

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.