

THE SUGAR (REGULATION OF PRODUCTION) BILL 1961—continued

SHRI M. R. SHERVANI (Uttar Pradesh): Mr. Deputy Chairman, Sir, I was very much surprised to hear the speech of Prof. M. B. Lal. I do not know from where he has collected his facts and figures. The House, the people and the country know that the sugar industry is the most controlled and regulated industry in the country today. The cane price is fixed by the Central Government which forms 45 per cent of the price paid by the consumer for sugar. Excise duty, cess, purchase tax and cooperative commission which form 35 per cent of the consumer price are again fixed by the Government. Railway freight, interest, depreciation, cost of packing, chemicals, etc. form another 9 per cent of the price paid by the consumer. Wages take away 7 per cent of the price leaving about 4 per cent to the industry to meet overheads, management charges, dividend to shareholders, reserves for bad years and to meet the gap between the Tariff Commission's calculations which are based on averages and actuals where the mills are below 1500 tons capacity, or where recovery and duration are lower than the average. Prof. Lal mentioned some percentages of dividend that have been paid by the industry. I must submit that these figures are misleading because of the fact that the sugar industry was started 30 years ago with small capital and obviously the dividend that is paid spread over on that capital may appear high because 30 years ago a sugar factory could be started with about Rs. 10 lakhs. But I say with the knowledge of the industry that I possess that any sugar mill that has been erected and started during the last five years cannot even pay four per cent dividend under the present price structure. This industry is one of the most important industries in the country because millions of agriculturists, industrial labour and others earn their livelihood through this industry. Besides, this is a source of very large revenue to the Government. It gives Rs. 600

million per year in the form of excise duty to the Central Government and about a hundred million rupees per year to the State exchequers. This industry being greatly controlled, whatever policies are decided by the Government, have very serious and far-reaching consequences on this industry. We all know that two or three years ago there was such an acute shortage of sugar that, as the hon. Food Minister stated, we had to import lakhs of tons of sugar at the cost of an enormous expenditure of foreign exchange, but today there is a crisis of surplus. The incentives given by the hon. Food Minister prove beyond doubt that the installed capacity is quite sufficient for our requirements even up to the end of the Third Five Year Plan. Our original target by the end of the Third Five Year Plan was 3 million tons of sugar and this target has already been achieved in the year 1960-61. Therefore, it is highly important that this industry should receive all the attention and care of the Government and it should be seen that this industry does not suffer any serious set-back.

I fully support the present Bill before this House, but I respectfully submit that this alone will not solve the problem. As the hon. Food Minister has stated, this will reduce the production of sugar by about four per cent only. This four per cent extra cane, if it is diverted to khand-sari or gur cannot very materially affect either the price of gur or khand-sari because the gur and khand-sari industry already consumes about 60 per cent of the total cane that is produced in this country. The Professor on the other side has expressed grave doubts and fears about the hardships to the growers. I personally feel that they are unfounded. His fear that the sugar factory farm-owners will crush their cane and pay extra excise duty but will not crush the cane of the poor farmers is entirely wrong, because under the cane purchase and supply rules framed by the State Governments the sugar factories cannot purchase cane from anyone except to the

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 extent of 90 per cent of their previous supplies. If a sugar factory farm had supplied one lakh maunds in previous years, it cannot now supply 1,20,000 maunds of cane to the factory. Therefore, the reduction in the crushing of sugar factories will be equitably and justly distributed over all the suppliers.

Besides, there is another important factor which I wish to bring before the House. Even in the reserved areas of the sugar factories, the entire cane grown by the farmers is not crushed by the sugar factories. In the early part of the season the growers need some fodder for their cattle. They harvest the cane, make gur of the juice and use leaves and bagasse as food for the cattle. As far as the figures that are available in respect of reserved areas of the sugar factories are concerned, of the total cane that is grown, hardly fifty to sixty per cent is crushed by the factories in the reserved area. The all-India figures have been given by the hon. Food Minister. It is only 27 per cent.

There is another aspect of this industry. I feel that if the manufacturing costs are properly regulated, the industry will become one of the largest foreign exchange-earners of the country. We can with some effort, which the hon. Food Minister has already mentioned, export five lakh tons of sugar and earn Rs. 150 million of foreign exchange. Unfortunately, today the price structure is such that the sugar that is exported is exported at a huge loss of money to the country. This matter can only be remedied if the major expense in the cost of sugar is looked into and reduced. In our country the average yield per acre of cane in the whole of India is about 254 maunds per acre. In the reserved areas it is slightly higher. There is no doubt that this is the lowest yield in any country. The Food Minister stated that we are the largest manufacturers of sugar and it is a matter of gratification for us. But the yield per acre of cane is the lowest in

the world in our country. In private farms, farms owned by the factories, they grow 700 to 800 maunds of cane per acre. There is no reason why if we are able to provide similar facilities to the agriculturists and small peasants the yield per acre cannot increase and if that happens, even if the price is cut down from Rs. 1|10|- to Re. 1|- per maund . . .

PROF. M. B. LAL: Wonderful.

SHRI M. R. SHERVANI: Let me explain it please. I think unfortunately he has no knowledge of the industry.

PROF. M. B. LAL: I think I have enough knowledge about it. I have not studied it from the point of view of the capitalist. I have studied it from the point of view of the cultivator.

MR. DEPUTY CHAIRMAN: Order, order.

SHRI M. R. SHERVANI: Sir, if per acre, instead of 300 maunds we are able to grow 700 to 800 maunds, then at the rate of Re. 1|- per maund, the grower will get Rs. 800 per acre, against only Rs. 450|- per acre that he gets today at the rate of Rs. 1|62 per maund. He is not concerned with the price of cane as much as the quantity of cane he is able to grow in his field. The Hon'ble Food Minister has stated that our prices are very high and, therefore, we are finding some difficulty in exporting sugar. Now, as I have stated, 35 per cent of the cost of sugar is the excise duty and various cesses and taxes, which, of course, we do not have to pay on exports. So, the biggest item of cost remains to be the price of cane. In all the sugar-producing countries of the world by percentage the price of cane is 45 or even 50. But if you take the actual price of cane per maund of sugar, it does not come to more than Rs. 7|- per maund. The price of cane is not more than Rs. 7|- per maund of sugar in Java, Brazil or other sugar-producing countries, whereas in our coun-

try it is nearly Rs. 17/- per maund of sugar. I do not say that the price the grower is getting should be reduced without effecting a higher yield of cane. I know about agriculturists—I am an agriculturist—as well as I know something about sugar factories, as I manage a sugar factory. The amount of profit that a sugar factory farm makes has no comparison, at the price of Rs. 1|10/- per maund, to the profit which the sugar industry is making today spread over the capital outlay. I submit that unless the price was attractive to the farmer, the acreage, the area under cane, would not continue to increase, as it has been increasing constantly during the last several years. I have to submit that this Bill, to some extent takes care of certain aspects of the sugar industry and is welcome. But I most respectfully suggest that this is not enough. There should be a few more remedies. I have stated that we have already achieved in production the target that was originally fixed for the end of the Third Five Year Plan. Therefore, no new licence should be issued for installing further capacity. In fact, if licences have been issued but no expenditure has been incurred, those licences should be suspended.

The immediate problem of the sugar industry has been aggravated due to two reasons. One is the implementation of the Wage Board Award. The Wage Board has increased the minimum wage from Rs. 55 to Rs. 76 and this has increased the wage bill of individual sugar factories by 1 P.M. about 40 per cent. Last year it was the forceful arguments of the hon. Food Minister which persuaded the industry to pay this money out of the incentive that he had given. But I submit, Sir, that half of the incentive he took back in the shape of losses on export, and with regard to the other half of the incentive he made the factories pay to the labour by implementing the Wage Board Award, leaving nothing with the factories in the ultimate analysis. The fact that very few of

the sugar factories have been able to implement the Wage Board Award fully and to pay the arrears is proof enough that the industry is in a bad way.

MR. DEPUTY CHAIRMAN: Would you take more time?

SHRI M. R. SHERVANI: Two minutes, Sir. The second blow that has been dealt to the industry was the decontrol of sugar. By decontrol of sugar the prices have come down by Rs. 1:50 per maund, and I feel sincerely and honestly that the sugar industry is in no position today to be able to bear these burdens. I would humbly request and appeal to the hon. Minister of Food and the Government to give some immediate relief to the industry in the shape of reduction in excise duty.

Another point to which I wish to draw the attention of the Food Minister is the fact that the sugarcane prices are fixed irrespective of the quality of the cane. This is the only commodity in India, think, where the prices are fixed irrespective of the quality of the product. Cane which has sucrose content of 9 per cent gets Rs. 1|10/-, and cane which has 12 per cent sucrose content also gets Rs. 1|10/-. Therefore, there is no incentive for the farmer to grow better quality cane. If some scheme is devised to link the prices with recovery, I think that will be conducive to better quality cane being grown and to increasing the yield of cane per acre also. Thank you, Sir.

MR. DEPUTY CHAIRMAN: The House stands adjourned till 2-30 P.M.

The House then adjourned for lunch at three minutes past one of the clock.

The House reassembled after lunch at half-past two of the clock, THE VICE-CHAIRMAN (SHRI NAFISUL HASAN) in the Chair.

SHRI BHUPESH GUPTA: Mr. Vice-Chairman, Sir, I do not have much to say on this subject

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especially after the very instructive speech made by Prof. Mukut Behari Lal. Our Minister of Food and Agriculture who wants the name of the Ministry to be changed to something else is a very confident man and he told us in this House that his expectations had been overfulfilled and that now something could be done in the direction of adjusting the situation by a legislation of this kind. Well, Sir, there is no doubt that the sugar industry—its production, distribution and the rest of it—requires the attention of the Government and certain strong measures to remedy the situation. But then our assessment of the situation is not exactly the same as that of the hon. Minister or of the Government. It is true that the mills have over-fulfilled the quota of production. They get concessions, they expect that they would produce a certain quantum by way of additional output and they exceed it. The hon. Minister is very happy. But Prof. Mukut Behari Lal also pointed out how they profited in this period. Now it is becoming a big scandal in the country, the manner in which the mill-owners are behaving not only with regard to their workers but also with regard to the primary producers, that is, the growers of sugarcane. Now, here the adjustment has to take place from the point of view of the primary producer, the cane-grower, from the point of view of the worker who produces the wealth in the mills and from the point of view of the consumer, that is to say, certain men like you and me who consume sugar in varying degrees. And since the country is not diabetic, the true need for sugar is considerable. Then, Sir, in the larger interests of the country, I should have liked the hon. Minister to go into this matter in greater details. Look at the consumer. What is happening today? We are told that the country is producing more sugar than any other country in the world. Certainly we are producing more sugar than any other country in the world. But many countries are bigger than ours in world also, except China. This

is the position. Therefore, the *per capita* production and what is more, the *per capita* consumption of sugar—because it is a consumption article—are also very important. And if you go into the records of it, you will see that the *per capita* consumption of sugar is rising very slowly. In fact, it is static in many ways. If you lump together all the sections of the community, different income groups and so on, then it will probably show a little rise but if you just look at the people at the bottom, the consumption is more or less static. Such is the position. Therefore, we are not consuming more and even though the production is very high compared to many other articles, its consumption is low. It will be said, here is a surplus stock, but in an under-developed and underfed economy and what is more, in a country which is underfed, the stocks do not indicate as to whether the social needs and the consumption needs have been met. For example, we have seen that when in the country people were having a *per capita* consumption of fourteen to fifteen yards of cloth per year, you had the stocks piling up in the mills for a variety of reasons. Therefore, the mere fact that the stocks are there, that we have got what is called an exportable surplus, does not necessarily indicate that the consumption needs of the people have been met, and here it has not been met. At the same time it is a very interesting thing. The hon. Minister has told us that we are selling sugar to the United States of America because the United States pays a little more than other countries. I take it, they do. As an importer of Indian sugar, they do, I take it. But what do you make of the fact that we are selling sugar to the citizens of India who are poor at a much higher price, twice as much price as we charge the United States consumer whose income is several times higher than our *per capita* income? The *per capita* income in India today is of the order of Rs. 300 odd, according to the latest figure. The *per capita* income of the United States today is nearly Rs. 10,000. Such

is the discrepancy. Yet, as producer, we are selling them sugar at a cheaper price than we are selling in the internal domestic market for our needy people, poverty-stricken people. Is it something to ponder over or is it to be passed over in smug complacency? That is what I ask. I think it is something to ponder over seriously. Now, Sir, this a very important factor for the simple reason that we are not concerned with the Industry because, well, there must be some industries and production. We have industrial and economic development for meeting the growing material and cultural needs of our people. We want to see that our countrymen are better fed, better clothed, better housed, better looked after, better treated and better educated. Now, sugar is an ingredient in that context. What is the position? The other day the hon. Minister made it very clear and said that for a ton of sugar we get Rs. 300 or so from the United States of America, sugar which we sell here for Rs. 700. This is the differential. Now, you can well understand it. Why should it not be possible, therefore, to reduce the price of sugar from the point of view of the consumer and yet see that the surplus accumulates in order to build up exports? Now, that would be proper economic leadership and this is trailing behind the wages. The capitalists produce more, they secure concessions, keep the people starved in a state of scarcity in some places and then send the surplus outside the country and make money. Whatever it is, the very fact that India—the private industry—is in a position to sell sugar in the external market at a price half as much as he charges us here in our country shows that there is a scope for reduction in prices for the domestic market as well. Am I to understand that he is selling sugar there at a loss? If it were so, then he would not be interested, and the capitalists would not be interested, in seeking an export market for this commodity, if the export market is something which is below the cost of production. That aspect of the matter is very very important.

Now, therefore, we would ask the hon. Minister—he is a man with great drive and energy—to think about this. And would it not be better for him to tell us when he will give us a little more sugar and at cheaper price?

SHRI SANTOSH KUMAR BASU (West Bengal): To make you sweeter.

SHRI BHUPESH GUPTA: As if, if he takes sugar, he will be bitter and if we take more sugar, we will all be sweeter. I think since Congress Members have more sugar in their houses, the sweetness will all go to your side rather than on our side. I think today sweetness is needed on that side very much. I do not say that side is bitter. Of course, it is becoming a little insipid, tasteless in some ways. Therefore, you see, they should be sweeter.

Now, why should it not be so? There is no indication at all as to when it is going to happen and you know the hon. Minister mentions about excise duties. Yes, we know that. I do not blame him for the excise duties but I blame certainly his Government for the Union excise duties on sugar. That is going up year after year and the incidence of this excise duty is calmly, quietly and cynically, of course, passed on to the consumer under one pretext or the other. How does it happen through all kinds of manipulations I need not go into but the fact remains that despite the incidence of excise duty the capitalist class has not suffered. Therefore, the excise duty on sugar should be reduced, and what is more, costing should take place. If ever there was need for the appointment of a Cost Accountant to go into the accounts of this nature, it is in the case of the sugar industry. The Cost Accountant should go into the price structure and the cost structure with a view to determining what should be the normal price of sugar for the internal market and for the external market. It is very, very important because unless we go into this ques-

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tion, we cannot possibly reduce the price.

Again, Sir, sugar is controlled by a number of moneyed people, the capitalist class, and Uttar Pradesh is the seat of that section of the capitalist class. Therefore, when Prof. Mukut Behari Lal was speaking, he was giving certain truths brought from his own home. Where is the indication that the profits will be reduced, they will be controlled? We have seen time and again how these capitalists controlling the sugar industry manipulate, manipulate to the detriment of the consumer, manipulate to the detriment of the worker and manipulate, above all, to the detriment of the cane growers. They are in a position to behave from a position of strength and function contrary to the interests of the country and its people, the consumer and primary producer as well.

Then, Sir, the hon. Minister is very happy. He is so fond of the United States market. I think the hon. Minister perhaps thinks that this has been one of his biggest achievements. I had thought that Mr. S. K. Patil would strive for greater achievements than being the captor of a doubtful market of 2,25,000 tons of sugar in the United States because I thought he was the fighter of many a battle and had won many laurels in other spheres. But suddenly when he talks about this market, he seems to get the impression that this has been the biggest achievement in his life. I do not think so. He has got greater achievements to his credit.

SHRI S. K. PATIL: I never said so.

SHRI BHUPESH GUPTA: I know it. I may not share the achievements with you but I must mention them. But suddenly what did you get? Now, we are told about the export market. What is that market? Well, I repeat again, and I shall continue to do so, that this market is a very doubtful market for the simple reason that they would try to meet their sugar require-

ments from other countries as well if the relations with them are good. They have decided to starve Cuba—although they have not succeeded—by stopping all their sugar purchases from Cuba. Well, they will buy from this country but they will also seek other markets where the terms would be better, the transport cost would be less. This is the position. What happened? After the Cuban revolution they stopped buying $3\frac{1}{2}$ million tons of sugar from Cuba with a view to wrecking its sugar industry and strangling the Cuban economy. That was the most ruthless, cruel, political step they took, to disrupt their normal relations for political reasons, to brow-beat and blackmail the country which is trying to establish a democratic, progressive government. It was a most sinister, political, cowardly and dastardly act on the part of the United States of America. Now what happens? That is how the United States of America develops its market. They try for markets elsewhere, look around the world where they can get more sugar in order to feed the United States citizens, in order to meet the needs of its citizens. Hence they came to us or we went to them. I do not know who met whom. Since Mr. Patil was there at that time and who met whom first, I do not know. At that time, do you know, I was in the Soviet Union and the Soviet Union decided to help Cuba by buying the Cuban sugar at a price which was not very favourable to them and also buying at a time when they had produced more sugar than they needed? I looked at the table. So much sugar. What is it? There was plenty of sugar. Production was several times and I asked, "Why do you want so much sugar?" They said, "We have to buy Cuban sugar; otherwise they will be starved by Americans. We have helped them. Therefore, even though we do not need, we have to buy sugar from them and we buy because we can afford to buy their sugar."

SHRI SANTOSH KUMAR BASU:
That was political sugar.

SHRI BHUPESH GUPTA: Well, it is political sugar and economic also. If our country is sought to be starved by a certain power and in such a situation if another power comes and renders us assistance, do not call it merely political, call it something more than political, humanitarian also. Would you have liked, Mr. Santosh Kumar Basu, to see the Cuban people starve into surrender, brow-beaten and blackmailed into tyranny and shame? You would have never liked it. That was their major industry. The Cuban economy was dependent on sugar in which about 500 crores of rupees worth of American investment was there. Everybody knows it. They used to export 3½ million tons of sugar to the United States of America. Such was the situation. Now, you may call it political but then you need such a thing. But the point is that this was the situation and then just at that time even China helped. Just at that time other smaller countries also helped Cuba in such a situation. And just at that time India entered into an agreement. They got this market. The hon. Minister entered into an agreement, made very excellent speeches. He always makes excellent speeches and likes invitations and what is more, he likes frankness in me. We like each other because I am also a very frank person. Therefore, we like each other that way. He makes very fine speeches. I read all his speeches, whatever he was saying. I read all that very carefully and I asked my comrades, "What is this?" I used to ask about the movement of Shri Patil in the United States of America, read every word that he said. I read everything that he said. I read the foreign bulletins that I got from the United States of America. I read everything. He said he was so happy about it. Suddenly we read in the newspapers that the Americans decided to cut some of the imports and he told us that it was an unilateral action and the Government of India was not consulted. Now, Mr. Vice-Chairman, you are an honourable man, so are we. How would you like? Suppose you

come to my house and you offer assistance to me. At that time America was in need of sugar. Suppose I am in need of assistance and you come to my house, offer assistance to me and then I agree to take something from you. Then suddenly, unilaterally, without even consulting you, I declare that I do not take a part of the thing from you and I do not give any reason. I do not even consult. Now Mr. Patil is a very toughskinned person. He has very strong skin that way. He may not feel it but you would feel, being a very soft man. I would feel it, being a soft man. He did not feel it at all. There was no reaction. The Food and Agriculture Minister went on as before, the sun was shining there as before. Nothing happened. Yet the Americans, unilaterally, sitting in this country, when by telephone they could have at least, as a matter of courtesy, informed Mr. Patil "We are cutting the supplies, we propose to do so"—even that was not done—they did this. They read it in the papers perhaps in the same way as we did. After that, they kept quiet. I agree that he did not go on begging: 'Baba, take more sugar from us.' But the American Ambassador here started patronising over it and said: "Oh! I will see, I will advise my Government to take a little more from you, something will be done etc." He went to Calcutta, made a speech as if a great country which is supposed to produce so much sugar was in so much distress, as if it was almost like a displaced person needing relief from here and there. Now this is the position. The patronising propaganda went on for a while and then ultimately we are told that the market will stabilise. Well, Mr. Basu: "Is it not politics a little?" You cut it and then pretend your munificence?

DR. W. S. BARLINGAY (Maharashtra): Can he address a Member of this House direct?

THE VICE-CHAIRMAN (SHRI NAFISUL HASAN): I was just going to draw his attention that he can address only me, not any Member.

SHRI BHUPESH GUPTA: How I would love to address you, Sir. This is a lapse on my part sometimes but then Mr. Basu must have very great attraction because I was distracted even from you.

THE VICE-CHAIRMAN (SHRI NAFISUL HASAN): Not that the Member cannot refer to any other Member but he has to refer in the third person. He has to address only through me.

SHRI BHUPESH GUPTA: You are absolutely right, Sir. I shall love to address you. Through you, might I tell Mr. Santosh Kumar Basu this: "Was it not a bit of politics on the part of the American Ambassador here?" He was indulging in it. This is an unstable market. This market is a tainted market, it is a colourable market. This market for the Indian sugar is tainted with bad faith in some ways. This market was created at the cost of others. This market strengthens those people. The acceptance of this market in this manner goes to strengthen the hands of those people who wanted to bully and browbeat the Cuban Republic. We preach in the world neutrality—rightly so. We preach in the world anti-colonialism—rightly so. We speak for freedom and independence and against tyranny—rightly so. But when tyranny had been overthrown, independence had been asserted, democracy had been established, human rights had been secured and vistas for future advance for the people of Cuba had been opened, just at that time, entering the market in the manner in which the Government of India did, brought no credit to our country. I had travelled, after that thing happened, round the world. I had been to various countries and this deal had been misunderstood. I am not saying it about only Communist countries but about others too. There are friends—neutrals and others—who have misunderstood this. I have in mind Indonesia, for example, and I read in the papers that certain other African countries, where neutralists are there, also wrote against it. They did not

appreciate how it was done. That is all I can say with regard to this matter.

Therefore let us not build on this market. You expand the internal market. Our people need more sugar. The time has come for expanding the internal market. A consumer industry of this type has to base itself essentially or largely on the internal market. That we can do on the one hand by reducing the prices, on the other hand by making sugar available to large sections of the people. That needs a change in the policy at various points, in the various places of production of sugar. As far as external market is concerned, I agree that for the surplus we create, especially under the Third Plan, we will need to promote exports to earn foreign exchange. But, again, seek other markets also, not the U.S.A. only. The Afro-Asian countries are there, the newly liberated countries are there. You should seek markets in the Asian and African countries which will be more stable. Those markets would not be dependent on political contingencies beyond our control. Therefore that aspect also should be borne in mind.

As far as gur, khandsari and sugar crystals are concerned, good quality stuff should be available to our people. Therefore hon. Members said here that a broad approach is needed, that the basic change in the policy is needed and the time has also come to consider whether we should not take over the sugar industry.

We should have used the Industries (Development and Regulation) Act against this industry in certain situations but the time has come also to consider, in view of the important significance of this industry, whether we should not take over this industry in the State sector and run it in the best interests of the producers, consumers and the country at large.

Thank you, Sir.

SHRI S. CHANNA REDDY (Andhra Pradesh): Mr. Vice-Chairman, Sir, I

welcome this measure because it intends to put our sugar industry on proper lines, and I lend my wholehearted support to this measure. The hon. Minister aptly put it that sugar is a surplus commodity in the world, and the market for it is limited. Moreover lakhs of tons are being accumulated with our factories. So the proper action would be to bring forward this measure. But, I remember, that 4 or 5 years back we were rather suffering from a deficit in sugar and we had been considering ways and means for importing sugar. It is good that we are now surplus in sugar. This might be because of the incentives which the Government was pleased to give to the growers and the mill-owners. Once we were worried about the deficit in sugar production, and now equally we are worried about the surplus production of sugar. It is not the case only with sugar. It is happening today with regard to the sugar production. It may happen in the case of other agricultural commodities also. For example, for tobacco we are not getting favourable international markets and the growers thereof are facing a difficult situation. We generally export groundnuts also. A day may come when we may face a similar condition in the case of groundnuts also. Therefore my request to the Government is that they must prepare themselves fully to meet such surplus situations. As all other Governments do, they should also be prepared mentally and otherwise to stabilise the prices of all agricultural commodities and, if necessary, to give subsidies to the growers. As far as regulation of the sugar production is concerned, I would have appreciated more if the acreage under sugarcane had been regulated first, before regulating the production of sugar. As every Member has observed, now there is a standing crop and it would be in the interest of the farmer that all the standing sugarcane must be crushed. The hon. Minister has given an assurance that the entire standing sugarcane crop will be crushed. This is very good and encouraging too but as

we generally see, the laws that we are making are very good and beneficial, but when the question of implementation comes, it is always the stronger party that gains the advantage and the weaker party always suffers. In this case 3 P.M. it may happen that the mill-owners may be benefited by this regulation, but the agriculturists, the growers of sugarcane may not be benefited. The millowners, under the pretext of this measure, may refuse to crush the entire sugarcane crop for a variety of reasons. Therefore, I would request the hon. Minister to bear in mind the interests of the agriculturists and I hope that their interests—the interests of the sugarcane growers—are safe in his strong hands.

As far as I can see, this measure is only a temporary one. It cannot be permanent because, after all, when we want to export our agricultural commodities to other countries, we must also prepare ourselves to compete with other countries in the world market. This measure which we are now proposing will, in a way, regulate the production of sugar, but it will not enable us to compete with others in the world market. Therefore, ways and means must be explored to increase our sugarcane production per acre. The yield per acre should be more—it is imperative—if we desire to compete with other countries in the world market. In South India this rate of yield is much higher. It is something like 30 to 60 tons per acre, while in North India it is not so much. If the rate is as much in North India as it is in South India, this problem would not have been so acute and the area under sugarcane would not have so increased. The hon. Minister is anxious that the acreage under sugarcane should not increase like this. Therefore, as many other hon. Members have urged, I will also submit that the production of sugarcane per acre should increase and all possible help to the farmer must be given for this. All kinds of

[Shri S. Channa Reddy.]

incentives should be given to the farmer so that he may be able to maintain a high pace of increase in sugarcane production and keep it uniform. As it is, he has done well and we must congratulate the farmer for this. But only congratulation will not do. We must do something substantial for him.

There is one thing more that I would like to mention. The hon. Minister wants that the sugarcane that we are producing should be diverted for the making of gur. I come from an area where the sugarcane is grown under well irrigation. The cost of its cultivation is naturally higher, since it is grown under well irrigation. Moreover, there is no sugar factory in that area. So all the cane has to go for the production of gur. But the price of gur has gone down very much and it is now below the remunerative level. Therefore, it is time the hon. Minister does something to stabilise the price of gur. Only then will there be incentive to the sugarcane grower who entirely depends on the production of gur. Recently I have been to Anakappali which is one of the biggest centres of gur production. There I went round and saw the Sugar Research Station also. My hon. friend, Prof Mukut Bihari Lal, said that nothing had been done in the direction of research of sugarcane. That is not correct. There are several research stations all over the country and they are doing a good piece of work. The Research Station at Anakappali also has done very well and because of that the farmers in Anakappali and around are getting more cane per acre than in many other parts of the country. Now, the growers there are very much worried about this fall in the price of gur. I would conclude by requesting the hon. Minister once more to fix up some price for gur which would be remunerative for the cultivator.

With these few observations, Sir, I lend my support to the Bill. Thank you.

SRI T. S. AVINASHILINGAM CHETTIAR (Madras): Mr. Vice-Chairman, just now we heard a lot about Cuba and the U. S. A. in the discussion on this Bill, but I don't see any relevance of those references to this Bill.

Coming to the Bill itself, Sir, I really am not happy over this Bill. We want to develop the industry and we develop it very fast. The sugar industry has developed very fast. We as a government should be watching the stocks in this industry. For some time we have been told through questions and answers that the stocks are high and one of the reasons for our trying to sell it even at a loss to foreign countries is that our production is more than what we can consume, and we also get foreign exchange in return. But as was pointed out yesterday, our cost is Rs. 800 and the selling cost to the U.S.A. is only Rs. 500 odd. Now we have come to a stage when we want to decontrol. We did not decontrol sugar for a long time because of the heavy production and because the price might go down. One of the intricacies of this situation, Mr. Vice-Chairman, is that we are paying the sugarcane grower a good price and if the price of sugar comes down, we cannot give this good price to the sugarcane grower. Therefore, we want to create an artificial scarcity by controlling sugar while keeping stocks high, and there have been voices raised, both in this House and in the other, as also in the country, that sufficient sugar is not being made available for sale. Now we have come to this position that we want to decontrol sugar. At least we are in the process of completely decontrolling sugar. That will mean that the prices will go down. That will again mean that the sugarcane grower may get a little less price. That will also mean that the producer of sugar, the sugar industrialist, will be working at a loss. Therefore, we say, let us control the production of sugar. It may be 4 per cent now and later it may be 10 per cent. Therefore, it shows that we

have taken an extraordinary measure for controlling the production of sugar.

Let me, Mr. Vice-Chairman, put the problem before us and say what will happen. Sugarcane has to get a good price. My hon. friend behind me pointed out that it is possible for us to see that even if you control the sugar production in the mills, the sugarcane gets a good price, because what will not become sugar will become gur. In many places where today we have sugar mills, at least in my part of the country where sugar mills are not too many and some of them are on cooperative lines and some on the shareholder lines, the demand for selling the sugarcane to the mills is indeed very great. Round about Coimbatore we have two or three concerns and also in South Arcot where the Parrys functions. Sugarcane when sold to produce sugar can always get a better price than when it is sold for making gur and recently the price of gur has gone so low that to say that the sugarcane producer will not suffer because of this restriction, cannot be true. The only alternatives to the sugarcane grower are either to sell the cane to the sugar mills or make gur. But gur today is not paying and the result will be that a large number of sugarcane growers depending on this in that area will be affected. I am not bothered about it. It is a commercial crop and those people have earned good profits in the past, I won't mind if they switch on to some other cultivation if that is more profitable for them. I am not bothered about that. But what I am really bothered about is something else. When we want to control the production of sugar, licences are being issued to sugar mills even today. If my information is wrong, Mr. Vice Chairman, I may be corrected. In the course of this year, I understand two licences have been given, one in Bombay and another in another area. That too is not in an area where there are no sugar mills; otherwise it could be said that all

areas should be self-sufficient and so it was given, but it was given in Uttar Pradesh or Bihar area. There the licence has been issued, I want to know—I may be right, I may be wrong, but this is the information that I have received, and if that information is correct, then we have no legs to stand on because, we cannot on the one hand give new licences and then say sugar is being produced too much. Not only for the time being, Mr. Vice-Chairman, but till we can develop a sugar market, a sufficiently large sugar market in our own country I want to stop these licences. I would even go to the extent of saying more, that where there is a glut, such licences, where they have been issued and not implemented, even they must be countermanded, because there is no fun in their being asked to invest lakhs of rupees and then later on making them suffer a loss in those places. Mr. Vice-Chairman, I would like to be assured that these steps are taken or will be taken. As reasonable people who are in charge of affairs they should think on those lines. They would be, I am sure, seized of this situation and this point of view in this matter of giving licences, or the suspension of the licences already given but not put to use. New licences are not to be given in the present context of things. May be things may improve in two years but in the present context of things for which this Bill has been brought forward these steps should be taken.

One other matter I would like to mention. The sugar market can be enlarged in this country, and that will mean taking two steps. One is making sugar cheap. And if you are to make sugar cheap, there are two things that are standing in the way; there are two steps to make sugar cheaper. One is the price of sugarcane must be reduced, and another is the excise duty must be reduced. How far both these are possible is something for the Government to investigate. In some areas the sugarcane producers are something more

[Shri T. S. Avinashilingam Chettiar.]
 than voiceless; in others they have a lot of voice; they can shout a great deal, and many times we are governed by people who shout a great deal, and so this is a matter which the Government must go into.

Let me hope that this is a very temporary measure; let me hope that these restrictions are temporary; on the whole I do not like such restrictions to be placed on an industry unless they are brought about by insuperable reasons. Let me hope, Mr. Vice-Chairman, that this is a very temporary measure and that before long we will be able to get not only an expanded internal market but a good foreign market also, and for that, Mr. Vice-Chairman, one other thing is necessary, and that is to reduce the cost of production of sugar. I say the same thing that is in the Third Five Year Plan itself, namely that our high cost of production is one of the bottle-necks, one of the difficulties in the way of our exports. We are producing so many things, but we are not able to get foreign exchange and that is because we are not able to export, and we are not able to export for the very simple reason that the cost of the articles produced here is much more than that of the same articles produced in foreign countries, and naturally people would not like to pay more than what they pay for their own products, and one of the fundamental things that we should do is to reduce the costs, and this is a matter people must go into. The Planning Commission has said in one fairly large paragraph what are the steps they should take to reduce costs. Now that we have the problem of sugar before us in this Bill, the suggested processes must be applied to the sugar industry so that the costs may be brought down, and unless we bring down costs we will not be able to export it a great deal, where economic forces operate.

These are the few ideas that I have liked to place before the House while considering this Bill.

SHRI K. SANTHANAM (Madras):
 Mr. Vice-Chairman, I shall first of all apologise for not being present when the hon. Minister moved this Bill, I had to be present at another meeting, and that is the only justification that I can give.

Sir, I appreciate the spirit of improvisation the hon. Minister has brought to his Ministry. By his bold methods coupled with good luck in the monsoons, and the generosity of the U.S.A., shall we say, the problem of foodgrains has been put in the shelf for our good for the present at least.

Sir, I am afraid his improvisation has gone in the wrong direction so far as this Bill is concerned.

My hon. friend Mr. Bhupesh Gupta, is supremely indifferent to statistics, and he was saying that India was producing sugar more than other countries. The fact is quite the reverse. The entire sugar production of India works out to less than half an ounce *per capita* per day.

SHRI BHUPESH GUPTA: No. I said the total volume of production of sugar is more than that of any other country, not *per capita*. In fact I challenged . . .

SHRI K. SANTHANAM: Not at all. The total volume is only between 2 and 3 million tons, while there are many countries—Java, Cuba and other countries—which are producing much more sugar than India.

SHRI S. K. PATIL: May I, Mr. Vice-Chairman, with your permission interrupt the hon. Member since he was not in the House in the beginning? Lest it should appear that he is contradicting me, may I just say this? What I said was that if all the sugarcane that was grown in this country was reduced to crystal sugar, we would have a production of 10 million tons—not 2 to 3 million tons—and last year's crystal production also was 3 million tons.

SHRI K. SANTHANAM: Of course that may be true, Sir, but so far as

white sugar is concerned, our production comes to only half an ounce per head per day, while the consumption in many countries is of the order of 2 to 3 ounces per capita per day. Therefore we are not producing any surplus. If there is a surplus, then it is an artificial surplus; it is due to the high price of sugarcane; it is due to the inefficient production of sugar by the factories in U.P. and Bihar and due to the high excise duty. All these together have combined to restrict the consumption at a level which is not at all satisfactory, Sir. And what this Bill proposes is to stabilise this unnatural situation, not temporarily but for all time. Sir, many of the speakers preceding me hoped that this would be a temporary thing. Usually, in all such cases, the Bills used to be restricted only to one, two or even three years. But here there is no time-limit—so far as I can see in this Bill. Why does he want permanent power to restrict the production capacity of our sugar mills? Sir, it means a permanent power to bolster up the inefficiency of the cultivators of Bihar and U.P., to bolster up the inefficiency of the mills in U.P. and Bihar. Sir, if this sugar be left to natural forces, the sugarcane prices in U.P. and Bihar may have to fall, and some of the inefficient sugar factories will have to close, and as a result the whole sugar industry would be raised to a higher level. The cost at which we are producing sugar today is double the international cost. How long can we afford to maintain this economy, of producing sugar at double the cost of other countries? Therefore, are we not to move towards world parity so far as sugar is concerned? And this is intended to prevent our getting into the natural position for an indefinite time. If he were taking this power for one year or two years, I might have understood it, if there is to be restriction, Sir, that restriction should be in the sugarcane area—if necessary. Now what this Bill intends to do is to drive sugarcane-producers to convert their surplus sugarcane into gur, and gur will be a drug on the market, and they will have to sell it at very low

prices. Therefore the sugarcane-producers will lose, but not in a manner which will put the sugar industry on a proper basis at least in the future.

[Mr. DEPUTY CHAIRMAN in the Chair.]

It does not prevent the sacrifice of the sugarcane cultivators. It is forcing them to sacrifice. Instead of this, if he had reduced the sugarcane prices, if he had reduced the margin of profits of the sugar mills and if he had pleaded with the Finance Minister to reduce the excise duty so that the consumer may get sugar at a cheaper price, then I am sure the small quantity of one or two lakhs of tons will be automatically taken up by the consumers. Assuming, Sir, that there is a temporary surplus of production, are there not many ways of benefiting our people instead of selling it at half the price to the U.S.A. or any other country? I do not agree with my friend, Mr. Bhupesh Gupta, that we could sell it to other countries. No country is going to buy sugar from India at higher than the world prices. Therefore, the U.S.A. has gone out of the way to buy our sugar at a little more than the international price but I think, Sir, that the surplus sugar should have been made a present of to the children of India. A price rebate should have been given to all the confectionaries and to all other institutions which produce eatables for the children. Sir, our children deserve this and they want this sugar. Even from the nutritional point of view, it is necessary that our children should eat more sugar because sugar is the most easily digestible and simple form of starch. All the children of India are being starved for sugar and yet the situation is that there is surplus sugar production and we do not know what to do with it.

SHRI BHUPESH GUPTA: I entirely support you there.

SHRI K. SANTHANAM: I wish you had the right arguments.

SHRI BHUPESH GUPTA: Don't you be upset by all these.

SHRI K. SANTHANAM: Sir, my friend, Mr. Chettiar, has already drawn attention to the anomaly of licences for new mills. To set up industrial establishments and then to force them to produce less than their capacity is doing a great harm to our industrial progress. I think there must be mills which must be able to just manage if they are allowed to work their full capacity. They have also their permanent establishment, their chemists and other technicians who have to be paid for the whole year. Who is to bear the loss caused by reduction of their capacity? Government is not going to bear it and if this is a way of forcing the marginal mills to close, I think it would be better to take a more direct and gentler form of forcing them into liquidation.

Sir, there is just one more point. I know I am taking more time and I should not have taken this time. It is said that this Bill applies to the whole of India except Jammu and Kashmir. In every Bill that has been coming before Parliament, we have been rectifying the previous Bills by saying that it shall apply to the State of Jammu and Kashmir. I do not know why Kashmir is taken out of India. Is it because the present agreement does not permit the Minister to extend this to Kashmir or is it done at the request of the State of Kashmir or is it merely the cussedness on the part of the draftsmen that in every Bill Kashmir should be separated from the rest of India? I think this again emphasises the fact that there is some separate constitutional status for Kashmir.

Sir, I thank you and I hope that in spite of the little surplus, he would be able to terminate all this fanciful and unnatural restriction as early as possible.

SHRI J. S. BISHT (Uttar Pradesh): Mr. Deputy Chairman, I support the Bill as far as it goes but there is a point which I wish to emphasise and bring to the notice of the hon. Minister

for Food and Agriculture. This point was mentioned in passing by the previous speaker, Shri Santhanam. A number of factories, mostly co-operative, have been set up in the last three or four years but they were originally not able to get licences. The Minister of Industries formed a consortium of sugar machinery manufacturers in order to supply them with the requisite machinery to set up those factories. I wish to draw the attention of the hon. Minister for Food and Agriculture to these factories numbering about ten to twelve and with a capacity of about thousand tons each; each factory has cost them about a crore and forty lakhs of rupees. As we all know, the co-operative societies that are running them have not got sufficient finance and so what has been done is that the State Governments have lent them money on interest and the balance has been made up either by the State Finance Corporations or by the Industrial Finance Corporation of India at, of course, very high rates of interest, 6 or 7 per cent., I do not know exactly what. The point is that these factories can run only if they are able to work to their full capacity and pay their way back but if output is reduced in this manner, if it is artificially curtailed, what will happen to these factories?

SHRI S. K. PATIL: I have got that point.

SHRI J. S. BISHT: How would they pay their way back? Has the Government under contemplation any scheme by which the loans advanced either by the State Governments or by the Industrial Finance Corporation of India will be spread over a longer period and the rate of interest curtailed? If this is not done, they may be forced into liquidation which, I hope, is not the intention of the Minister for Food and Agriculture or that of the Government because a tremendous amount of money has been sunk in these factories, about eighteen to twenty crores of rupees, and all this will become fruitless. I hope the hon. Minister will be able to clarify this

particular point as to how the economy of these factories will be saved as a result of the curtailment of production.

SHRI S. K. PATIL: Mr. Deputy Chairman, I am really grateful to the hon. Members because they have made several suggestions. Each one has pointed out the symptoms of the disease but unfortunately nobody has pointed out anything like a remedy. The poor Minister cannot merely stop at that single point, symptoms of the disease. It is his business to apply remedies too. The question was, as I posed it when I began, that between the two evils I have got to take a lesser evil. My hon. friend, Mr. Mukut Bihari Lal, made a very forceful speech, and no doubt that speech will do credit to his professorial qualities but he gave me such a lot of theory and so little of practice that I do not know what I shall do with that theory. That theory is very sound indeed and I have no quarrel with it. He conjured up a picture as if there are the sugarcane crops standing which will be burnt up and so on and so forth. Surely, it does not happen and it is not my plan or my Government's plan that all this sugarcane should be destroyed.

PROF. M. B. LAL: They are burnt every year.

SHRI S. K. PATIL: Sometimes, Sir, even in the national agricultural economy of countries, perhaps wiser and surely more prosperous than we are, crops are burnt but I am not proposing anything of that kind. What I am proposing is this. Rather than the whole calamity should come on this sugar industry and units after units should be compelled to close resulting in millions of people being deprived of what they get from sugarcane, I must save the industry in time, that means, save the farmers in time and that is why this is being done. Surely, when I come to my friend, Shri Santhanam, I would tell him that this is not a permanent measure. I do not want it to be even a long

temporary measure but I shall explain what my plans would be. The question of burning sugarcane, etc. would not arise. Mr. Mukut Bihari Lal talked of a planned economy and because it is a planned economy, this has got to be done. If I had left it—supposing Government did not interfere—thirtyfive million tons of sugarcane would be produced and many many units, nearly two-thirds of the number of units, would close and this would be really worse than even allowing the standing sugarcane crop to go dry or be burnt up. Therefore there is no point in suggesting that because we have introduced this measure a lot of harm is going to come. Now I would in pure simple arithmetic explain it. When crystal sugar taking the percentage as it is has gone from 27 per cent as between gur and other elements of sugar to 40 per cent, there is a margin, a cushion of about 12 per cent which has been absorbed during the last two years. Even assuming it goes back to gur, that will really simplify 90 per cent of your problem. I do not envisage that ultimate problem. I do not envisage that ultimately any problem will remain. Then what am I asking? At the most we are asking that 10 per cent of the production should be less. That means that 90 per cent of the sugarcane will get the price that it has got and will continue to get it. Even for that ten per cent not that it will not get but it will get a little less because it will have to be diverted from crystal sugar to gur. Therefore if you take the total, any mathematician will tell you that the loss which ultimately will ensue will only be of the order of two or three per cent.

PROF. M. B. LAL: There is no khandsari in Eastern U.P. and Bihar.

SHRI S. K. PATIL: Maybe; I understand that. I would tell my friend that he may come from the sugar district but I know quite a lot about sugar, how it is spread, how it has grown. There may be cases in Eastern U.P. and Bihar where the crystal

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sugar proportion is very much, about 50 to 60 per cent and the proportion of gur is comparatively low as compared to the Western U.P. and some of the districts in Southern India but there the problem is a separate one and it has got to be tackled separately. There is really no rule of law which has got to be applied about this 10 per cent. I made the position abundantly clear in the beginning of my speech that ultimately there will have to be lots of exceptions that will have to be made as a result of which the total shortfall would be only 4 per cent and not even 10 per cent. If my hon. friend Mr. Santhanam had been here when I made the first speech, he could have even then seen that those units, that have come into existence this year or last year, that have not reached up to their full capacity, would be exempted. There will be no 10 per cent trouble so far as those units are concerned. Therefore let us not have more alarm than what is really necessary in this business. There is no room for anxiety at all, no cause for any alarm anywhere in this country about this matter.

SHRI K. SANTHANAM: In this connection does clause 3(2) permit the Government to prescribe different quotas to different mills?

SHRI S. K. PATIL: I shall answer that when I come to him, Sir. My friend, Mr. Shervani has really by his speech—he knows about it, he is connected with a mill and he is connected with sugar production—made my task very light. In it he suggested, as indeed several other Members also suggested—my hon. friend behind me, Mr. Avinashilingam Chettiar, also said that—that no new licences should be given and there should be reduction of the excise duty. These are the two steps which are very important. I would say that it appears, as we look at the problem superficially, that while there is a glut of sugar there is no necessity for giving any new licences. I can assure my friends that we are withholding licences; we are doing

everything possible to see that while there is glut the licencees do not operate. But some of the licencees have gone half-way, 80 per cent, 90 per cent. Money has been spent and the unit has come into existence and now we cannot stop it. We must be practical also in such cases. Also there must be, if not big, at least two per cent renewals because some of the old units go out of existence because they are not economic. Therefore our general policy is that we shall go very very slow in this to the point almost of denial of new licences so long as the situation does not come under control. That is about new licences.

So far as reduction of excise duty is concerned, it is right that out of the price that the consumer pays per maund somewhere about Rs. 10-70 nP. is the excise duty of the Government of India and Rs. 2 goes towards the purchase tax of the States. It comes to Rs. 12-75 nP. Therefore you can see that quite a lot of it, nearly 30 per cent or more is the duty but after all it is coming to the Government. If you reduce the duty on this, then some other duty will have to be found in order to balance the budget. But if I go and say just now, or even if any Member suggests that the duty should be reduced, the immediate effect of it would be that the process of liberalisation that I have started gets arrested because if the wholesalers and other traders know that the duty is likely to be reduced, what little they were buying, they will stop buying. Therefore, please do not make me say things which ultimately are not in your interest and are not in the interests of the trade or of the farmer. Because there was a discussion in the Lok Sabha and somebody suggested if more money comes because of more consumption that will amend for the loss if we did that, the very suggestion of it had a deterrent effect on what little sugar was going. Therefore, if at any time it has got to be done, surely it is impossible for me to give a lot of notice to anybody but that is one step that could always be considered. If it is possible to do so,

it could be done but surely I am not intending to do anything in the near future or in any future that I could be sure about now.

Then my hon. friend, Mr. Bhupesh Gupta, feels that whenever the United States come in, there must be something very bad. It is the *bete noire* of my hon. friend. Where is Cuba? Where is the United States? Where are we? Where is my hon. friend, Mr. Bhupesh Gupta? My friend will be surprised when I tell him that there is no politics in this business. I am not selling sugar to the United States because it is a great nation or it is a big nation. I have no illusions about it. That may be really a big nation but for me the big nation is that which gives me more price for my sugar. If today Russia is ready to pay a higher price than what the United States pay for my sugar, I can promise my hon. friend, Mr. Bhupesh Gupta, that I shall be only too willing to sell it to Russia or China or to any country in the world.

SHRI BHUPESH GUPTA: But I want it at a cheaper price from you.

SHRI S. K. PATIL: Because the hon. Member referred to his pilgrimages to the Soviet Union very often, what he saw there, what he heard there, how the lump of sugar was lying on the table in front of him; how his mouth must have really watered, I do not know. All these things are very good. They presented to me also a huge lump of sugar; that I have brought with me. It used to be the fashion in Russia before; because there was no sugar; there used to be a lump kept on the table and everybody used to come and lick that lump so that there could be a feeling of having taken sugar. We do not produce lumps; if it is necessary we can also produce them. What I am saying is, there is no politics involved in this business. Now, Cuba was supplying nothing less than 3 million tons of sugar to the United States when the consumption of sugar in the United States was only 8 million tons.

Two or three years back the consumption of the United States was 8 million tons of sugar out of which Cuba was supplying 3 million tons. Now the consumption of the United States has gone up to 10 million tons and all that United States has bought from us is not 3 million tons but only 225,000 tons. Now the annual increase in consumption in the United States, as in every country, as in our country, is somewhere about 125,000 tons and even a couple of years' increase would cover up this 225,000 tons. Therefore we have not crossed Cuba. He was talking of Russia and China but he did not mention one thing. This year China bought even more.

SHRI BHUPESH GUPTA: Not more.

SHRI S. K. PATIL: But that is political buying. That is my misfortune. They bought more but my hon. friend must know what they did with that sugar. That sugar was burnt. Immediately this was put on the free market at prices much lower than the world price. That really depresses the international price of sugar. Rather than condemning the action of people who work for the misery of millions of people by doing something for political reasons he has pointed out that case. They did not even unload it on the land. They said that the sugar is afloat on the sea and whosoever wants it could have it at that price. I am not doing it. My worry is not as to what anybody thinks. My worry is that if I can get a favourable market anywhere in the world, I must seek that market so that I may have that market. America happens to be a market of that description because as against the price of Rs. 350 to Rs. 400 which is the international price I get about Rs. 560 from America, 40 per cent or 50 per cent more than the international price. That is why the American market.

Then, he said that you know this. They stabbed us in the back. They

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gave us the sugar quota and they withdrew the quota. Now, it is implicit, as you know, in any free economy when the prices slump or go down or become soft as they call it in the United States, the only thing that can be done in a free economy is to withdraw a certain portion so that the prices that have gone soft again become hard and the price is stabilised. Because prices slumped in the United States of America, we lost Rs. 2 crores. All the prices on sugar are quoted in the New York market. Therefore, they withdrew the quota from us. They withdrew 100,000 tons not only from us but from other countries also. The sugar was not shipped. It did not cause us any inconvenience. And they said: "Ship it after a little time, so that it reaches on the 1st January or thereafter, so that it can be adjusted against next year's quota." So, by the mere act of withdrawing from circulation in a free economy a certain amount of sugar, the slumping action on the market is removed and the prices go high up. And when they go high up not only their farmers are protected, but incidentally we are also protected, because of the price at which we buy the sugar which is exported. We have to buy it at a higher price and give them at a low price. We lost Rs. 2 crores which not the Government but the industry paid. I say these things again and again because it is trotted out as if they have done something very serious and it was a unilateral action. It was bound to be unilateral. There is nothing in the agreement. That country always reserves the right when it makes its own agreement. There are twenty countries. They say, so much quota, subject to the exigencies of the situation, namely, if the market possibly goes up, etc., they will have more sugar from us or from anybody in order that the market will go down. If the prices go down, they withdraw from circulation. That is the normal phenomenon in any free area where all these transactions take place. There is nothing to it more than that. Therefore, all that talk about it that

we did some harm to anybody is really wrong. If it were so, I would have surely admitted it to my friend, Mr. Bhupesh Gupta. Even in the national interest I might do something wrong to somebody, but even that is not intended in this particular transaction. America is buying from twenty countries. We are one of the twenty countries from which they buy. There is nothing wrong. I wish they bought more so that our loss would be really the minimum.

Then, my friend, Mr. Channa Reddy, has raised a very interesting problem, that is, what has happened to sugar today may happen to any agricultural commodity hereafter. Now, that is not the point. The Minister of Food and Agriculture has been saying it for the last two years in every House whenever he gets an opportunity to say it. Agricultural commodities, when they come to the international market, whether it is wheat, whether it is rice, whether it is sugar or anything, anywhere in the world, get certainly a price lower than the price they pay to their farmers. It is not a phenomenon that is peculiar to India alone. Supposing tomorrow instead of ten million tons of wheat we happen to grow eleven million tons, one million tons in excess, and we have to go and sell it in the international market. The price for that wheat will be 25 per cent less than the price that we are paying to our farmers. It is a phenomenon with which we have got to live all our lifetime. Not only we have got to live, but the rest of the humanity is also living. Therefore, the price support, floor prices, subsidies, etc. are all phenomena of an agricultural economy everywhere. In order to stabilise agricultural prices, they take something out of their earnings from farmers and others. Did I not tell once that even a country like Great Britain where the agriculturists produce only half of what they need, even there quite a large sum of money, several crores of rupees, is given in order to stabilise even the

prices of the fifty per cent agricultural commodities that they produce in that country? This is a kind of phenomenon which we have to bear in mind when we think of an agricultural economy as a whole.

Then, the question was raised that if I wanted to have this Bill, why I did not start with regulating land. It appears very obvious. It is a good question. Surely if it was possible for me, if there was any law as if by a magic wand I could regulate land, I would have done it under several crops. I would have cut down ten per cent of production. This is a very bad way of doing things. I understand it. But my hon. friend will bear with me that this is something that cannot be immediately done. What I am proposing to do is this. There ought to be power with the State Government, not with us because agriculture is a State subject. They must have sufficient powers in their hands so that they can regulate the cash crops, the food crops and the whole land as such, even forests including. They will have the right to say that according to a particular standard, which will be tested, of land, so much percentage will be this, that and so on, so much will be fallow, and it should be rigidly followed. Unless that is done, as it is done in many countries, progressive countries like the United States or even the U.S.S.R. or West Germany, surely agricultural economy would be never effectively controlled. We have not got such a machinery. Such a machinery has got to be produced. It is not merely the Bill. Perhaps at least for one or two years some high ranking, high power commission competent fully to go into this question should be there and they must say what is best and advise the Government. This is the only way in which land has got to be controlled and regulated. When that is done, such a Bill as this is useless. I can quite understand it. But because I have not that power, I want to create a disincentive so far as the additional acreage that goes under sugarcane is concerned, and the only disincentive

that I could think of is by regulating it at that end. I know that it is a poor remedy, but it is the only remedy. It is intended when the sowing season comes again that more land should not go under sugarcane cultivation. In fact, some land which is already under sugarcane should go back to some other cultivation.

May I say in the end that when so much sympathy is being shown to the cane-growers, if you go into the statistics, you will find that their family income is ordinarily double that of any other crop grower and, therefore, the cane-grower is a privileged farmer? Why is it then, in spite of all these difficulties, the man goes to sugarcane cultivation everywhere in the world, ignoring all the other big crops, whether cash crops or grain crops? It is really because it is in sugarcane that the man gets more money. Therefore, even when the sugarcane is diverted to gur, there is a tendency still to grow sugarcane and not any other crop because the farmer gets more money. He is, entitled to get it. I have no quarrel with the farmer. I want to protect him. I want to protect him in a wise manner. I cannot say to him, you go on increasing your acreage. And, Mr. Deputy Chairman, where did this increase of one million acreage come from? That acreage came from coffee. That acreage came from coarse foodgrains and from wheat and rice a little bit. And if I allow it to go on in this fashion, possibly there will be no wheat and no rice in this country. We shall be buried only in sugar and pickled also in it. Therefore, this is intended as a kind of disincentive to him—provide sufficient incentive in a limited capacity. If you go beyond so much you stand exposed to the risk. Therefore, you must not do it. I shall take the earliest opportunity. I assure my hon. friend, Shri Santhanam, to see that everything is done so that there will be no need for such a thing.

Then, again, I am liberalising all the sales and distribution of sugar. My

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friend, Shri Santhanam, was right that compared with the rest of the world we eat less sugar. But then statistics are also rather deceptive. All statistics are, and particularly sugar statistics are, because they only talk of crystal sugar. Crystal sugar is not the only thing that has got vitamins and other properties. Even *gur* has got them in a larger measure. Even *khandsari* has got them. Those statistics have not yet been worked out. Even there, there is a lot of leeway. We can still go on absorbing more sugar. But there is a limit to it. I must not create artificial demands at once. Therefore, I have liberalised it. What remains is only one restriction, that is, the monthly releases. That I hold on. Why have I kept it? If I remove that also out of my hand, there will be such a slump in the sugar market. I am quite sure that there will be a drop in prices, say, by Rs. 2, Rs. 4 or Rs. 5. As a result most of the mills will be closed and the farmers will be affected. I want to protect the interests of the farmers. They will have to be protected; many of the farmers will have to starve because sugarcane prices will go down. They will sell it at a distress price and at a price which is not remunerative in any sense. That is exactly why it is done. During the last two months when this process of liberalisation was started as much as 60,000 to 70,000 tons of sugar has already gone, it is slowly moving, that is, more than it used to go. Although we were releasing 2 lakh tons every month, that means 24 lakh tons every year, we have never reached a higher figure because of the obstacles everywhere. I have removed those obstacles, and therefore more sugar is going. If luckily internal consumption grows by 2 lakhs or 3 lakhs or 4 lakhs, then there would be no need for anything. This will be an enabling measure that I am keeping in hand so that the situation should not go out of control. But I wish and pray that it should happen that more and more sugar should go. When it goes, I will feel

sure that the stocks are not going to multiply. If the situation is handled well, if the State Bank of India is willing to give the loans, etc., if the storage capacity is ample and if there is no harm to be done to the industry, then surely we shall be liberal. I am only trying to do it in order that the farmer should be protected, and I assure the House that nothing which will harm the farmer would be the intention either of the Minister or of the Government, I would be a very bad Minister indeed if merely in order to save the Government I harm the farmer. Seventy per cent of the people of this country are farmers. By harming that seventy per cent I do not know whose national interest I am going to secure. Therefore, if this promise is enough in order to get over the situation where the House should co-operate with me, I am sure that in a short time, even shorter than they expect, we shall be in a position to tide over these difficulties and we shall stabilise and normalise the sugar position.

With these words, Sir, I commend this Bill for the acceptance of the House.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill to provide for the regulation of production of sugar in the interests of the general public and for the levy and collection of a special excise duty on sugar produced by a factory in excess of the quota fixed for the purpose, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

MR. DEPUTY CHAIRMAN: We shall now take up the clause by clause consideration of the Bill.

Clauses 2 to 8 were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the

SHRI S. K. PATIL: Sir, I move:

"That the Bill be passed."

The question was proposed.

SHRI J. S. BISHT: Will the hon. Minister kindly give some clarification on the point that I raised?

SHRI S. K. PATIL: I may tell the hon. Member that such a situation has not arisen because according to the plan that I envisage, there is not the distant possibility of co-operative societies losing anything. If that situation arises, I will protect them.

PROF. M. B. LAL: Mr. Deputy Chairman, I have spent my whole life both as a student and as a teacher, and as a student I am still prepared to study facts which are not yet known to me. When I spoke on the Bill, I never intended to imply that my knowledge of sugarcane or the sugar industry is greater than that of the Food Minister. My only complaint was that while the Food Minister knows everything, he has not taken everything into consideration when he proposed this Bill. My primary objection was, and still continues to be after his speech, that the Bill fails to achieve the objective which it intends to achieve. My second objection to it was that the Bill is ill-timed. Now he wishes to give a warning to the cultivators that they must not increase the acreage under sugarcane cultivation. There may be reason for that. It is just possible that it may not be possible for us to consume sugar which we may be able to produce if the acreage is increased, but I do maintain that this is not the time to give that warning. That warning should have been given before cane was grown or before cane is going to be grown in future. In the midst of the crushing season to give this warning to the peasants means that you are penalising the peasants for deeds for which you yourself are responsible, because your Government gave special concessions in excise duties and encouraged the cane

growers to grow more cane than they were doing before.

Sir, I know that there are certain countries in the world which instead of disposing of their surplus of wheat for the good of humanity burnt the wheat with a view to keeping up the world price of wheat. But the world condemned them for their action, and I am glad that under the pressure of world opinion they are tending to change their attitude in this respect. I am perfectly sure that the world is bound to condemn us if instead of crushing the entire sugarcane, we allow the sugarcane to get dry or to get burnt and not convert that cane into sugar to be used by millions of our children who are so far deprived of the use of sugar for reasons of poverty. Sir, the Food Minister says that sugarcane is not burnt and sugarcane does not get dry. Here I beg to submit that he is ill-informed by his own Secretariat. In various States, specially in Uttar Pradesh and Bihar, every year practically a large amount of sugarcane gets dry and has to be burnt by the cultivators specially when the harvest is good. That cannot be denied. I would request the Food Minister to consult his Secretariat again and make an adequate enquiry into the matter, and he will then come to this conclusion.

As far as khandsari is concerned, let us have one definite policy about it, whether we wish to have khandsari in this country or we do not wish to have khandsari in this country. If we think that khandsari is a good small-scale industry, let us encourage khandsari. Let us try to find out how through the khandsari method the yield of sugar from the sugarcane can be increased so that khandsari may be a profitable business. If we feel that khandsari business is a loss to the nation, let us say so. Let us not say this year that khandsari is to be discouraged because sugarcane is not produced in sufficient quantities for the sugar mills, the next year that khandsari is to be encouraged because sugarcane production has increased in

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excess of the capacity of the sugar mills, and in the third year that we will again decide that is to be done with the khandsari thing. Again, I beg to submit with the little knowledge that I have of the sugar industry that in a western U.P. there are certain arrangements for khandsari things and they are languishing because of our past deeds. There
4 P.M. are no such arrangements in Bihar, there are no such arrangements in eastern U.P. and if this 10 per cent. cut is imposed on all parts of India more or less uniformly, perhaps the cultivators of western U.P. may be in a position to get their cane crushed by the khandsari process and the cultivators of eastern U.P. and the cultivators of Bihar are bound to suffer. And I feel, Sir, that the suggestion of our friend, Shri Santhanam, deserves careful attention. We are in need of food and here is a food which can be produced and the production of which we intend to restrict. Is it not possible for us to so rationalise the prices of sugar that it may be possible for us to increase its consumption in this country and thereby increase the production of sugar also in this country? If our industry is not able to stand the excise duty which we have imposed on sugar, that excise duty will have to be reduced and some other way will have to be found out to finance our development schemes.

In the end I would request the Food Minister to realise the necessity of rationalisation of the sugar industry. If he studies the problem—I am sure he has studied the problem—he will come to the conclusion that considerable rationalisation of the sugar industry is needed. And, of course, the Government has proceeded on the line of co-operatisation of the sugar industry. But I think that, when the Government claims to stand for socialism and regards co-operation as an essential feature of socialism, it should not mind going ahead towards the co-operatisation of the sugar industry.

MR. DEPUTY CHAIRMAN: Mr. Patil, any reply?

SHRI S. K. PATIL: No, I have nothing to reply.

MR. DEPUTY CHAIRMAN: The question is:

“That the Bill be passed.”

The motion was adopted.

THE APPROPRIATION (RAILWAYS) NO. 4 BILL, 1961

THE DEPUTY MINISTER OF RAILWAYS (SHRI SHAH NAWAZ KHAN): Mr. Deputy Chairman, Sir, I move.

“That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the service of the financial year 1961-62 for the purpose of Railways, as passed by the Lok Sabha, be taken into consideration.”

Sir, the total amount of Supplementary Demands aggregate to Rs. 8.3 crores under these Demands which have been placed before the House. These Supplementary Demands are as against a Budget grant in 1961-62 of Rs. 892.78 crores, that is, the total of Revenue and Works Grants, and are only 0.93 per cent. of the total sanctioned grants. Therefore, although the amount seems rather large, it is only a very small percentage of the total grants that were asked for by the Railways.

Sir, before I proceed any further, I would like to speak particularly about Demand No. 15 and Demand No. 16. The amounts are Rs. 3 lakhs under Demand No. 15 and Rs. 1 lakh under Demand No. 16. These Supplementary Demands are not to secure additional funds but are only in the nature of token Demands to bring specifically to the notice of the Lok Sabha and the Rajya Sabha certain new lines and