

# THE APPROPRIATION (No. 4) BILL, 1961

THE DEPUTY MINISTER OF FINANCE (SHRI B. R. BHAGAT): Sir, I beg to move:

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

This Bill arises out of the Supplementary Demands of Rs. 14.43 crores voted by the Lok Sabha on the 30th August last and the expenditure of Rs. 11 lakhs charged on the Consolidated Fund of India, as detailed in the Supplementary Demands presented to the House on the 14th August, 1961. Detailed explanations in support of the demands have, as usual, been given in the foot-notes below the Supplementary Demands statements. I would, therefore, confine myself to a few introductory remarks on some of the major items for which additional provision is required.

A sum of Rs. 5.5 crores is required for payment to the Indian sugar industry for meeting the losses incurred on the export of sugar to the United States of America and Malaya. The House will, no doubt, welcome the fact that the export of sugar has been resumed. It has already been announced that India has been given a quota of 1.87 lakh long tons for export to the United States of America. In addition, there is a quota of 1.5 lakh tons subject to a cut of 17.5 per cent. for export under the International Sugar Agreement. The foreign exchange earnings from these exports are expected to be of the order of Rs. 12 crores. The international price of sugar is, however, lower than the internal price and since the sugar industry is in no position to bear the loss wholly, a major portion of it has to be borne by Government. It is difficult to estimate the loss precisely as there are several indeterminate factors in regard to the sugar prices

abroad, but the present indications are that it would be about Rs. 5.5 crores during the current year.

A sum of Rs. 4.58 crores is required for the purchase of shares of Oil India Ltd., which is engaged in the exploration and production of crude oil and its transportation from the oil fields to the public sector refineries to be set up at Nunmati and Barauni. The Government held one-third of the shares of the Company but it has now been agreed that the financial interests of Government in the Company should be increased to 50 per cent. The equity capital of the Company is also being increased to Rs. 28 crores to enable it to meet its commitments for the production and supply of the crude oil required by the refineries. A provision of Rs. 1.42 crores only was made in the original Budget for the purchase of additional shares of the Company, but in view of the agreement to increase Government interests as well as the equity capital, additional funds to the extent of Rs. 4.58 crores are required. As a result, the Government investments in the Company will increase to Rs. 14 crores.

A sum of Rs. 2.75 crores is required for the payment of subsidy on coal moved by the sea route from the coal producing areas to the coastal States in the South and West. This arrangement had to be resorted to in order to improve the position relating to the transport of coal by rail which had been subjected to considerable strain. The payment of subsidy has been necessitated by the fact that the transport by the sea route is costlier than the rail route while coal had to be made available to the consumers at the same price irrespective of the means adopted for transport. The additional expenditure will be met by levying an additional excise duty on all coal and coke despatched from the collieries. It is expected to yield Rs. 3.5 crores during the current year which will cover the additional expenditure on account of the subsidy. Two token sums of Rs. 1,000 each have

also been asked for, since the expenditure involved was in the nature of a new service. The first of these relates to the payment of compensation to the Governments of Gujarat and Punjab on the acquisition of the State Bank of Saurashtra and the Bank of Patiala respectively by the State Bank of India. These banks were fully owned by the concerned State Governments who were paid compensation by the State Bank of India under the State Bank of India (Subsidiary Banks) Act. This was based on the difference between the values of the assets and the liabilities of the banks concerned, but it was considered wholly inadequate by the two State Governments as it did not take into account the earning capacity of the banks or the actual profits which accrued to the State Governments in the past. After a careful consideration, it was decided to give on an *ad hoc* basis non-recurring assistance amounting to Rs. 1.34 crores to the Government of Gujarat and Rs. 22.8 lakhs to the Government of Punjab. This was worked out on the basis of the capitalised value of the average profit which accrued to the States in the three best years before their acquisition less the compensation paid by the State Bank.

The other token demand is on account of a payment of Rs. 2.63 crores to the Government of Kuwait as a result of the introduction in Kuwait of a new local currency with effect from 1st April, 1961, and the withdrawal of the Indian notes and coins circulating there. According to the agreement with the Government of Kuwait, the value of all Indian currency exchanged by the Government of Kuwait and returned to the Reserve Bank of India for transfer to the Government of India will be treated as a loan repayable in 11 annual instalments commencing from this year. On the basis of present expectations, the total liabilities of the Government of India repayable over a period of 11 years are estimated to be about Rs. 42.63 crores, including interest amounting to Rs. 8.43 crores.

The expenditure in respect of both the items mentioned earlier, namely, payment of *ad hoc* assistance to State Governments of Gujarat and Punjab and the payment to the Government of Kuwait will be met from savings within the respective Grants. A token sum of Rs. 1,000 only has been asked for, Sir, I move.

The question was proposed.

SHRI BHUPESH GUPTA (West Bengal): Sir, I would like to speak mainly on two demands, nos. 42 and 132. Let me start with no. 42 where a certain amount of money is sought in connection with the sugar deal with the U.S.A. As we all know, we are short of foreign exchange. Naturally, if the Government goes in for export promotion, we have no objection to it but in this particular case, it is not merely economics but also politics that come in. I say this because the background is worthy of attention of this House. I know that what I say will be sought to be distorted by the Government by making suggestions as if the whole thing was done merely to promote certain economic interests and for no other reason but the world has not taken it in that light. As you know, after the Cuban Revolution when Mr. Fidel Castro took over the Government of Cuba, after a gallant and heroic fight against the hated Batista regime, the U.S.A. took unkindly to the whole situation because their apple-cart had been upturned. One of the ways invoked to blackmail and pressurise the Cuban Republic is by stopping the import of sugar that they were buying from Cuba. About 3.5 million tons of sugar used to be exported from Cuba to the U.S.A. and the U.S.A. was biggest consumer. That way, of Cuban sugar. The economy of Cuba depended on it and the good relations between these two countries also depended on this trade relation. What they did was that they stopped the import with a view to starving Cuba and the Cuban people to surrender and it was debated in the Congress of the U.S. and the

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senate and in the public press—everywhere—and it was clearly made out that the steps that the President—Mr. Eisenhower at that time—took were with a view clearly to advancing the political aims of the American Administration, namely, suppression of the Cuban independence. Such was the back-ground. At that time what happened? The Soviet Union rushed in to buy Cuban sugar and I was in Moscow last year in November and I saw plenty of sugar there. The Soviet people told us that there was no need for them to import any sugar because they were producing enough sugar in their own country but since Cuban independence had been placed in difficulty and since it was a question, in a way of survival economically, to some extent, of the Cuban people—because much of their economy depended on the sugar trade and the sugar industry—the Soviet Union stepped in to buy sugar which actually they did not need. Their internal consumption was met by internal production. Therefore they said: “We encourage our people to take more sugar, to eat more sugar. After all it is to be consumed.” Such was the approach of the Soviet Union in this matter. Many other countries also felt that way that this method of economic and political blackmail was not to be permitted in a civilised system. The U.S.A. may or may not like a particular system of Government or a particular Government but they should not use this big stick to browbeat and subjugate the Cuban people. Such was the background. Therefore, sugar became the essence of international politics at that time. The American imperialists wanted to stop the imports in order to starve Cuba and the others who were in favour of Cuban independence, who welcomed the emergence and advent of the Government of Fidel Castro, were thinking of how to help Cuba in such a situation. Just at that time, approaches were made by the U.S.A. to very many countries, or probably to some countries the approaches were

not made, but then we saw the Minister for Food and Agriculture making speeches in the U.S.A. and entering into a deal with the American authorities. Was it necessary in that situation? Was it in accordance with our pursuits in international politics? Even assuming that you were doing it with all good motives on earth, but the objective conditions looked as if you were stepping into the situation with a view to helping the U.S.A. or shall we say, with a view to doing something like international bootlegging. When they wanted to starve Cuba like that, you come in and say: ‘Take my sugar’. If countries like India had not exported sugar but on the contrary, raised their voices that the U.S.A. should not stoop so low as to stop the import of sugar from Cuba but should import sugar from Cuba and continue that import, whatever views it may have with regard to this particular regime, probably the stature of our country would have gone up and it would have been certainly in consonance with the policies that we pursue in the world arena and most certainly, it would have helped in further strengthening our relations between India and Cuba, not that the relations are bad, but they would have been consolidated. It would have been in line with our traditions. We knew in the days of the British sometimes how we functioned and reacted in regard to matters like that. Suppose, for example, in answer to the policy of *apartheid* that South Africa is pursuing, certain countries declared sanctions and cut off trade and now if you find certain other countries supplying to South Africa that kind of thing, then certainly you would not like those countries. You would condemn such an action because you would like South Africa to be punished. It is a different kind of example but here then, if the U.S.A. had stopped importing Cuban sugar, it was not right at that moment to step in and say: ‘Buy Indian sugar’. Politically we have been misunderstood in this world. Western circles have un-

doubtedly been happy but people in Western countries have been sorry for it. They expected from a great country like India some other attitude in regard to this matter. Now you will ask: "Where to sell the sugar?" But then, it is possible to explore other markets. Am I to understand that the U.S.A. is the only market in the world for selling our sugar? No, There are other markets. In normal situations, I would not mind it. Sell to any country you like to your advantage but there the thing could not be judged apart from the political context of it.

[MR. DEPUTY CHAIRMAN in the chair.]

Therefore, the Government should have tried other markets for selling the Indian surplus sugar. The prices had to be raised and so on. I need not go into this. As you know, we are not faring very well with regard to the sugar trade. That again is a very bad thing. We did not like such a thing. Mind you, I am not here concerned with the other aspect of the matter. Even assuming that the Government intended to sell some sugar to earn some dollars, how would you have known the particular situation in which this deal took place? Whether we like it or not, in large sections of this world of humanity, this particular deal has not been appreciated; on the contrary, it has been viewed as something unbecoming a great country and nation like India. Here we have been asked to sanction money and probably the money will be sanctioned. But I launch my strong protest at the manner in which the Government set about this matter. The Government should at least have made a statement to say that we do not approve of the policy of the U.S.A. and the manner in which they stopped the importing of Cuban sugar. If the American people are in need of sugar, and they have to go without sugar, I can understand some kind of a gesture being made to export sugar to them. But in any case, we would not have liked it. Here, when other

countries were supporting Cuban independence by buying sugar from Cuba even when they did not need it, it was not our business to have stepped in to sell sugar to the U.S.A. instead of putting moral pressure and political pressure on them to buy Cuba sugar. It was wrong for the Government to have done so and I think our Minister of Food and Agriculture did not give a good account of himself when he was abroad, and whatever he said on this matter only added to the misunderstanding in the wide world in respect of this particular matter.

Next, I come to demand no. 132 where a sum of Rs. 4 crores or so will be required in order to raise the State's share or holding in the Oil India Ltd., from 33:33 per cent. to 50 per cent. We entirely support this move. You know when it came before us we were in favour of it and we strongly opposed the then policy of the Government which was somewhat in contravention of the true lines of the Industrial Policy Resolution, because initially the Government was allowing foreigners to hold 65½ per cent. of the total holdings. Today it is raised, I mean the Government's share is raised, to 50 per cent. and that is good. But the question arises here in this connection: Is this the way? Is this all? We are opposed to even 50 per cent. being left in the hands of the foreigners. Personally, if you ask me what I stand for, I would say that I want the whole of the Oil India to be in the State sector. For the technical know-how, we will pay. If we do not have the technical know-how, we have to pay some money, but we must develop this thing in a full-fledged State sector. What is the implication of the Government having 50 per cent. and the Burmah Shell and others 50 per cent? The result is that exploitation is taking place. The profits that will be earned will be shared. The profits will be more and we shall be getting, of course, our share of those profits and these will be bigger. When the volume of business is more, the

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profits will also be more and more profits will go to them also and all these benefits will also go to them. And mind you, it is wrong to look at it merely from the point of view of fifty-fifty. Fifty-fifty in our country means our labour, our resources and they are getting it all as if it is their country, it is their labour and it is their resources. That is how they are exploiting. This is the position. Now, I must tell the House how much the Burmah Shell Company seems to be ruling still. In the past in the days of the British I could understand it, because they came to rule the country, to loot the country and to plunder the country. But even today, the Burmah Shell Company, I was amazed to find, has assets in the world totalling up to Rs. 34,000 crores. That is three and a half times India's national income. That is the Burmah Shell's total assets. That was mentioned in a secret document which they circulated in protest against some of the debates and discussions which took place. And our Government has now allowed them to retain their hold. So even with regard to this 50 per cent. we are opposed, because we know what the results have been. Today, you know how they are trying to pressurise the Government. You cannot have expansion. There may be some expansion in the refining sector and elsewhere, but they are still controlling our distribution to a very great extent. They have almost monopolised the distribution in the country. The result is that we do not have our distribution. That is on account of this hold of the Burmah Shell. For want of distribution in the public sector we are not in a position even to implement the oil agreement with the Soviet Union. There was an oil agreement between India and the Soviet Union to supply a large quantity of oil to this country at reduced prices, compared to the prices quoted for the Persian Gulf Oil. This oil we have not been able to import on the ground—that was the reason given—

that we do not have the distribution mechanism in our hands, because that is in the hands of Burmah Shell. So this is the position. The country is losing several crores every year because of the non-implementation of this agreement between India and the Soviet Union which could have saved crores of rupees. We could have utilised it. Will the Government tell us what was the agreement of a few years ago and what quantity could have been imported by now? What quantity have they imported? Only a very small fraction of the quantity has been imported. The Soviet Union is ready to supply, but the Government of India is not taking it because they have no distribution mechanism, for all this mechanism is in the hands of the Burmah Shell Company and the other oil concerns. The oil policy of the Government, as far as it goes, we have supported and we welcome it. But we will not be satisfied with this 50 per cent. We would like the State to be the dominant sector here in oil. That is very very important. At the end of the Third Plan you will be faced with the problem of having to distribute nearly 12 to 14 million tons of oil. Part of it will be produced in our country, and part of it will again have to be imported from outside. Where is the machinery for distribution? So, today, on the threshold of the Third Plan, this machinery we find is extremely deficient. There are two ways of building up this apparatus or machinery for distribution. One is to start the nationalisation of the already existing apparatus. If you mean to build up your distribution machinery only through new installations and undertakings and so on, then by the end of the Third Plan, you will not have reached a stage when you will be in a position to cope with the required distribution. You will be facing that problem then and you will always be subjected to pressure from Burmah Shell and other oil companies.

Today we talk about the army; but your army cannot move anywhere

without Burmah Shell or Stanvac or others knowing where they are going, because all the pumps and installations are in their hands. They are not in the hands of the Government. They are with foreigners. Therefore, they know any movements of the army, because the stations and pumps are all in their hands. Their pumping stations will be knowing. Such is the position. The hon. Minister does not divulge that aspect of the matter. We discuss defence matters, but petrol is a vital thing and the distribution of petrol is very important. The distribution of petrol, all these stations are all in the hands of the foreigners. For this reason apart from the other factors that I have suggested. We should have the distribution in our hands.

Of course, we support this demand. It is good to have come up to 50 per cent. They were having only 30 per cent. or so. And now they have 50 per cent. They are just nibbling at it. When it was 33½ per cent. we objected to it and then they made out that it was really in the national interest and so on. But now they have themselves come forward and made it 50 per cent. Therefore, it is clearly demonstrated that at that time we were right and they were wrong. And this is a partial rectification of the mistake of the Government. We are thankful, but we are not satisfied with it. We would like to go further. Mr. Panikkar is not here. He was a Member here and he said whoever controls oil, controls the country. Maybe there was a little literary exaggeration in this matter, but if we look at the Middle East and other countries, we see how those who own the oil have become kings there. In our country, this is not going to happen. That is not what I am suggesting. But why should this vital industry be allowed to remain in other hands in this manner, I do not understand. Why such halting steps in this matter? I think we have had enough experience since we took that step and the whole thing now requires to be reconsidered in order

to establish proper State control and State ownership. I think, Sir, the oil policy of the Government needs very great vigilance because I read in some papers circulated by these companies—I came across this thing and I must inform you, Sir—and I think Burmah Shell it is, and they take exception to the speeches we made and they have also tried to argue why they think the speeches are wrong. They will not publish it but they have named some people also. In this way, they are carrying on political lobbying. This is a matter which has to be constantly before us. Only one more word, Sir, and then I finish.

I now come to demand no. 73. This is for promoting reforms of the administration of law and justice, development of law suitable to the economic, social, etc., objectives. It also seeks to promote the simplification of law. This Institute is important in a way in our legal system but are we satisfied with the work of this Institute? I am not blaming anybody but this Institute was entrusted with very heavy responsibility, to review the procedure and various other aspects of the legal system of our country. We sanction money year after year for it and we do assist it whenever it is called for but we are not satisfied with the manner in which this Institute is working. Many things have to be done to reform the legal system of our country. I think this Institute can play an important part and I think the Law Ministry should keep an eye on how this Institute and the committees under it are discharging their functions.

SHRI ROHIT M. DAVE (Gujarat)  
I would like to refer only to two items in the Bill before us. One is the item regarding money allocations for the export of sugar and the other is regarding money allocation with regard to the movement of coal and selling it at the same price all over the country.

Sir, as far as the export of sugar is concerned, we are really happy that

[Shri Rohit M. Dave.]

the country could enter into some agreement with the United States of America or any other Government as a matter of fact, with a view to sell part of our surplus stock of sugar and earn the much-needed foreign exchange. We hope that we may be able to sell some more sugar and at more favourable terms but we are not able to do that because of various conditions. At the same time, what has been done is something which should be welcome. It needs to be remembered that the Government of India has to bear considerable cost when this export of sugar takes place and this cost is borne by the exchequer, because we want foreign exchange and because we want sugar to be exported of which we have not a surplus over here. Is it not quite legitimate to ask the Government whether Government has done all it could in order to earn as much foreign exchange as possible under the circumstances? Sir, I am not referring either to the quantum of sugar to be exported or to the price because here we had to deal with another party with serious difficulty and they have done what they could but I am asking about the transport of sugar from this country to the United States. As the House is well aware, we are importing foodgrains from the United States to this country and the question has arisen as to what could be done in order to use our own ships in order to import the PL-480 grains from the United States to our country. As the House is aware, 50 per cent. of the foodstuffs which we are buying from the United States could be brought in our own bottoms but we are not able to do so because our shippers are not interested. They are not interested because the freight is not economical. The freight is not economical to them because in one direction they are to go under their own ballast. They have not got enough to take from India to the United States. We had an opportunity of moving sugar in our own bottoms from India to the United States. I

would like to know, because my information is to the contrary, whether arrangements have been made to see that sugar which is exported from this country to the United States is moved in our own bottoms so that when our ships go from India to the United States they are able to carry our sugar and when they return from the United States to this country they are able to bring the foodgrains with the result that they get freight in both directions. When they get freight in both directions, it may be economical for them to move both sugar and foodgrains in our bottoms. If that is not done, then obviously we will have to send sugar in U.S. bottoms and get foodgrains from there again in U.S. bottoms. We will have to pay the freight for sending sugar and to this extent foreign exchange will be involved. Before the tax payer is called upon to bear the burden of earning more foreign exchange, I think it is the duty of Government to see that as much of economy as possible in the earning of foreign exchange is made so that we are able to get maximum advantage in terms of foreign exchange from the deal that we make with the United States.

Then, Sir, there is the question of coal. Here again, it is a question of movement of coal by sea and because of that, the public exchequer has to bear the loss to a certain extent. We have read in the papers that movement of coal is not taking place at the rate at which it should take place. Here again the public exchequer is called upon to bear the burden in order that our industries may run, in order that we may be able to have thermal electricity which we want and in order that we may have our factories running all the year round. Now, Sir, if the public exchequer is called upon to bear this burden of price support for the movement of coal by sea and if the other Ministries are not able to make enough preparations to see that coal movement by sea is kept steady, the whole purpose of this cost being borne by the public

exchequer would be defeated. Here again, Sir, we know that the ships which are placed at the disposal of people for the movement of coal from Bengal/Bihar coalfields to the West Coast are not fully utilised for various reasons. One of the most important reasons is that there are not enough arrangements at the docks for loading coal on to ships. The result is that the ships are to remain for a long time berthed in various ports. Clearance is not as rapid as it should be with the result that the main purpose and the whole idea that one million tons of coal would have to be moved through sea is defeated. And if that is the actual practice whatever may be our plan on paper, then perhaps it would not be quite justified to burden the public exchequer with the extra cost that is involved. I would therefore suggest that once the public exchequer is called upon to pay, called upon to bear extra cost, whatever may be the reason, enough preparations ought to have been made, enough precautions ought to have been taken, so that we are able to take full advantage of every rupee which the public exchequer spends in order that our economy might develop in order that our foreign exchange problems might be solved and in order that we are able to move forward according to plan.

**THE MINISTER OF STEEL, MINES AND FUEL (SARDAR SWARAN SINGH):** Sir, I would like to say only a very few words. Shri Bhupesh Gupta said something about oil but most of it was not relevant to the point that is before the House at the moment. It is a welcome change that from 33  $\frac{1}{3}$  per cent share in Oil India we are stepping up the Government participation to the tune of 50 per cent. That obviously is a welcome change and we should be happy over it. Other considerations which he tried to import are certainly not relevant. It was particularly improper—I would say—on his part to have mentioned strategical considerations or considerations of defence. I do not know why he takes it that the

Defence are not in control of their own arrangements for storage or movement of oil or petroleum products. It is not for me to disclose all those arrangements but I would like to say that he has tried to oversimplify and, if I may say, tried to import considerations which are not relevant for the present discussion.

About movement of coal, I could not really follow the hon. Member when he said that the public exchequer was being burdened with an additional levy we should ensure that any amount that we spend produces results. In this case it is quite obvious that every penny that the public exchequer would be called upon to spend will be properly utilised because this will be in the form of subsidy to meet the additional cost of transport when coal is transported by sea. So there is no risk of any money being misspent. If I understood him correctly that was the burden of his speech. He said that ships in adequate numbers have not moved. I think the scheme started only about a couple of months ago and the tempo is likely to increase. The quantities involved are quite considerable and the shippers are very happy that they have got this assured cargo. The windfall, if I may say so, from the point of view of the shippers is quite real and I have every hope that they will utilise this opportunity of moving coal to the coastal States. If by any chance we are not moving the entire quantity that we propose to move, then to that extent the money would be saved. Whatever happens there is no question of misuse of any money from the point of view of public finances.

I would like to clarify one thing further. This subsidy to meet the additional cost of transport by sea is itself to come from a fund which has been created by imposing excise duty on all coal that is moved by rail. So in a way this is a help which consumers throughout the country are rendering to the coastal States whose



[Sardar Swaran Singh.]

requirements are to be met by movement by ships. So from whatever angle we examine it, it is a good scheme and let us hope that adequate quantities will be moved. I have no reason to believe that it will not be moved because the Transport Ministry are taking adequate steps to ensure that the requisite quantity is moved by sea.

THE MINISTER OF FOOD AND AGRICULTURE (SHRI S. K. PATIL):

Sir, I understand that on this Supplementary Demand my hon. friend opposite, Mr. Bhupesh Gupta, talked about sugar because a part of this demand—Rs. 5.5 crores—is the loss that we are suffering in exporting sugar. Now, it has been made abundantly clear by me in this House and in the other House that so far as sugar is concerned, not now but perhaps for all time in the future, we must be prepared, so far as exports are concerned, to understand the position that it has got to be subsidised. Of course, if it is more today, we may reduce it next year but it is a different matter. If anybody has a feeling that at any time we are going to be self-sufficient—this is not a question of being self-sufficient only—and we shall sell sugar at a price which is economic as compared to the price of production, he is very much wrong. That is not done anywhere in the world. Not only in this country but everywhere where this agricultural commodity is in abundance and when it is sold in the international market it is always sold at a price which is lower than the price at home, that means, the price of production. But that is not the point that was raised. I think the point that was raised was rather a political one, namely, because Cuban sugar could not be available to the United States of America, therefore, India, as it were, rushed to the rescue of the United States of America or the United States of America did something which was very special for India because of political reasons. If

that is the impression of my hon. friend, he is very much wrong. Possibly he does not know what he is talking about. So far as that position is concerned, the international sugar market, or for that matter the market of any commodity, does not make any distinction at all on political grounds as to where the article comes from or where it goes. Therefore, when we enter the international market, whether it is for wheat, whether it is for rice, whether it is for sugar, for any commodity—whether it is agricultural commodity or industrial commodity—we have got to just go, just as any other nation goes, without any reservation whatsoever. In this particular case we went to America not because we particularly wanted America because she had some quarrel with Cuba, but because America is the only market that really gives 50 to 60 percent. more than the international market price. Therefore it is the most economic and the most profitable market so far as India is concerned. We did not go there because there was Cuba in the picture. This House will realise that the quantity of sugar that America used to buy from Cuba was of the order of 3 million tons and what America has bought from us is 2.25 lakh tons. It is not even a quarter of a million; it is not even one-twelfth; less than one-twelfth of what America used to buy from Cuba. I did not want to go into the question of America and Cuba. For all that matter, really the Cuban sugar was American sugar; only the sugarcane was grown in Cuba. It is a different matter; we are not concerned with it. This country is the largest producer of sugar in the world. We produce 10 million tons of sugar. We do not call it sugar. We call it sugar only when it is fine sugar; the rest of it we call as *gur*, *khandsari* etc. If all the sugar-cane that is grown in this country is made into crystal sugar we could produce nothing less than 10 million tons of sugar which is the highest for any country in the world. And what do we sell out of these ten million tons? We sell only

half a million tons which is somewhere about 5 per cent. In a predominantly agricultural country like ours, wanting to be self-sufficient in everything, if out of the total quantity that we produce we cannot sell even 5 per cent. outside, I cannot understand the logic of it or the economics of it, of anything at all. Now, Sir, the question comes that when we sell this, we should incur as less a loss as we possibly can. Therefore, we look up and what do we see? We are members of the International Sugar Agreement, of which America is the leader. And there are twenty other countries. America is not the only one. We have sometimes favoured Commonwealth countries because we are one of the Commonwealth countries—although we have not entered into any agreement so far as Commonwealth countries are concerned, because the Commonwealth countries do not give us the same price as America gives. Now, for comparison I shall quote the figures. The cost of production of sugar in this country is near about Rs. 800 per ton, after all the excise and other duties have been taken away, because there is no excise duty if we export it. The price that we get in the international market is of the order of Rs. 300 or Rs. 325 per ton. You can understand what the difference is. When you go to America, America gives somewhere about Rs. 540 or Rs. 560. Therefore, it is a favourable market, not only to us but to twenty other countries. We are one of the competitors with the rest of the world. We are not the only country. So, also if you go to Commonwealth countries, they also give a little more, not Rs. 325, but maybe Rs. 375 or Rs. 400. They give somewhere about £35. Therefore, to us number one preference is the U.S.A. because of the price. We do not go in for any politics anywhere at all. Our second preference is the Commonwealth countries where we get somewhere about Rs. 400. Therefore, when we wanted to sell sugar, naturally we sold quite a lot of it to the Commonwealth countries and some of it in the international market

also. The price we got was only Rs. 300 or Rs. 325. Pakistan was prepared to buy from us at a price which was ridiculously low. It was only Rs. 300, and thank God ultimately they bought it. And from where did they buy it? They bought it from some of the countries that are very friendly and from the stand point of my hon. friend, Mr. Bhupesh Gupta, they bought it partly in order to oblige Cuba. They unloaded it on innocent markets, Pakistan being one of them. Therefore, I do not understand as to why politics should be imported into this discussion. We wanted that America should be our buyer not only for one year, but for all time. We have taken an amount of 3 billion dollars on loan from the United States of America, which we want to amortise, which we want to service. Therefore, my reading was that I should help the Finance Ministry in some way, because somebody has got to service that loan and amortise that loan. And if America becomes our buyer in a big way, it will help us. I want America to buy somewhere about 600,000 tons of sugar, so that we can get 60 million dollars every year. If the loan is for 20 years, it will amortise and service a loan of no less than a billion dollars in respect of sugar alone. I take a peculiar pride in this. If in respect of a single agriculture commodity, by our peasants working hard and producing a surplus to such an extent that we can service and amortise a loan of a billion dollars, I shall be a very proud Food Minister indeed for having done that. I owe no apology to anybody for having done that. Further, our prices have got to be reduced a little. We have got to make it a little more economic. All those aspects are there. I am not going into it now. That disposes of the argument of my hon. friend, Shri Bhupesh Gupta.

I am told that my friend, Shri Rohit Dave, had another very just argument, namely, if the sugar goes in Indian ships, it is very good. Now, as this House knows very well, some

[Shri S. K. Patil.]

months back I was myself the Minister in charge of shipping. And still I do take some credit for having advanced the cause of shipping by having got the Bill passed in this House and the other House. I am equally anxious as any Member of the House that as much should go to our shipping. Not only our exports but our imports should go to Indian shipping. But as the House knows, Indian shipping, as at present constituted, has got not even ten per cent. of our exports and imports. It is not always possible for us to get it. I should like to assure the House that if an Indian ship is available and sugar cargo can be taken by it—I assure my friend also—I will not give it to anybody else. That is his anxiety, that is my anxiety and that is the anxiety of every hon. Member of this House.

Having said that, there is nothing in this Grant that should really frighten the House. We must be proud of this commodity that it gives to the Finance Ministry or to the exchequer somewhere about Rs. 46 crores annually. And when I release and liberalise the sale of sugar, as it will be in a few days for certain reasons, because we have got commitments, perhaps in one or two weeks' time, the consumption will increase. When the sugar consumption in this country goes up, possibly the excise duty will go up to about Rs. 50 crores. If, on a commodity that puts Rs. 50 crores into the pockets of the Government, somewhere about Rs. 5.5 crores are going to be spent, so that it should be economic and be able to pay its way, I think the House should not grudge it.

This is all that I have to say.

MR. DEPUTY CHAIRMAN: Have you got anything to say?

SHRI B. R. BHAGAT: I have nothing more to say. No other point has been made.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1961-62, 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. There are no amendments.

*Clauses 2 and 3 and the Schedule were added to the Bill.*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

SHRI B. R. BHAGAT: Sir, I move:

"That the Bill be returned."

*The question was proposed.*

SHRI H. P. SAKSENA (Uttar Pradesh): Mr. Deputy Chairman, all my dreams and all my old sayings of seeing the land of ours overflowing with plenty of things, of food, honey and milk, will be reduced to nought by the theory that we have been taught today to adopt as our national scheme, because the day will never dawn in this country when anything and everything that will be produced by our own labour will be cheap and plenty. Never so.

MR. DEPUTY CHAIRMAN: Have you anything to say?

SHRI B. R. BHAGAT: No, Sir.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be returned."

*The motion was adopted.*