

Cost Structure of Sugar

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- *972. { Shri S. M. Banerjee:
 Shri Khushwaqt Rai:
 Shri Yadav Narayan Jadhav:
 Kumari M. Vedakumari:
 Shri Agadi:
 Shri Sugandhi:
 Shri Kalika Singh:

Will the Minister of Food and Agriculture be pleased to state:

(a) whether the sugar price issue has again been referred to the Tariff Commission; and

(b) if so, what will be the price policy during the interim period?

The Deputy Minister of Food and Agriculture (Shri A. M. Thomas): (a) No, Sir.

(b) Does not arise.

Shri S. M. Banerjee: May I know whether it has been brought to the notice of the hon. Minister that the retail price of sugar is much more in the south than in the north and, if so, whether a price policy will be adopted in order to decrease the price in the south?

Shri A. M. Thomas: It is well known that the retail is higher because in the south the factories have got freight advantage. More than 50 per cent of the production is in the U.P. so that U.P. sugar would have to move south. The local production would certainly get the freight advantage.

Shri S. M. Banerjee: Now that this Sugar Cess Act has been declared invalid, I want to know whether the cost of sugar will be revised taking into account the fact that the employers will not have to pay four annas in the rupee as cess.

Shri A. M. Thomas: It has been stated on the floor of the House that the impact of the Supreme Court's judgment is under consideration in consultation with the U.P. Government.

Shri Tridib Kumar Chaudhuri: In this connection, what about the price profit linking formula? I want to know whether that has been referred to the Tariff Commission and when the report of the Tariff Commission on that matter is likely to be obtained by the Government.

Shri A. M. Thomas: We have on 3rd October, 1960 referred to the Tariff Commission as has been stated by my hon. friend, formula for linking the price of cane with the price of sugar. It is not the sugar price as has been implied in the question. With regard to the time, we think that we would be able to get the report without delay.

श्री सुशवन्त राय: जो गन्ने के काश्तकार हैं, उनको जो अतिरिक्त मूल्य मिलने वाला था वह कब तक मिलेगा ?

Shri A. M. Thomas: The whole matter was discussed the other day. We have got the minimum price fixed now. There the price may be under the price linking formula. What should be the price for the year 1961-62 has to be considered some time in February-March.

श्री सुशवन्त राय : मैं जानना चाहता हूँ कि जो पिछले साल गन्ना दिया गया मिलों को उसके बारे में अतिरिक्त मूल्य यानी एक्सट्रा प्राइस देने की जो बात आपने कही थी, वह कब तक काश्तकारों को मिलेगा ?

Shri A. M. Thomas: That is so. According to the price linking formula, the growers might get something in addition to the minimum price. That question has been referred to the Tariff Commission. On behalf of the industry, the question was raised that they have not been provided with rehabilitation allowance according to the Tariff Commission's report, in the ex-factory price that would be fixed. The sugar cane growers said that the price linking formula is too complex a matter and they would have a more simple one. So that, the entire question has been referred to the Tariff Commission.

sion. Even in spite of the reference to, the Tariff Commission, many of the factories have been paying on a voluntary basis, on an *ad hoc* basis pending final settlement of accounts under the price linking formula.

Kumari M. Vedakumari: Is there a great demand from the cane growers that the formula is very complicated and it should be changed and that they should have a more intelligible formula?

Shri A. M. Thomas: That is exactly what I have mentioned. That is one of the reasons which weighed with us for referring the matter to the Tariff Commission.

Shri Yadav Narayan Jadhav: May I know, taking into consideration the present position of sugar, industry and the production target that we have reached, whether it is necessary to continue the protection given to the sugar industry?

Shri A. M. Thomas: There is no question of protection. Ex-factory prices are fixed in the U.P., North Bihar and Punjab. There is some volume of opinion now advocating decontrol of those restrictions. The entire matter is being considered and the repercussions of de-control, what effect it will have on the sugarcane growers, what effect it will have on industry and on the consumers, all these things will have to be considered in detail before a final decision is taken.

Shri Vajpayee: May I know what stands in the way of the Government in formulating a uniform price policy in regard to sugar for the entire country?

Shri A. M. Thomas: There is a deliberate policy followed by us. In fact, we wanted in the initial stages that the sugar industry should develop both in the Deccan area as well as in the south. This freight advantage was there. So, we thought it would not be advisable to have a uniform price for sugar throughout the country

Kumari M. Vedakumari: My question has been partly covered. With so many variations in the different regions growing sugarcane, I wanted to know if it was advisable to have a uniform policy, or if the conditions in the regions would be taken into account in coming to a formula.

Shri A. M. Thomas: The Tariff Commission, as the hon. House knows, prescribed four regional schedules. We have adopted the schedules prescribed by the Tariff Commission for fixing the ex-factory prices in Bihar, U.P., and Punjab. With regard to fixing of the price for the other region, if it is found necessary we may adopt the schedule that has been drawn up by the Tariff Commission, but we do not think that immediately any such decision is necessary.

Shri Tyagi: Last time a definite statement of policy was made on the floor of the House to the effect that the prices would depend upon the recovery of sugar, and wherever recovery was higher, extra prices would be paid to the canegrowers. I want to know whether Government have withdrawn that policy, or, whether the canegrowers will be paid extra price for the last two or three years wherever there has been higher recovery.

Shri A. M. Thomas: That question was also considered by us. In certain factories, on an experimental basis we are adopting that policy of paying on quality basis. But we have got so many small holders, they are thousands in number, and so it may not be quite practicable to pay all on the recovery basis. Those difficulties have also to be taken into consideration. In fact, a delegation which visited Australia on coming back stated that it would be advisable to pay all sugarcane growers on the basis of quality. They also said that first we have to adopt this on an experimental basis rather than as an all-India measure.

Shri Tyagi: My question was definite. A statement of policy had been

made, and for two or three years people have been given to understand they are going to be paid on a recovery basis. Are the Government now going to withdraw from that position?

Shri A. M. Thomas: Certainly not. We are not going to withdraw. Immediately it is not possible.

Shri Tyagi: In the case of factories where the price was reduced on account of less recovery—for instance, in my own constituency, it was two annas per maund less because the recovery was said to be less than normal—are they going to get more now because the recovery has been much higher in the last two years?

Shri A. M. Thomas: This question has been raised by my hon. friend on many previous occasions too. Every sugarcane grower in the country is assured of a minimum price of Rs. 1|10|0. The growers in the locality, my hon. friend refers to, will also get the same price, so that there is no question of getting a reduced price now.

Shri Ranga: In view of the fact that what is known as the SISMA formula has been in actual operation in the south for a number of years and assurances were given here not only by the present Minister but his predecessors also that the same formula would be extended to north India, may I know what difficulty Government have encountered to abandon it now and plead that for each individual peasant they would not be able to make this allowance and so on?

Shri A. M. Thomas: I do not know whether the hon. Member is aware of the fact that from 1958-59 we have adopted this price-linking formula. The very same principle that has been adopted in the SISMA formula has been adopted on a statutory basis throughout the country, so that there is no fear that this formula would not be adopted in the case of factories in the north. The question that has now to be decided is: what exactly should

be the proportionate price that should be fixed for the sugarcane, what should be the 'x' factor? The entire question has been referred to the Tariff Commission. So that, there is no question of going back on the SISMA formula. It is open to the States to adopt the SISMA formula or the price-linking formula or any other formula. For instance, in Maharashtra they have got a particular formula, which is neither the SISMA nor the price-linking formula. They have increased the price of sugarcane. The Centre does not stand in the way of any State Government adopting any particular formula for their area.

Shri K. N. Pande: In view of the fact that the Tariff Commission is considering the share of the cultivators out of the remission in excise duty to be given to the employers and it has not been finalised as yet as we have been just informed, will the Government delay payment to the factories so that the cultivators may get their share?

Shri A. M. Thomas: Of course, there will be some delay for the cultivator to get the additional sugarcane price, if there is anything to be given. This reference has become necessary because of the demand not only from the industry but from the sugarcane growers also as has been mentioned by the hon. Member, Kumari Vedakumari, so that it is not a case in which the Central Government has taken action on the representation of the industry itself. But in spite of that, with regard to several factories established in the south, the sugarcane growers have been paid on an *ad hoc* basis, and in certain cases on a permanent basis. There have been some cases which have come to the notice of the Centre. For example, in the case of the Hospet Factory in Mysore, the sugarcane growers and the millowners have come to some understanding by which final payment has been made under the SISMA formula without reference to the recommendations that may come from the Tariff Commission. So, we are

trying to expedite the matter. We want to see that the growers are paid as early as possible.

श्री खादीवाला: जब चीनी का उत्पादन दिन प्रति दिन बढ़ता जा रहा है तब खंडसारी शकर और गुड़ का उत्पादन ज्यादा बढ़े, गांव वालों को घन्वा मिले और इस उद्योग को प्रोत्साहन मिले और चीनी का जो खर्च आज होता है वह बढ़ने के बजाय कम हो, इसके लिये क्या मंत्री जी कोई प्रयत्न कर रहे हैं ?

Shri A. M. Thomas: Yes, Sir. We firmly believe that both the sugar industry as well the *khandsari* industry have their legitimate place. The *gur* industry has also its place because only 30 per cent of the sugarcane that is produced in the country is being utilised by the sugar mills. So, both *khandsari* and *gur* have their own place. Not only that. *Khandsari* has also got the tax advantage.

श्री खुशबक्त राय : क्या मैं जान सकता हूँ कि उत्तर प्रदेश में कितनी मिलें, ऐसी हैं जिन्होंने अतिरिक्त मूल्य दे दिया है, और क्या सरकार इस बात के लिये तैयार है कि और मिलों से कह दे कि वे भी उसी प्रकार से अतिरिक्त मूल्य दे दें ?

Shri A. M. Thomas: In 1957-58...

श्री खुशबक्त राय : मैं सन् १९५९-६० की बात करता हूँ ।

Shri A. M. Thomas: For 1959-60 the entire matter has been referred and the payment can only be made on a voluntary basis.

Shri Yadav Narayan Jadhav: As far as Maharashtra is concerned, the hon. Deputy Minister just now said that sugar recovery is taken into consideration while fixing the price of sugarcane, but has it come to the notice of Government that some of the factory owners are able to give more than the price fixed by the Government?

Shri A. M. Thomas: We do not stand in the way if the millowners pay more than what has been fixed by the State Government. In fact, in Maharashtra and Gujerat, as has been stated by me, they have adopted neither the SISMA nor the price-linking formula. They are paying much more than the minimum sugarcane price that is now payable in the north.

Shri Tyagi: What about the factories under the management of the Government themselves? Have they paid extra or not?

Shri A. M. Thomas: No.

Shri Tyagi: Why not?

Shri A. M. Thomas: No. The very same principle that can be adopted in the case of the other mills has also to be adopted in the case of these mills. They are not Government factories as such, only the management has been taken over by the Government. So, Government cannot adopt a method different from that adopted in the case of the other mills.

Raja Mahendra Pratap: Will it not be better to have cultivators' representatives in the boards of these mills, so that there will be no trouble between them?

Shri A. M. Thomas: The policy of the Central Government is pretty well known, namely to encourage co-operatives wherever possible. In the matter of putting up additional new factories, the co-operative sector is given preference.

Special Type of Light in Trains

*974. **Shrimati Ila Palchoudhuri:** Will the Minister of Railways be pleased to state:

(a) whether it is a fact that a special type of light for use on trains in cases of accidents etc. has been designed recently;

(b) if so, the details thereof; and