

Kanungo will make a statement.

THE MINISTER OF INDUSTRY IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI N. KANTINGO): Madam, I rise to make a statement on the Report of Shri C. K. Daphtary, the Attorney-General, and Shri A.V. Visvanatha Sastri, a retired Judge of the Madras High Court, on certain aspects of the Report of the Commission of Inquiry appointed by Government some time ago to go into the affairs of several companies in the Dalmia-Jain group.

The House will remember that after a study of the Report, Government referred it to these two eminent lawyers to consider the Report and to advise Government as to the steps that could be taken in pursuance of the findings of the Commission. Their final report was received by Government on the 25th April, 1963. The Government have now examined their Report and are considering suitable action on the suggestions and recommendations contained in it.

The Report of Sarvashri Daphtary and Sastri consists of two parts. Part I deals with the various irregularities and malpractices which were commented upon by the Vivian Bose Commission and what further appropriate legal action could be taken by Government in respect of them. The Committee has recommended that further investigation into some of these transactions should be undertaken by Government before any further legal action in respect of them could be taken. The House will appreciate that it will not be desirable in the public interest to place this part of the Report before the House as it contains an analysis of the evidence in respect of these transactions and its disclosure might prejudice any further proceedings in a court of law which Government might decide to initiate.

Part II of the Report deals with the amendment and administration of the Companies Act and is being laid on the Table of the House. It may be

mentioned, in this connection, that on the basis of the recommendations and suggestions contained in the Vivian Bose Report, the Department of Company Law Administration has already formulated tentative proposals for amendment of the Companies Act. The recommendations now made by Sarvashri Daphtary and Sastri will be further considered by the Department and a Bill to amend the Companies Act will be brought before the House in due course.

SHRI G. MURAHARI (Uttar Pradesh) : Are we to take that the Report submitted by the Vivian Bose Inquiry Commission is going to be discussed?

SHRI N. KANUNGO: Yes.

SHRI G. MURAHARI: When?

SHRI N. KANUNGO: The Business Advisory Committee will fix or set the date. I do not know about it.

MOTION RE REPORT OF THE INDIAN CENTRAL SUGARCANE COMMITTEE— *continued*

SHRI M. R. SHERVANI: Madam, sugarcane is one of the most important crops of the country. It is unique in two ways. It is the backbone of the farmers of India due to its various qualities such as being more resistant to disease, drought, flood and needing very little care after sowing. In fact, a second crop can be obtained out of the roots of the first crop without much labour or effort. It is mainly due to these reasons that one finds in the remotest villages of India, which are far away from sugar factories or from khand-sari manufacturing units, that sugarcane is grown almost in every village. If, for instance, there are floods and water remains in a field of wheat too long, there is total destruction. But even if there is knee-deep water in a field of sugarcane, even for two or

[Shri M. R. Shervani.] three months, the farmer is able to get something out of it which helps him. Secondly, sugarcane is a raw material for the second largest industry of the country. The sugar industry is the second largest single source of revenue to the State. The fate of millions of people of this country is linked with the sugar industry. It is a very high foreign exchange-earner potentially. It is amazing then to find the scant attention that is paid to cane development by the State Governments as well as the Central Government. Sugarcane is rather in a peculiar position because it is supposed to be a crop the development of which is the responsibility of the State Government, and the sugar industry is directly controlled by the Centre. The failure in the implementation of development policy is evident from the fact that in the last ten or fifteen years the yield of sugarcane per acre has not even gone up by 5 per cent. It is really amazing as to why this is the situation. It is being said that in the farms in South India the yield is about 30 to 35 tons per acre. Even in North India in the private farms owned by the sugar factories and big farmers the yield is 25 to 30 tons per acre, but in the fields of small farmers the yield is hardly 10 to 15 tons per acre.

Madam, the sugar industry which entirely depends upon sugarcane for its economic working and prosperity is facing crisis after crisis particularly in North India due to the erratic supply of cane because of non-development. The responsibility for the development of sugarcane entirely rests with the Government because the industry is not left with any money at all to spend in the development of cane. Fifty per cent of the cost of sugar, as everybody knows, is the cost of raw materials, that is sugarcane; 35 per cent goes to the Government in taxes, leaving hardly 15 per cent with the industry to pay for labour, cost of manufacture, chemicals, depreciation, interest, dividend, development and so on. Obviously therefore, the responsi-

bility of the Government in this matter is very great.

The sugar industry of the North, as I have stated, has been suffering from crisis after crisis, and it is pity that the two States of U.P. and Bihar which were producing about 19 lakh tons of sugar recently have come down to a production of 11 to 12 lakhs tons this year. Is this the way the sugarcane industry is supposed to be developing in the country? Everybody knows that the cost of production of sugar in the South is about Rs. 3 per maund lower than the cost of production in the North. Yet when the control has been brought, we find that the prices fixed for Maharashtra and Southern region are higher than the prices fixed for U.P., Bihar and Punjab. It is stated that the prices were fixed on the basis of the prevailing prices between January and March this year. But it is conveniently forgotten that the sugar that was sold in the market during January to March this year was sugar produced during 1961-62—damaged and discoloured. It was not the production of 1962-63 which admittedly was produced at a much higher cost due to lower recoveries and shorter season. It is obvious that when a factory works for only one-third of its capacity, it is not possible to produce sugar economically. This problem, Madam, is a problem which requires very deep thinking, drastic overhauling of policy and long-range planning. I submit that the only way by which this problem can be solved is by concentrating on the development of yield per acre of sugarcane. There is no reason in the world why India can not produce 1,000 maunds or 1,500" maunds of cane per acre as is being done by the other sugar producing countries of the world. After all **what** is required for the development of cane? It is only good seed, timely-irrigation and fertiliser. We appear to have all these things and resources **and** we are doing something about it, and yet the yield per acre particularly in the northern region of U.P. and Bihar **has** not shown any improvement at **all**. I submit that if this is the situation, it

is high time that the Government gave serious thought to this matter and changed its outlook and policies, so that we are able to have an abundance of sugar and are able to export it.

Particularly this year I am very sorry to say that when the world market prices are so favourable, we have almost no sugar to export, and if we export sugar this year or the next year, we will be doing so at the cost of very steep rise in prices, for internal consumption. Madam, there has been a shortage of sugar in the past. It has been overcome by us. There has been an abundance of sugar, and as is well-known, very recently there was so much sugar that we did not know what to do with it. Again today there is shortage, and if this situation repeats itself every three or four years, I submit that there is a strong case for the Government for analysing the situation, for self-analysis, and for finding out where the mistake lies. I submit that the sugar industry is a highly controlled industry, and therefore, there is no initiative whatsoever left in the hands of the management. The wages are controlled; the number of people to be employed is fixed; you cannot retrench people without the sanction of the Labour Commissioner, and so on and so forth. Every sphere of the sugar industry is controlled, and the Central Government has a very large say in the matter. Therefore, the responsibility of the Central Government for development of cane is even greater. I have been in the industry for the last twenty years, and I can speak with practical experience that the only solution to the problem of development of sugarcane and the sugar industry is to increase the yield per acre. Unless that can be achieved, we will continue to face the situation which we have been facing for the last fifteen years. The yield of sugarcane per acre can in my opinion be very easily increased to at least 600 maunds because it has been achieved and it is being achieved, and this is the yield that the big farms are getting. If

the farms of sugar factories can produce 600 maunds per acre, why cannot the farmer next door do it if he is provided with the same facilities? It is for the House to realise, that if a target, of 600 maunds per acre and which is not very large, can be achieved, what its effect will be not only on the prices of sugar but on the entire economy of the country. As my friend on the other side has said, the area under cane can then be considerably reduced and usefully utilised for other crops. Furthermore, if the yield is 600 maunds per acre and the price of sugarcane is reduced to Re. 1 per maund even then the farmer would get much more per acre than he is getting today, and the price of sugar can be very easily brought down by Rs. 8 per maund. Therefore, as I have submitted, Madam, the development policy of the Government requires drastic reconsideration and some suitable changes to make it more progressive and more useful.

On the matter of prices, Madam, before I sit down I would like again to record my protest on the fixation of prices of sugar that has been announced in the Control Order a few days ago. The price that has been fixed for U. P. and Bihar of Rs. 108 50 per maund is not even the price that was recommended by the Tariff Commission. The Tariff Commission was appointed by the Government, and the least that the Government of India could do was to abide by the formula that the Tariff Commission had brought out. Whenever there is surplus sugar, the industry has to find for itself and even sell it at Rs. 2 or Rs. 3 below cost; but whenever there is scarcity and it tries to make up that loss, the Government comes and fixes a very unfair price. I would earnestly request the hon. Minister to go through the price structure of the factories in South Bihar, North Bihar, U. P. and Punjab and revise the prices. Otherwise the sugar industry will continue to face the crisis it is facing and there will be no deve-

lopment of sugarcane possible.

SHRI A. M. THOMAS: Madam, I am glad that my hon. friend, Shri Jai-puria, has raised a discussion on the Report of the Indian Central Sugarcane Committee 'for the year 1961-62. The discussion is of great importance having regard to the context of sugarcane production as well as production of sugar in the current year. The importance that has been underlined by almost all the Members who have spoken on this motion that has been moved by Shri Jaipuria is conceded by me. I agree that it is a very important industry and it is perhaps the second largest industry in this country, and the fortunes of that industry depend mainly on the quantum of sugarcane that is produced within this country. Having admitted that, I should come to the aspect that has been pointed out by the hon. Shri Sri Rama Reddy, Sugarcane is a tropical crop requiring prolonged period of moderate temperature for its growth. Unfortunately, the sugarcane industry in this country is situated in a belt which is not very suitable for the growth of sugarcane. Compared to the other regions of the country with their temperate tropical climate, the major portions of sugarcane areas, and almost 80 per cent, of the total area, lie in the sub-tropical regions in the northern States. The average acre-yield in the South is between 25—30 tons as against 12—15 tons in the North. 'So, in a way, there is justification for the criticism that has been advanced that the sugar industry in the North is, so to say, a drag on the entire industry of this country. But that does not mean that we should not give adequate attention to the development of sugarcane in the North. In fact, 55 to 60 per cent of the sugar produced in this country comes out of the sugar produced in the factories in U. P. and Bihar, and because of so many reasons, we cannot afford to neglect the industry in the North. In the first place, if we want sugar for internal consumption as well as for exports according to the targets that we have fixed, we cannot afford to ignore the

industry in the North. That is one thing.

Secondly, it is a very important industry of U. P. and U. P. produces about 50 per cent of sugar. It is a very important industry and if it is neglected, it would not be conducive to the economic development of that State, the largest State in this country. And although there is something to be said about the lopsided development that this industry has attained, as far as the Government of India is concerned, in regard to its developmental measures, it wants to give special importance to the development of sugarcane in U.P., Bihar and Punjab, generally to the development of sugarcane in the North, side by side with the development of sugarcane in other parts of the country. Now, although it is a tropical crop and the average production per acre in U. P. and Bihar is round about 12—15 tons per acre, it would be found from the Report that has been submitted that one activity of the Central Sugarcane Committee is to hold competitions on an all-India basis, and in the year under review, a competition has been held. There have been as many as 100 competitors from Punjab, U.P., Bihar, Madhya Pradesh and Rajasthan in the North and Maharashtra, Andhra Pradesh, Mysore and Madras in the South. And what has been the result of that competition? In the northern region, in Madhya Pradesh, for the *Eksali* variety, the average production was 81-90 tons per acre. For U.P., the production has been 65.13 tons for ^{the} *Early* crop and for Ratoon crop, it was 55-82 tons per acre. In the Southern region, the competition indicates the highest yield from Maharashtra. For the *Eksali* variety, it was 128-36 for *Adsali* it was 140-87 tons and for *Ratoon* crop, it was 130-17 tons per acre. For Andhra Pradesh, it was 93-82 tons per acre for the *Early* crop. I have given these figures to indicate that the results achieved by some of our farmers compare very favourably with the results achieved by their counterparts in any other part of this world. So, even in U.P.

and Bihar, there is undoubtedly scope for development. Of course, this is what has been achieved by a sort of competition, namely, in U. P. the yield per acre has gone up to 65 tons. But even if we are not in a position to reach 65 tons, there is undoubtedly scope to raise the yield considerably from the average of 12—15 tons per acre to say, 20—26 or 30—35 tons per acre. So, in the context of this situation. Madam, I admit that the Sugarcane Committee has got a very important role to play in the development of sugarcane. I am happy that the hon. Shri Sri Rama Reddy paid a well-deserved tribute to that pioneer of the Coimbatore Research Station. In fact, the main functions of the Indian Central Sugarcane Committee are to guide, evaluate and co-ordinate sugarcane research work in the country relating to agronomy, breeding, botany, physiology, chemistry, soil science, etc. and we also find that the Committee's another function is to guide, evaluate and co-ordinate sugarcane development work in the various States of the country. They have also to disseminate the results of research to educate the cane-growers in the various States of the country in achieving higher acre yields of sugarcane by adopting improved methods of cane cultivation through all-India sugarcane crop competitions and other methods. According to me although the per acre production has not increased considerably—it has increased, to which point I will presently come—there are achievements to the credit of the Central Sugarcane Committee which, to a certain extent, have been recognised in the present discussion also. The Sugarcane Breeding Institute, Coimbatore, is producing improved varieties of sugarcane, combining high tonnage and juice quality, tolerance to adverse conditions of growth and resistance to pests and diseases. Almost the entire country is now covered with improved varieties some of which are pretty well known, such as Coimbatore 419, Coimbatore 839, etc. I do not want to tire

the House with all the varieties which are popular in the country. Now the entire country is more or less covered by these improved varieties of sugarcane. In view of the re-orientation of the breeding programme as suggested by the Indian Central Sugarcane Committee, the Coimbatore Institute is sending hybridised fluff to certain State Research Stations, for enhancing chances of picking out suitable varieties for particular conditions. Based on the nature of soils and climatic conditions obtained in the various regions in the country, suitable manurial, cultural, irrigations! schedules have been worked out as a result of research work carried out in each region, and have been recommended to the growers for adoption to achieve higher yields of cane obtained per acre. This and other activities are in the realm of research.

In the matter of sugarcane development also, the hon. House is aware of the fact that the target that has been laid down in the Third Five Year Plan is 100 million tons of sugarcane, and it has to be produced. Having regard to the trend of consumption of sugar in this country, and the possibilities of export, perhaps this target may have to be revised, and the Government is seriously considering that aspect.

With the provision of adequate irrigation facilities, disease-free seed material, adequate manures and fertilisers, timely plant-protection measures, publicity and propaganda, improved agricultural implements and construction of roads in sugar factory areas, it has been possible to achieve higher acre yields both in the development as well as other areas.

Now, Madam, I will come to some of these figures also—figures of production. Now the all-India yield per acre, as disclosed according to the table which I have got in my possession, is this. In 1957-58 the per acre production was 137 tons. It was 14.7

[Shri A. M. Thomas.] in 1958-59. In 1959-60 it was 14.4 tons. In 1960-61 it was 17.70 tons per acre; in 1961-62 it was 16.16 tons per acre. Of course there has been a decrease.

SHRI M. R. SHERVANI: To which areas do they relate?

SHRI A. M. THOMAS: It is all-India figures. To a certain extent there has been a fall in the year 1961-62. But we have to take account of the fact of adverse weather conditions. Now in the year 1960-61, when we had achieved this 17.70 tons per acre, as the hon. House knows, agricultural production in general, of cereals also, had recorded the highest in this country, namely 80 million tons; so, that was generally a very favourable year for all agricultural crops, and sugar also participated in the fortunes of the monsoons for that year. But as far as the year 1961-62 was concerned, there had been adverse weather conditions, and as the hon. House is aware, there had been some drop even in agricultural production from the target that we had reached in 1960-61, but this fall from 17.70 tons to 16.16 should not, I think, deter us from adopting the developmental activities that the Indian Central Sugar cane Committee has in view. And I should also think that, perhaps, if the weather is favourable, the year 1963-64 would be a very good year, and perhaps the production would go even to an average of 18 or 19 tons per acre.

Now when the vicissitudes of this sugarcane and the sugar industry are discussed, of course the most easy thing is to level a charge against the defects and drawbacks in Government policies and other things. But it has to be admitted that it is an agricultural crop, and there is a cycle even in this. I would respectfully ask the hon. Members, who thought that the Government is responsible for these vicissitudes, to consider this also. Now there is a world shortage in sugar; there has been this drop in production even in the leading sugar-

cane-producing countries in the world. So do you mean to say that there has been anything wrong in their planning? There are the natural calamities and other things.

SHRI N. M. LINGAM (Madras): Is not world consumption going up?

SHRI A. M. THOMAS: Yes, world consumption is going up, but world production also has gone down—if the hon. Member, Shri Lingam is not aware. Now for example, four or five years back, in the year 1956-57—there has been a terrible drop in production this year—in that year, for the first time, we had been able to export a considerable quantity, roughly about two lakh tons because, as far as we were concerned, the climatic conditions were rather favourable, and we were able to produce, and the consumption also had not gone up. (Interruptions).

I am not yielding because my time is running out. Now world consumption is going up. Reverting back to that year, in the subsequent years there had been a glut; it was because of over-production of sugar that the necessity arose for fixation of quotas for the different countries so that there may be a reasonable level at which the price is maintained. What I mean to say is, of course we have also to take into account all these natural factors also when we judge the performance in this regard.

SHRI M. R. SHERVANI: In the matter of sugar production, yes. But as far as sugarcane is concerned, the yield must increase. We can restrict the production of sugar. That is a different matter.

SHRI A. M. THOMAS: As far as the Government is concerned, the Government realises that the only remedy that is open for the development of the sugarcane, and indirectly for the development of this industry is, I think, increased production, increase in the per acre yield. That is admitted. There is absolutely no doubt

with regard to that. (*Interruptions*) Our schemes are concentrated round about that scheme of things.

SHRI SITARAM JAIPURIA: Why is there a steeper fall in one particular region and not in others comparatively?

SHRI A. M. THOMAS: That was why I said it. Now I do not know whether my 'friend will agree if I say that the sugar industry in this country is placed in the wrong belt.

SHRI M. R. SHERVANI: Sugar industry was in this belt before it was in others. Before any other country in the world produced sugar this belt produced sugar; this belt is the oldest and an ancient sugar-producing area in the world.

SHRI A. M. THOMAS: That was why I began by saying that the Government was not going to ignore the industry here, and was going to do everything in its power to increase the per acre production and to rehabilitate the industry.

SHRI M. R. SHERVANI: What is the per acre increase in yield in the North and South separately? Will you kindly give us the figures for the North and the South separately?

SHRI A. M. THOMAS: If I had got time I would have. Now as far as U. P. is concerned, in 1957-58 it was 10.1 tons; in 1958-59 it was 11.2; in 1959-60 it was 10.9; in 1960-61 it was 16—I said it was a very favourable year—and it was 15 tons in 1961-62.

SHRI M. R. SHERVANI: Thank you.

SHRI A. M. THOMAS: So even with regard to current year's production Madam, the House would be interested to know that we have now, up to 22nd of April, 1963, a production of 20,65,102 tons, whereas the total production during the corresponding period last year was 23,91,289. There has been a shortfall of production in U. P. alone to the extent of 3,22,427

ions, whereas in other areas it cannot be said that there has been a fall.

SHRI M. R. SHERVANI: So this is the point that should be taken note of.

SHRI A. M. THOMAS: That is all the more the reason why there must be concentrated attention in U. P. and Bihar. I agree there.

SHRI M. R. SHERVANI: And you are giving less price to them.

SHRI A. M. THOMAS: With regard to that, that does not strictly come in, and that is why, when Shri Arora spoke on it, I said that we were on *ine* and not on sugar. Of course both are inter-related, I admit, but he quarrelled with me for saying that we were on sugarcane. All the I am not going to omit the points that have been raised by Shri Sitaram Jaipuria as well as by Mr. Shervani, who are very much connected with the sugar industry also. All sugarcane development schemes, both Central as well as in the States, have as their main objective the raising of the acre-yield of sugarcane. It is confidently hoped that given the necessary incentives and essential wherewithals, the target of raising the overall acre-yield in the country can be definitely achieved, and the one method by which we can increase the per-acre yield is the provision of disease-free and improved seeds and adequate irrigation and manurial facilities. If these things are assured, Madam, the per-acre yield is bound to go up. In U.P., 60 acre inches of water spread over 5 to 6 irrigations in Western U.P., 4 to 5 in Central U.P. and 3 to 5 in Eastern U.P., have been considered to be the optimum quantity but more than 30 per cent of the cane acreage in development zones in U.P. is unirrigated, nearly 65 per cent received 2 to 3 irrigations and only less than 5 per cent has sufficient irrigation facilities. The urgency of providing maximum possible irrigation

[Shri A. M. Thomas.] resources in the State is, therefore, obvious. In other States also, sufficient irrigation facilities are not available. If these facilities, Madam, primarily water, are available, the yield per acre is bound to go up.

I have stated, although I have not got the time, the impact on the sugarcane development because of the research activities conducted by the various research stations under the Central Sugarcane Committee.

I would like also, Madam, to refer to some of the recent schemes that we have in view especially with a view to the development of sugarcane in U. P. and Bihar. The Central Sugarcane Committee has drawn up a co-ordinated Pilot Project on the model of Package Programme in certain selected districts of Uttar Pradesh, Bihar and Punjab so that concentrated measures of seed multiplication, plant protection and intensive cultivation could be adopted in the districts and demonstrations arranged to show to the farmers as to how the acre yields of sugarcane could be stepped up. It was therefore agreed in the Committee meeting that 6 Pilot Projects—one each for West, Central, East and Tarai Area of Uttar Pradesh and one each in North Bihar and Punjab be formulated immediately. A committee also has been constituted to draw up the scheme.

Madam, besides these sugarcane development schemes, there is a mention that a sum of Rs. 12 crores has been provided in the Third Plan. A sum of Rs. 1.18 crores was spent by the States in 1961-62 and Rs. 1.5 crores is likely to be spent in 1962-63. That is the expenditure in the first two years of the Third Plan and it is expected that the entire allotment would be exhausted. The Sugarcane Development Committee as well as the Ministry would adopt suitable measures so as to see that the entire amount is spent.

Besides these general plans in the various States and the proposed pilot project, about which I have already mentioned, namely, the six pilot projects, another scheme for intensive cultivation of sugarcane around the factory areas of Uttar Pradesh has been drawn and approved by the Development Sub-committee of the Indian Central Sugarcane Committee. Under this scheme, it is proposed to concentrate intensified cane development activities in a compact block of 5000 acres under cane, on an average, around each sugar factory. This scheme would cost Rs. 1 crore annually and would be eligible for Central subsidy of 33 per cent. We hope, Madam, that we would be in a position to put in effect the scheme. We have also addressed the Governments of Bihar and Punjab to copy the scheme which has been drawn up by the high-power committee which has been constituted by the U.P. Government by contributing its share of the outlay. Therefore, because of these schemes we hope, Madam, that a general fillip would be given to the progress of developmental programmes for sugarcane.

I do not want to take more of the time with regard to the working of the Sugarcane Development Committee. But it may not be proper on my part not to take account of the last point that has been raised by the hon. Member who moved this Motion as well as the last speaker Mr. Sher-vani, namely, the fixation of the ex-factory prices for U.P. and Bihar. They specially drew my attention to the ex-factory prices fixed for eastern U.P. and South Bihar. I believe the hon. Members would have gone through the Sugarcane (Control) Order under which these ex-factory prices have been fixed, and according to the statement made by my senior colleague in the other House, the ex-factory price is determined:

"having regard to the estimated cost of production according to Tariff Commission's formula with

adjustments in relation to increased costs and the ex-factory prices prevailing during the appropriate time between 1st January and 31st March, 1963."

SHRI M. R. SHERVANI: My point is this, Madam, that it was the old sugar of 1961-62 which was selling here during January-March.

SHRI A. M. THOMAS: I am coming to that, Mr. Shervani. He says: —

"We have deliberately excluded from our calculations the periods subsequent to 1st April in view of the abnormal situation that prevailed on the price line since then."

So, Madam, there are two factors, one of them is the cost of production. The cost of production is not something arbitrarily fixed by the Ministry or the Sugar Directorate. The cost of production has been gone into by the Tariff Commission and we have consulted the Tariff Commission in the matter of the fixation of ex-factory prices also in the various regions that have been referred to by the hon. Members. The hon. Member knows that the price in the first three months of 1963 has been very much higher than the price prevailing in the year 1962. We have taken into consideration both the cost of production and the prevailing prices in the first three months of 1963. When we take both these into consideration, even having regard to the shorter duration of the factories in eastern U.P. or south Bihar, it will be found, Madam, that the ex-factory price that we have fixed is not at all below the cost of production.

In this connection it may be stated that the industry gave certain estimates of increases in costs. We consulted the Tariff Commission. The Tariff Commission considered the industry's estimates to be high. Further, the duration of season in Bihar this year has been below 90 days. The schedules prepared by the Tariff Commission do not go below a dura-

tion of 90 days—that has been his argument. The industry wanted that we should project the schedules for durations lower than 90 days. We consulted the Commission, but they did not consider this request of the industry to be reasonable. They pointed out that having regard to the current trends of production the minimum duration for purposes of costing should be 90 days. If for some reason, the duration was below 90 days in any particular year, the burden of any extra cost should be borne by the producer of sugar out of his margins, rather than the same being put on the consumers. The Commission also pointed out that in 1958-59 the duration in Madhya Pradesh and Rajasthan was only 78 days, but in their 1959 Report, on Cost Structure of Sugar and Fair Price payable to the sugar industry, they had worked out the fair price on the basis of the minimum duration of 90 days.

In working out costs of production for fixing prices in 1962-63, due regard was paid to the above advice of the Tariff Commission and in no region the price fixed is below the cost of production calculated as already mentioned, although they may not be equally remunerative everywhere. This applies to East U.P. and Bihar also.

Now, Madam, it has been said that as far as the factories in the South and Maharashtra are concerned, we have dealt with them in a particular way, and that we have favoured the industry in Maharashtra. That is not a fact. As is well known, the factories in Maharashtra, in the South, enjoyed for the last so many years, ever since its inception a privilege, that is, the price in those areas was calculated on the basis of landed cost of U.P. sugar. It is a well-known fact. Now

this advantage was not taken 5 P.M. away even during the period

of last control which lasted from July 1958 to September 1961. The freight advantage enjoyed by factories in those regions varied from Rs. 2.50 to Rs. 4 per maund or Rs. 6.75

[Shri A. M. Thomas.] to Rs. 10-80 per quintal. In the present control, the difference between the prices in U.P. and Bihar and Maharashtra is Rs. 1.35 per quintal and in the case of the South Rs. 2.70 per quintal. So per maund from Rs. 2.50 to Rs. 4 in the previous control it has come down to Rs. 1.35 to Rs. 2.70, not per maund but per quintal. It would be appreciated that it would be too hard to take away the entire margin all at once. Besides, it is necessary to work out a system of pooling prices on a zonal basis before all such margins could be gainfully mopped up. The industry in U.P. and Bihar has requested for fixing prices on the basis of sub-regions. There is no case for giving this special treatment. For nearly five years during the period of the first control, from 1942 to 1947, there used to be an all-India ex-factory price. For two years thereafter, there were prices on a Statewise basis or on the basis of sub-regions. During the period of last control from July 1958 to September 1961, there was one price for U.P. and North Bihar and the factories in the Punjab and South Bihar were given a small additional of 50 nP per maund. The present price fixation by and large follows the regional pattern according to the Tariff Commission schedules and the past practice obtaining during the control period last time. So I do not think there is any reason for any revision of the price structure. Of course the season is still to come to an end. We are prepared to go into this question. I do not say that I am not prepared to go into the cost of production and other things but as it is there appears to be not much scope for any revision of the ex-factory prices that have already been fixed. I am conscious of the criticisms in a section of the press, the criticism that has been levelled in the *Hindustan Times*, for example; there was a sub-leader about this that there is discriminatory treatment and that special treatment should be given to factories in South Bihar and East U.P. It has come to the notice of the Government. As at pre-

sent advised, we do not think there is much scope for any revision in the ex-factory prices. Of course we are prepared to look into the matter because the season is still on.

SHRI M. R. SHERVANI: Madam, one clarification I want to get from the Minister with your permission. That is, according to the Tariff Commission formula as applied to U.P. and Bihar, with the cost increases that are admissible there, does the price including the margin that has been permitted by the Tariff Commission of Rs. 2-65 per maund come to Rs. 108-50 or more than that?

SHRI A. M. THOMAS.- I have covered that point. It may be borne in mind that the Tariff Commission schedules provide for a return of 12 per cent on employed capital to cover certain expenses such as interest on working capital, bonus, managing agents' commission, taxes and to provide for a reasonable profit. There is a certain amount of cushion in this provision of 12 per cent and this year it may happen that the industry may not earn as much profit as it earned normally and I may assure that the industry is not going to incur any loss. Perhaps in the profit there may be some difference. That is all that is going to happen. I do not want to take more time of the House. The seriousness of the problem the Government is quite aware of and it is adopting all measures that are necessary for the development of sugarcane in this country and I hope that the new schemes that have been drawn by the Central Sugarcane Committee would be able to achieve much more in the field of research and development. Thank you.

SHRI SITARAM JAIPURIA: Madam, I have often heard the slogan being used here that the rich is getting richer and the poor is getting poorer. I had not believed in that but in this particular case, it appears that the better regions are being made still better but the poor regions are being made

still poorer. We are grateful to the hon. Minister for giving an assurance that the regions which are backward or are suffering are in his mind and the Government of India is very much *a'Ve* to the situation and taking all possible steps. He has however not mentioned anything except that the scheme that is proposed to be taken but the condition of the industry in East U.P. and Bihar and other areas is deteriorating for the last 10 or 15 years. It is very much well known that after every 3 or 4 years the condition becomes bad. The main point as he bore out was the question of irrigation and I would only repeat that unless irrigation is done in an abundant measure, howsoever better hands may be used—as the Minister said that they are in wrong hands but it may be that better hands may be used—hands cannot produce rain, hands cannot produce water, they can only be utilised. Therefore my submission is that the Government of India should see that such regions which have shortage of water—and because of that the crops are less—are given their necessary requirements for that purpose. While mentioning the competition results, the Minister said about the scope of development I entirely agree that the scope of development is there and if a particular region is producing 50 per cent of the quantum of the country's production, with the slightest of push and help it is bound to achieve far more result than what can be done in an area which is already a little better placed. In fact when I mentioned about the question of prices, he did say that the prices are not below cost and I have a positive statement to make and I am prepared to submit figures on the floor of this House which will definitely convince the Minister that the prices in these regions are certainly lower than the cost of production. In fact I feel that in a controlled economy, each region should be given the same remunerative position. *Why should it be that a region which is backward and absolutely in distress is not given a remunerative one while the one which is already better off is being

made still more remunerative? Even that argument, to me, does not appeal but I am sure that this statement will prove that the prices—the ex-factory prices—fixed for Eastern U.P., Bihar, South Bihar and all these areas are definitely below cost, what to speak of being remunerative. With these conditions, if the industry is to sustain—my friend Mr. Arjun Arora told a little while earlier that the growers' money has to be paid, etc., and that is very much correct—if the average profit of a factory in Eastern U.P. is only to be Rs. 94,000 as has been assessed by the Sugar Wage Board, we can easily understand that when sugar is released periodically sugar will have to be stocked, the banks will have to be given the margin and where the money is going to come from? How are they going to be rehabilitated? How are they going to modernise and how can they ever run in this condition? It is easy to say that a particular industry, if it is not good, may be taken over by the Government. Nationalisation or taking over is a bogey many a time which is being used but may I again submit with all the emphasis at my command that taking it over or handing it over will not solve the problem. They are bound to extinguish shortly if the Government does not take positive and effective steps straightaway. Not only that, I do not want to be pessimistic but I say that sugar may have to be imported if these regions are neglected in the manner in which they are neglected now. With this, I am sure the Minister is quite alive to it and regarding the basis that he had used for the fixation of price, undoubtedly the sugar that was sold was taken into consideration and it was a case, where old season sugar which was bad in quality and damaged sugar was sold. Not only that but if I am right, Maharashtra sugar was released earlier and therefore they were able to start selling their sugar which was specially released to them. In the case of U. P. and Bihar not only because of the Government pressure on account of the cane cess and purchase tax but also on account of the distress

[Shri Sitaram Jaipuria.] sale in order to pay the grower's money, they had to sell their sugar. I do hope that the Government and the Minister will ensure that this statement which I am placing before the House with your permission is considered and it will convince the Minister that the prices are not only unremunerative but below cost go far as these regions are concerned. In the earlier controls U.P. was divided into two regions, Eastern U.P. and Western U.P. This time only one region has been made while in the case of the South, which was one region it has been divided into two. I am sure

the Minister is well versed with his job and he knows what he is doing and he will certainly see that justice is done to all the sectors and all regions are given equal opportunity for improvement, and may I submit, existence,

THE VICE-CHAIRMAN (SHRIMATI JAHANARA JAIPAL SINGH) : The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at ten minutes past Ave of the clock till eleven of the clock on Tuesday the 30th April 1963.