very much higher than what can legitimately be levied on them in lieu of transport and other charges. So that also we have taken into consideration.

Another fact that has got to be borne in mind is that it is not fair for the industry to say that whenever there is an advantage, they should take that full advantage but whenever there is some loss or anything like that, they would not be prepared for that and that they should get that entire 12 per cent. margin and all other advantages and the consumer alone has to suffer. It is not proper.

With regard to the point made by my friend, Shri Kasliwal, in Bihar the estimated cost is roughly between Rs. 40 and Rs. 40.50, and you would see, Sir, that the price fixed by the Tariff Commission is not below that. In East U.P. also it will be roughly round about that as also in West U. P. The average U.P. price would work out to Rs. 40.35. The average ex-factory realisation would come to Rs. 40.33. We have fixed Rs. 40:50 nP. This is roughly the figure. When we estimated this cost of production, even then some factories were running. So it is only a rough calculation.

SHRI ARJUN ARORA: May I know, Sir, if the Government is aware of the fact that its policies have led to an acute shortage of sugar in U.P. which is normally a surplus State as far as sugar is concerned, and that this acute scarcity has led to sugar rationing in U.P. which is peculiar, and may I

know, Sir, if the Government is doing something to help the State of U.P. in this matter?

SHRI A. M. THOMAS: I do not think we should do anything particular for U.P. Of course, it is for the State Government to adopt any method of distribution; we have left it to the State Government. But I do not think there is any necessity for rationing as such. Of course, we can distribute sugar through fair price shops and adopt other measures. In some States they are distributing sugar through fair price shops, and there are as many as 50,000 to 60,000 fair price shops for sale of foodgrains within this country.

With regard to U.P. I ascertained the position. It was only said that if necessity arose, rationing would be introduced. They have not said that rationing is going to be introduced. And having regard to the quota for U.P., which comes to 20,000 tons, there may not be any necessity for rationing. Then they have got this *khand-sari* and *gur* also. But it is for the State Government to do whatever is necessary.

With regard to the higher cost, the hon. Member would agree that I have taken into consideration the interest of the consumer as would be clear from the answers to questions that have been put on the floor of the House.

SHRI B. K. P. SINHA: Will the hon. Minister be pleased to give the cost of production of sugar factories in South Bihar and the price fixed in respect of them?

SHRI A. M. THOMAS: As far as South Bihar is concerned there are only four factories. And we have given 50 nP. more per maund for the South Bihar factories. Sir, the average estimated cost for Bihar would be round about, as I have said, Rs 40 to Rs. 40.50. And we have given eight annas more. Thus Rs. 41 per maund

has been fixed for factories in South Bihar.

**SHRI B. D. KHOBARAGADE:** Sir, the hon. Minister has stated that the ex-factory price of sugar has been fixed, and it has been done with a view to making sugar available to consumers at reasonable price. I understand that some State Governments also have fixed the prices of sugar. But unfortunately, immediately after that, sugar has disappeared from the market. So I would like to know from the hon. Minister here (i) whether any steps have been taken to make sugar available to consumers at fixed prices, (ii) whether any action has been taken against persons who have hoarded sugar in the various parts of the country, and (iii) whether any persons have been arrested under the Defence of India Act for hoarding sugar.

**SHRI A. M. THOMAS:** As I have already submitted, Sir, it is for the State Governments to take suitable action. We have allocated quotas for the various States. We are also making arrangements for movement of sugar on top priority basis. In fact some difficulty was brought to our notice with regard to movement from Izzatnagar factories to Rajasthan. We have made immediate arrangements. So also some difficulty was pointed out about movement of sugar from Andhra to Madras. We immediately attended to it. So the traffic bottlenecks which were brought to our notice we are attending to, and it is for the State Governments to make adequate arrangements for distribution of the sugar. And having regard to the quota that is allocated to each State, it would be found that we have proceeded on the basis of the quantity that we were issuing to various States in the latter part of the previous control period. At that time the sugar position was becoming very comfortable and we were releasing to the various States according to their requirements and even increased requirements. Now there is so much of

scarc. In fact there is an adequate quantity. The difficulty is that even persons who would perhaps normally buy one kilo of sugar would like to have 2 to 3 kilos. Recently I had the experience of one person who just wanted a permit for a bag of sugar. The reason was that he thought that now that it was controlled it was better to have sufficient stocks. That mentality should be discouraged, Sir.

**SHRI B. D. KHOBARAGADE:** What about hoardings?

(No reply)

**SHRI SITARAM JAIPURIA:** Even according to the admission of the hon. Minister that prices fixed for Maharashtra, Gujarat and South Maharashtra are far more remunerative than the prices fixed for East U. P. and Bihar. Under these circumstances, what does the hon. Minister propose to do to redress the great injustice that has been done to the factories situated in this belt? Has no action been taken so far as a sequence because, as he himself said some time ago, sugar factories in East U.P. and Bihar had been placed in a wrong belt. May I know, Sir, whether it is a part of the Government scheme to see that these factories are uprooted and according to that no action has been taken.

**SHRI A. M. THOMAS:** Sir, there is absolutely no injustice. In fact, there have been complaints from Maharashtra and Madras, saying that the ex-factory price fixed is comparatively low because they have got much more advantage if the ex-factory prices of north Indian factories alone were fixed, because then the prices would be governed by the landed price of sugar. There has not been any discrimination. We have gone on sound principles which have been even mentioned in the Sugar (Control) Order.

(Several hon. Members stood in their seats.)

MR. CHAIRMAN: I must pass on to the next item on the Order Paper. I am sorry I have not succeeded in satisfying the curiosity of the House.

## PAPERS LAID ON THE TABLE

### NOTIFICATIONS UNDER THE MOTOR VEHICLES ACT, 1939

THE MINISTER OF SHIPPING IN THE MINISTRY OF TRANSPORT AND COMMUNICATIONS (SHRI RAJ BAHADUR): Sir, I beg to lay on the Table a copy each of the following Notifications issued by the Delhi Administration, under sub-section (3) of section 133 of the Motor Vehicles Act, 1939:—

- (i) Notification No. F. 12(208)/62-PR(T), dated the 13th March, 1963, publishing the Delhi Motor Vehicles (Fifteenth Amendment) Rules, 1962.
- (ii) Notification No. F. 12(213)/62-PR(T), dated the 23rd March, 1963, publishing the Delhi Motor Vehicles (Twelfth Amendment) Rules, 1962.
- (iii) Notification No. F. 12(176)/62-PR(T), dated the 23rd March, 1963, publishing the Delhi Motor Vehicles (Second Amendment) Rules, 1963.

[Placed in Library. See No. LT-1336/63 for (i) to (iii).]

### THE MOTOR VEHICLES (OPERATION OF COMMERCIAL TRAFFIC BETWEEN INDIA AND CONTIGUOUS COUNTRIES) RULES, 1963

SHRI RAJ BAHADUR: Sir I also beg to lay on the Table a copy of the Ministry of Transport and Communications (Department of Transport) Notification S. O. No. 1108 dated the

8th April, 1963, publishing the Motor Vehicles (Operation of Commercial Traffic between India and contiguous countries) Rules, 1963. [Placed in Library. See No. LT-1337/63.]

### STATISTICAL INFORMATION RE THE WORKING OF THE PREVENTIVE DETENTION ACT, 1950, DURING 1961-62

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI R. M. HAJARNAVIS): Sir, I beg to lay on the Table a statement showing statistical information regarding the working of the Preventive Detention Act, 1950, during the period 30th September, 1961 to 30th September, 1962. [Placed in Library. See No. LT-1304/63.]

### NOTIFICATIONS UNDER THE EMPLOYEES' PROVIDENT FUNDS ACT, 1952

THE DEPUTY MINISTER IN THE MINISTRY OF LABOUR AND EMPLOYMENT (SHRI RATANLAL KISHORILAL MALVIYA): Sir, I beg to lay on the Table—

(a) A copy each of the following Notifications of the Ministry of Labour and Employment, under sub-section (2) of section 7 of the Employees' Provident Funds Act, 1952:—

- (i) Notification G.S.R. No. 725, dated the 16th April, 1963, publishing the Employees' Provident Funds (Eighth Amendment) Scheme, 1963.
- (ii) Notification G.S.R. No. 727, dated the 19th April, 1963, publishing the Employees' Provident Funds (Tenth Amendment) Scheme, 1963.

[Placed in Library. See No. LT-1342/63 for (i) and (ii).]

(b) A copy of the Ministry of Labour and Employment Notification G.S.R. No. 728, dated the 20th April, 1963, issued under clause (b) of sub-section (3) of section 1 of the Employees' Provident Funds Act, 1952. [Placed in Library. See No. LT-1343/63.]