

THE REVISION APPLICATIONS (PROCEDURE) RULES, 1961

THE MINISTER OF WORKS, HOUSING AND SUPPLY (DR. B. GOPALA REDDI): Sir, I beg to lay on the Table, under sub-section (2) of section 28A of the Indian Boilers Act, 1923, a copy of the Ministry of Works, Housing and Supply Notification G.S.R. No. 1171, dated the 16th September, 1961, publishing the Revision Applications (Procedure) Rules, 1961. [Placed in Library. See No. LT-3381/61]

THE DELHI SHOPS AND ESTABLISHMENTS (AMENDMENT) RULES, 1961

THE DEPUTY MINISTER OF LABOUR (SHRI ABID ALI): Sir, I beg to lay on the Table, under sub-section (3) of section 47 of the Delhi Shops and Establishments Act, 1954, a copy of Notification No. F.20(6)/61-Lab. (i), dated the 6th September, 1961, publishing the Delhi Shops and Establishments (Amendment) Rules, 1961, issued by the Delhi Administration. [Placed in Library. See No. LT-3419/61]

RESOLUTION *re* SETTING UP A COMMISSION TO STUDY THE QUESTION OF BONUS TO WORKERS IN INDUSTRIAL EMPLOYMENT

SHRI ABID ALI: Sir, I beg to lay on the Table, a copy of the Ministry of Labour and Employment Resolution No. WB-29(9)/61, dated the 6th December, 1961, setting up a Commission to study the question of bonus to workers in industrial employment. [Placed in Library. See No. LT-3416/61.]

RECOMMENDATIONS MADE BY CENTRAL WAGE BOARD FOR TEA PLANTATION INDUSTRY, CALCUTTA, *re* INTERIM RELIEF IN RESPECT OF SOUTH INDIA

SHRI ABID ALI: Sir, I beg to lay on the Table a statement containing the recommendations made by the Central Wage Board for Tea Plantation Industry, Calcutta, regarding in-

terim relief in respect of South India. [Placed in Library. See No. LT-3417/61.]

ALLOTMENT OF TIME FOR CONSIDERATION OF THE APPROPRIATION (RAILWAYS) NO. 4 BILL, 1961 AND THE APPROPRIATION (No. 5) BILL, 1961.

MR. DEPUTY CHAIRMAN: I have to inform Members that under rule 162(2) of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I have allotted for the completion of all stages involved in the consideration and return by the Rajya Sabha of—

- (1) The Appropriation (Railways) No. 4 Bill, 1961—45 minutes.
- (2) The Appropriation (No. 5) Bill, 1961—30 minutes.

REFERENCE TO NOTICE OF MOTION FOR DISCUSSION ON GOA

SHRI BHUPESH GUPTA (West Bengal): Sir, I want to make one submission. Today on this morning's radio we have got news that there is more pressure in Goa, pressure between unequals, the Portuguese having launched on it. Today is Thursday and tomorrow being Friday we have non-official business. Will you kindly tell us whether we are going to have any discussion at all on the Resolution that we have given notice of, all of us? We would like to discuss it separately and apart from the Resolution on Foreign Affairs. This is a very legitimate demand that we are making.

THE SUGAR (REGULATION OF PRODUCTION) BILL, 1961

THE MINISTER OF FOOD AND AGRICULTURE (SHRI S. K. PATIL): Sir, I beg to move:

"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."

If you will permit me, Sir, I will make a few observations pleading for the passing of this Bill. The House knows very well the sugar position which is developing from day to day. There was a time, Sir, three or four years back, when this country did not get sufficient quantity of sugar, as a result of which some five years back we had to import into this country not less than 14 lakh tons of sugar involving an expenditure of somewhere about Rs. 50 crores. The situation became very acute two years back and, therefore, we had to devise some means, because on a product like sugar which this country can grow, if you go on spending our foreign exchange, it would be good for our agricultural economy. That is why we took up certain decisions to give some incentives both to the farmers and to those who process the sugar, namely, the Indian Sugar Mills Association. As a result of these incentives, I was expecting to get one-fourth million tons of sugar more. But as it really proved, the results were even more satisfactory than I had expected and instead of 2½ lakh tons of sugar, we had about 6 lakh tons of sugar a year ago and thereby our stocks went on increasing. In a hurry to get advantage of these incentives, the farmers—and we naturally expected that they would do so—instead of increasing the per acre yield of sugar, also went on expanding the acreage under sugarcane with the result that in the first year as much as 6 lakh acres were brought under the cultivation of sugarcane and in the second year it went on increasing and ultimately we have got now something like one million acres—may be a little less than one million acres—under sugarcane. The result is that our stocks went on accumulating and the position today is

that we have got somewhere about a little under 12 lakh tons of sugar in stock. Sugar, as you know, is not an easily saleable commodity for the simple reason that there is abundance of sugar everywhere in the world. That is one reason. Another reason is that the cost at which we produce sugar in this country is much more than the cost at which internationally it sells. It will be interesting to know that no sugar-producing country anywhere in the world sells in the foreign market sugar at a price which is not really much lower than the price at which it is internally sold. This is not only true of India, but it is true of every other country. Also there is not much of an international market for sugar because under the various agreements, The International Sugar Agreement, the Commonwealth Agreement, etc. most of the sugar producing countries have become parties to those agreements.

What really comes in the international market is very negligible indeed and therefore the price of it is very low. Now the situation has become very complicated in this country; there being no foreign market worth the name and the sugar stocks having increased to such an enormous extent—to somewhere about 12 lakh tons—we have to see whether these incentives should continue and what could be done in future. As it is, nearly Rs. 94 crores of the State Bank, such a large sum is really locked, because the mills cannot purchase the sugar and stock it all the time and they want money for making payments. And if this process goes on, and also the process of increasing and widening the acreage for sugarcane cultivation goes on, possibly a time might come when there may be an entire collapse of the sugar economy in this country. There is no law in this country by which you can regulate the process, as some other countries do. There are the various crops, the food crops, the cash crops, and other crops. If there were such a law, it could have been applied to regulate the acreage of a particular cash crop which is in abundance and for which there is no market and

[Shri S. K. Patil.]

which might create a situation in the country which will hit the farmers themselves very hard, and therefore we have tried to do something pretty quick because, if we allowed all the sugar that is there, the sugarcane that is there in the fields to be crushed for crystal sugar only, then possibly our stocks would have increased from 12 lakh tons to perhaps 2 million tons making it impossible for the money to roll and also making it more impossible for us to find any foreign market in the near future. Sugar is a perishable commodity, just as perishable as the wheat or the rice, and therefore you cannot store it for any length of time; you can store it for a year or two, but knowing fully well that there is no possibility of selling it in the market outside we have got to restrict the production of sugar in a manner that would cause perhaps at little inconvenience to the farmer as possibly we can arrange it. That is why an Ordinance was promulgated, which is now sought to be enacted by this particular measure that I have brought before the House. And what is sought to be done is this. In the first year, when we had these incentives, what really happened was that in that year there was no crushing because the sugarcane was already sown and therefore there was the diversion from Gur and Khandsari to crystal sugar, diversion on a very large scale. As it is, Members will be interested to know, so far as the sugar in this country is concerned, that incidentally we are the largest producer of sugar in the whole world. If all the sugarcane that India produced was really reduced to crystal sugar, we shall be producing somewhere about 10 million tons of sugar. No country in the wide world produces sugar as much as we do, and therefore you could see that sugar cannot go on multiplying, or the acreage cannot go on increasing except to the detriment of the farmers concerned, whose number is somewhere about 5 million people, and therefore, what we are trying to do

with this diversion, which was of a very high order, is this. Generally, the proportion between crystal sugar and the other forms of sweetening elements, namely Gur and Khandsari, is that 27 to 30 per cent. used to be crystal sugar, and the rest of it Gur and Khandsari, or the seedlings or the sugarcane that we use for chewing, etc., which is also somewhere between 10 and 15 per cent. Roughly I would say that it was in the proportion of 1:2; if one part came to crystal sugar, two parts went to other sugar, namely, the molasses, or Gur or Khandsari. But when these incentives were given, naturally the expected diversion took place, and today the situation has come to such a pass that from 27 per cent, which was going to crystal sugar we have got about 40 per cent. going to crystal sugar, and if this increases, naturally very little will go to Gur and Khandsari, because there is more money in crystal sugar. But it cannot last, because money would be required, nearly Rs. 150 crores in place of Rs. 94 crores. Such a locking up of money is impossible, and apart from the locking up of money, as I have explained, foreign markets in an increasing form have become unavailing. We did everything in our power to see that new markets for our sugar were secured. The House knows it very well, because questions have been asked very often; we went to and we had the United States of America giving us an *ad hoc* quota of 2,25,000 tons of sugar of the value of nearly 25 million dollars, and we expect that this *ad hoc* quota may be turned into a permanent quota. It is for the first time that the United States became a buyer of Indian sugar. The temptation in having the United States as the buyer was that the United States pays about 50 to 60 per cent. more than other people for the simple reason that they do not want to bring about a slump in the prices of their internal sugar, and therefore it is higher, and it is good for us, because we get more money. So also we tried in some other countries.

But surely there is a limit to that, and we cannot go beyond 400,000 or 500,000 tons; at the most it might be half a million, or a little more, even with all our efforts, and therefore, unless we limit our production, surely the situation will become almost impossible, and the persons to be hit and hardest hit would be the farmers themselves because, when there is no money in the mills, even whatever has to be paid to the farmers will not be paid, and there would be trouble right from the very first moment. Therefore the effort is to stabilise the situation in the country to do which more sugar need not be produced. While doing so we have also got to see that the farmers are not hit—No. 1. And secondly, the crops that are already standing will, in some way or other, be disposed of. Either they go to Gur or to Khandsari or something else has got to be done about it. Enough care has been taken to see that that is done. So far as the coming seasons are concerned, the Bill will surely work as a deterrent, so that more acreage will not come under sugarcane cultivation, and whatever was the additional acreage that had already come into cultivation would go back. That is exactly what is intended. What is really necessary is that the per-acre-yield should increase so that the cost of production, to that extent, would be reduced, and that is why, Sir, this Bill became very necessary indeed. There have been many questions asked, and I have promised, and that is this. The attempt is not to punish everybody; this is not a punitive measure. This is a measure to see that the farmer is not put to difficulty. Although it appears under the rules that we want to have a 10 per cent. cut in production, ultimately it does not remain at 10 per cent. because there have been many exemptions that have been given. If a factory, for some reason or other, was not really able to produce to its capacity, then such a factory is exempted. New factories are exempted. Any smaller factory that produces less than 11,000 tons is

exempted. You should take these exemptions together; certain new factories were also there but were not functioning last year or the year before that; they are also exempted. Therefore, in practice, this cut comes to only 4 per cent. It is not very hard indeed and, as I said, unless we do that, there will arise trouble. The situation has become so alarming that we have got to choose between the two evils. If you do not do anything, the only chance is that the sugar will not sell anywhere in the market, and the dues that really must be paid to the farmers will not be paid. Many mills will go out of commission and possibly would stop, and there would be a kind of harm or injury done to the industry, which will take long long years for us to repair. The next best thing, although it appears to be a little harsh, is that we regulate ourselves, we restrict ourselves in such a manner that there is no harm done to the farmers. There was a suggestion that the prices that were given to sugarcane should be reduced. We had increased it from Rs. 1-7-0 to Rs. 1-10-0. Now we do not intend really decreasing that price or cut down that for the simple reason that if we were to do that the farmer would be hard hit, and therefore in this process we have protected the farmer. What is not protected is this. If the farmer goes on producing more and more bringing more acreage under sugarcane cultivation and thereby goes on bringing injury to the sugar industry, to that extent, of course, he is stopped, but barring that there is no harm that is intended to be done either to the farmer or to the mill. With this object in view this Bill has been introduced. It has been passed in the other House and I do plead that this House also should pass it.

The question was proposed.

PROF. M. B. LAL (Uttar Pradesh): I am sorry it will not be possible for us to extend our support to this Bill. We cannot do so partly because we feel that it will fail to achieve the objective which it is intended to

[Prof. M. B. Lall.]

achieve and secondly because it will cause a lot of hardship to the cultivators engaged in the production of sugarcane. Sir, the Bill is obviously intended to correlate production of sugar with internal and external requirements of sugar. We wish to see that our production of sugar does not exceed what can be sold by us in India and the foreign market. But I beg to submit, Sir, that this Bill, as it stands, will fail to promote that correlation between production and our market requirements. Firstly because under the Bill it will be possible for the factories to produce less than the requirements—planning does not mean that production should not exceed requirements; it also means that production is not less than the market requirements. And secondly, on the payment of a special excise duty, sugar may be produced in excess of the quota fixed for a factory. Thus, Sir, we are at the mercy of the millowners. They may choose to follow our directives and they may choose to pay an excess excise duty and produce more than we wish them to produce. As has just been pointed out by the Food Minister, while a ten per cent. cut in production is visualised the actual cut in production will not be more than 4 per cent. It means that under the Act it will be possible for the millowners to crush sugarcane produced in their farms on the payment of excess excise duty. Those that will be hit will be the poor cultivators who have no sugar factories of their own and the number of such people, as has been pointed out by the Food Minister, is considerably large. I again beg to submit, Sir, that the Bill is ill-timed. If the Government really wish to have such a measure, it should have introduced such a measure before sugarcane was actually sown. Now sugarcane has grown and what will happen to the excess production of sugarcane? Will that cane be burnt? I do not know if in this era of planning Government wishes to bring about correlation between production and sale through the burning of sugarcane.

When I say this, I am not saying something which does not happen and has not happened in India. If we carefully study what is happening in the sugar industry, we will notice that no proper provision has been made for the crushing of sugarcane in time and a large amount of sugarcane remains uncrushed and it is ultimately even to be burnt by the cultivators so that cane for the next year may be sown or some other crop may be sown. Nothing worse than that can happen even in an unplanned economy and we are talking of a planned economy today. Sir, we know very well that sugarcane is one of the main cash crops of ours and such a horrible condition is hardly justified. It is causing hardship not only to the sugarcane cultivators but is also causing considerable loss to our national economy and at a time when we are trying to develop our economy to produce more wealth we are burning every year a part of the wealth in the form of sugarcane. Our sugar policy has lacked consistency and its inconsistency has reduced our planning to a farce and has caused a lot of hardship to the cultivators and difficulties for the industry. Some time ago we discouraged khandsari production by the imposition of certain excise duties and by the imposition of certain restrictions on khandsari production and today we say that the production of sugar may be reduced but that production under khandsari may be increased. If we are correlating production with market, it matters very little so far as this question is concerned whether sugar is produced as khandsari or through the mills. I have not been able to understand the policy of the Government. Khandsari production has to be encouraged in a planned way if its production has to be encouraged at all. You cannot kill the production of khandsari in one year when you feel that there is not a sufficient quantity of sugarcane available for being crushed in the mills and encourage the production of khandsari when you feel that you have more sugarcane than can be crushed legitimately by

the sugar factories. This only shows the kind of interest we are taking in small-scale industries. We are reducing such industries to the position of subservience to large-scale industries which is hardly justified in any way. Sometimes we encourage the production of sugar and consequently encourage the production of sugarcane but this year, in the midst of the harvest we say that we want to discourage the crushing of sugarcane and thus cause embarrassment and hardship to the cultivators. Sometimes we fix quotas of sugar to be released for internal consumption and sometimes we withdraw that quota. All this is causing a lot of confusion. No attempt has so far been made to enquire as to why the cost of production could not be reduced through an increased production of sugarcane per acre. Our Food Minister says that he wishes to discourage increase in the acreage of sugarcane but he wishes to encourage the production of sugarcane, he wants to increase the yield per acre. I wish to know from the Food Minister as to what steps he has so far taken to see that the production of sugarcane per acre is increased. I feel that no research in that direction has been made. Sometime ago I studied the condition of two sugar factories of my own town and I came to the conclusion, from their statistics, that the crushing capacity of the sugar factories is being reduced year by year. No attempt has been made by the Government to promote increased production of sugarcane per acre and no attempt has been made by the factory owners to see that they maintain the crushing capacity to the full. Because of this, the sugar industry is in a very bad condition today. No attempt has also been made to see whether the cost of production could or could not be reduced through certain reduction in excise duty and through rationalisation of management and the profit of the industry. I have in my hand a Government of India publication giving certain economic information. From this I gather that the owners of sugar mills are more grabbing in

their demands than even the industrialists engaged in certain other industries. For example, we notice from these figures that in 1958 in the case of the sugar industry, profits, after payment of taxes, as percentage of net profits, were only 8.3 but dividends as percentage of paid-up capital were 13.6 and the total dividend of all the industries, in terms of percentage, was only 9. We also notice from this very booklet that many industries such as iron and steel, mineral oils, matches and paper, etc., distributed less dividends though their net profits were much higher. This state of affairs is regrettable especially when we see that the sugar factory owners have not paid crores and crores of rupees as excise duty dues to Government and have also kept arrears in respect of payment to the cultivators. The cultivators of India have a legitimate grievance. They are made to pay rent and revenue in time but the sugar factory-owners are not required to pay to them their prices in time. Consequently, in certain cases, they have to pay rent and revenue out of loans. Can this be justified in any way? The Food Minister talks of sugarcane prices. He does not take into consideration the excise duties and the profits. The dividend, in the case of the sugar industry, is the highest and the excise duty on sugar is also the highest. When I was telling about this to a friend of mine, he told me, "Alcohol is required to pay more excise than sugar is required to pay". I do not know whether Government wishes to correlate alcohol with sugar, that sugar should be as prohibitive as alcohol is required to be prohibitive or was required to be prohibitive by Mahatma Gandhi, the Father of the nation.

SHRI BHUPESH GUPTA (West Bengal: But is it prohibitive?

PROF. M. B. LAL: We wish it to be prohibitive. That is the background in which we must understand the problem. It is said that sometime ago the price of sugarcane was increased from Rs. 1/7/- to Rs. 1/10/- but we have

[Prof. M. B. Lal.]

forgotten, Sir, that there was a time when the price of sugarcane was Rs. 2/- per maund. While the price of cane has been reduced from Rs. 2/- to Rs. 1/7 and then increased to Rs. 1/10, under strong pressure from the cultivators, the profits earned by the industry have been going up considerably and the excise duties have also been considerably increased. The correlation between the price of sugarcane and the price of sugar that prevailed in 1951 does not prevail today. The sugarcane producers are not getting such share from the price of the sugar today as they used to have in 1951. I want the Food Minister to look into the matter and see that sugar industry is properly rationalised. I want him to come forward not with piecemeal legislation but with a comprehensive legislation for the reorganisation of this industry. He must see to the proper rationalisation of the management of the industry and if the sugar factory-owners fail to discharge their duties properly, it is our duty to see whether in such a situation we should not think in terms of reorganising the sugar industry as a co-operative venture.

STATEMENT RE THE ADMINISTRATIVE SET-UP OF THE UNION TERRITORIES OF HIMACHAL PRADESH, MANIPUR AND TRIPURA

THE MINISTER OF HOME AFFAIRS (SHRI LAL BAHADUR): Mr. Deputy Chairman, in accordance with the assurance given during the last Session of Parliament, I would like to make a statement in regard to making changes in the existing set-up of the Union Territories.

Before I proceed to apprise the House of the steps Government propose to take in this matter, I would briefly refer to the existing arrangements about the administration of these territories. As the House is aware, the States Reorganisation Commission made a detailed examination of the various aspects of the problems

of the former Part C States and came to the conclusion that these States provided no adequate recompense for all the constitutional, administrative and financial problems which they posed. The Commission accordingly suggested that to the extent practicable, the Part C States should be merged with the adjoining larger States. The Centrally administered areas recommended for immediate merger with the adjoining States included Himachal Pradesh and Tripura. In regard to Manipur also the Commission was definitely of the view that it could not maintain its separate existence for long and that the ultimate solution should be its merger with Assam.

As regards the appropriate set-up for such of the Centrally administered areas as might retain their separate existence, the Commission recommended that there need be no local legislatures for such territories and that Parliament should legislate for them in all matters. The Joint Select Committee on the Constitution (Ninth Amendment) Bill also recommended that Parliament should be the legislature for these territories. These recommendations form the basis of the present administrative set-up of the territories of Himachal Pradesh, Manipur and Tripura. We have now Advisory Committees for each of these territories which include Members of Parliament from the respective territories. In recognition of the fact that Parliament is the legislature for these territories increased representation has been given to the territories in both Houses of Parliament. Territorial Councils have also been set up for these territories and a number of important matters of local concern have been entrusted to them.

The purpose of the Central Government assuming the direct responsibility for the administration of these economically backward territories has been to ensure that the pace of their economic development is speeded up. The House is aware that under the existing arrangements, these territor-