

tonnes of natural rubber. At the time of the arrival of the Imported rubber, the indigenous prices were of the order of Rs. 1200/- a quintal. With the increased tempo of tapping since October, local prices of rubber showed a decline. It was Rs. 775 a quintal on 24 October and is now ruling around Rs. 900/- a quintal.

It is proposed to convene a meeting of representatives of the various interests including the representatives of the Governments of the rubber producing States to discuss the various connected issues, including a reasonable price range for rubber.

Excise Duty on Tea

835. SHRI K. B. CHETTRI: Will the Minister of FINANCE be pleased to state:

(a) whether the revision of the differential excise duty on tea is under the consideration of Government;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATISH AGRAWAL): (a) My Ministry does not at present have any proposal for the revision of the differential excise duty on tea.

(b) Does not arise.

(c) A review of the existing levy has been undertaken by the Ministry of Commerce. If as a result of this review any proposals for revision emerge, they will be duly considered.

Upward Trend in Price of Gold

836. SHRI K. T. KOSALRAM:
SHRI CHITTA BASU:
SHRI BIRENDRA PRASAD:
SHRI KACHARULAL HEMRAJ
JAIN:
SHRI ANANT RAM JAISWAL:
SHRI K. N. DASGUPTA:
SHRI VIJAY KUMAR
MALHOTRA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that gold prices have maintained an upward trend since gold auctions began in May, 1978;

(b) what are the factors responsible for current buoyancy in gold prices in the domestic markets;

(c) whether the Government propose to review its policy of gold auctions, as it has failed to dampen the domestic price of gold and discourage smuggling;

(d) what steps the Government contemplates to stop speculation in gold by the traders; and

(e) total quantity of gold sold in auctions, held so far, and the total revenue realisation?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) Since the commencement of gold auctions in May, 1978 the domestic price of gold remained more or less stable round about the level of Rs. 680 per 10 grammes at Bombay upto the month of July. A rapid rising trend in the international price of gold was observed from 28th July and this trend was reflected in the domestic price of gold also from 9th August. Upto the end of 26th September, the prices remained at the level around Rs. 765 for 10 grammes and afterwards it started rising much more rapidly till the peak was reached at Rs. 960 per 10 grammes in Bombay on 17th October, 1978.

(b) The recent rise in the domestic price of gold would appear to be due to the sharp increase in international

prices of gold and also the result of the play of speculative forces.

(c) and (d). The primary objective of the Government's gold sales policy was to supplement Government's other efforts in countering smuggling. It was felt that by making some quantity of gold available through legal channels we can reduce the margin between domestic and international prices and thereby weaken the incentive for smuggling. It was also felt that receipts from the sale of gold would incidentally have a mitigating effect on the expansionary impact of the budgetary deficit. These objectives have been met. At no time, the Government visualised that through the sale of limited quantities of gold from its stocks, the domestic price of gold could be brought down.

In view of the bullish trend in international gold market in the recent past and the consequent increase of speculative tendencies in the domestic market, the Government directed the Reserve Bank of India on 26-10-1978 to suspend further auctions of gold from the Government stock. The Government has also appointed a committee under the chairmanship of the Governor, Reserve Bank of India to review the gold policy in all its aspect and to make suitable recommendations. The Government is awaiting the Report of the Committee.

(e) The total quantity of gold sold in all auctions held so far is 12.959 tonnes which fetched a revenue of Rs. 86.69 crores.

Export of Sugar by S.T.C.

837. SHRI VIJAY KUMAR N.
PATIL:
SHRI SHANKER SINHJI
VAGHELA:
SHRI DALPAT SINGH
PARASTE:

Will the Minister of COMMERCE, CIVIL SUPPLIES AND COOPERATION be pleased to state:

(a) whether it is a fact that the State Trading Corporation have lost

about 2-3 crores in the export of sugar under the International Sugar Agreement in 1977-78 as reported in the Blitz (English) news weekly dated the 16th September, 1978;

(b) if so, furnish details thereof; and

(c) what is the reaction of Government?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND CIVIL SUPPLIES AND COOPERATION (SHRI ARIF BAG): (a) to (c). The loss on account of export of sugar by STC during the financial year 1977-78 was Rs. 1.85 crores. In the issue of 'Blitz' dated the 16th September '78, the point made is that if STC had procured sugar for export from mills in Maharashtra, the cost would have been less, as the levy sugar price in Maharashtra, was lower than in other States. The International Sugar Agreement signed in 1977-78 provides for quota of sugar export in the calendar year 1978. There will be a loss on STC's export of sugar in the current year. A budget provision of Rs. 30 crores exists for subsidising the export of sugar. The extent of loss would be known at the end of the year, after the exports have taken place. The price of levy sugar was fixed region-wise and, within the same region, the price of levy sugar from different mills was the same. Allocations of levy sugar were made keeping in view considerations of quality, the demand for domestic consumption from various regions and the surplus available in different regions. For export, the maximum possible quantity of levy sugar was allocated. Bulk of the levy sugar allocation was made from factories in low levy price zones, also taking into account their proximity to the ports. With these considerations, levy sugar was allocated for export to the STC from factories in Maharashtra, Andhra Pradesh and West Uttar Pradesh.