17

STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION (1995-96)

TENTH LOK SABHA

EDIBLE OILS

SEVENTEENTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

March, 1996/Phalguna, 1917 (Saka)

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STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION (1995-96)

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Presented to Lok Sabha on 7 March, 1996
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LOK SABHA SECRETARIAT
NEW DELHI

March, 1996/Phalguna, 1917 (Saka)

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Shri Shyam Bihari Misra

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++45 Shri O.S. Manian

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* Ceased to be Member of the Committee w.e.f. 13.9.95 consequent upon his induction into Council of Ministers.

** Ceased to be Member of the Committee w.e.f. 14.9.95 consequent upon his induction into Council of Ministers.

\+ Ceased to be Member of the Committee w.e.f. 24.7.95 consequent upon expiry of the term as Member, Rajya Sabha.

++ Nominated to the Committee w.e.f. 7.8.95.

INTRODUCTION

I, the Chairman, of Standing Committee on Food, Civil Supplies and Public Distribution (1995-96) having been authorised by the Committee to submit the Report on their behalf, present this Seventeenth Report on Edible Oils.

2. The Committee took evidence of the representatives of Ministry of Civil Supplies, Consumer Affairs and Public Distribution, Ministry of Agriculture, National Dairy Development Board and Hindustan Vegetable Oils Corporation Ltd. on 3rd and 4th January, 1996. The Committee also heard the views of non-official organisations/experts connected with the subject.

3. The Committee wish to express their thanks to the officers of Ministry of Civil Supplies, Consumer Affairs and Public Distribution, Ministry of Agriculture, National Dairy Development Board and Hindustan Vegetable Oils Corporation Ltd. for placing before them the material on the subject. The Committee in course of their examination also undertook on the spot study tour to Ahmedabad, Bombay, Lucknow and Kanpur during the months of October/November, 1995 and interacted with the officials of National Dairy Development Board, Anand, Hindustan Vegetable Oil Corporation Ltd., Bombay unit, Hindustan Vegetable Oils Corporation Ltd., Kanpur unit and National Cooperative Development Corporation. The Committee wish to express their profound thanks to various organisations and experts who appeared and placed their considered views before the Committee on the subject.

4. The Report was considered and adopted by the Committee at their sitting held on 29th February, 1996.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report.

NEW DELHI;
1 March, 1996

11 Phalguna, 1917 (Saka)

SHYAM BIHARI MISRA,
Chairman,
Standing Committee on Food,
Civil Supplies and Public Distribution.

PART A

REPORT

EDIBLE OILS

A. Introductory

1.1 It is now well known fact that Edible Oils has become an essential ingredient of every man's diet, and is the most important source of fats in human nutrition. India with its vast and diverse agro-climatic conditions produce a wide range of oilseeds and edible vegetable oils. Traditionally, the type of fat consumed in a geographical segment depends upon its availability in that particular region. For example, mustard oil is favoured by the population in the Eastern region, as well as in the hilly regions of the Northern belts. Sesame oil is the most preferred oil in the west. Coconut oil is preferred by the Keralities. Inhabitants of the northern plains are basically hard fat consumers. Of late, things have started changing. Geographical barrier about the consumption pattern of oils seems to be vanishing. Because of technological development as also health awareness, refined oils including new refined oils which were not known before have entered the kitchen. Some of these are cottonseed oil, soyabean oil sunflower oil, not to speak of refined rapeseed oil the growth of which seems to be quite impressive .All these oils are essentially blend processed oils and have therefore, become readily interchangeable with other oils in the kitchen.

1.2 Till 1965, India was an exporter of oilseeds and edible oils. But after that India's position in the vegetable oil scenario steadily slid from once exporter to the largest importer of edible oils. During 1981-86 alone, India had to import oils worth about Rs. 3884 crores in foreign exchange. Indian oilseeds and edible oils scenario has now undergone a dramatic transformation in recent years from an era of shortage and heavy import to near self-sufficiency. The total production of oilseeds which was 169.2 lakhs MTs during 1989-90 is estimated to be around 225 lakh MTs during 1994-95. The estimates of edible oils realised therefrom is 64.70 lakh MTs for 1994-95 against 47.22 lakh MTs. during 1989-90. However, the demand projections of edible oils for the year 1993-94 and 1994-95 as worked out on the basis of the latest economic parameters of the Planning Commission are 67.20 lakh MTs. and 69.89 lakh MTs, respectively,

corresponding to Planning Commission's projection of consumption of edible oils of 7.47 kg. per capita per annum, which is still below the world average of 15.34 kg per annum. There is still a gap of about 6-7 lakh MTs between Demand and Supply.

1.3 No doubt, the combined efforts of the Government, Technology Mission for Oilseeds, farmers, trade and industry have started yielding results yet much more efforts are needed to bridge the gap between Demand and Supply and to go in for export of edible oils.

B. Oilseeds Scenario in India

1.4 Oilseeds occupy a premier position in the National Economy as Oils extracted from these sources not only form an essential part of human diet but also serve as important raw material for the manufacture of soaps, paints, varnishes, hair oil, lubricants, textile auxiliaries and various other sophisticated products. Oil cakes are used as cattlefeed and manure. Oilseed products are, therefore, valuable foreign exchange earners also. Cultivation of oilseeds provide employment to 14 million persons. In addition, 0.5 million persons are engaged in milling and processing operations of oilseeds and oils.

1.5 Oilseeds occupy a significant place in Indian agriculture. India has distinction of being next only to USA in terms of area under oilseeds. In terms of production, India stands fourth. During the last four decades, the area under oilseeds and its production and yield have witnessed a vast change.

1.6 Vegetable oils are derived from four sources namely :

(a) The cultivated oilseeds numbering nine *i.e.* groundnut, rape-mustard, Soyabean, Sesame, Niger, Sunflower, Safflower, Castor and linseed ;

(b) Perennial oil-bearing material — under this category falls coco-nut and oil palm ;

(c) Derived oil-bearing material — under this comes cottonseed and rice bran ;

(d) Oilseeds of forest and tree origin — sal, mahua, karanja and kusum etc.

Out of the above nine oilseeds, the first seven are edible oils and castor and linseed are non-edible. Of nine oilseeds referred to, five namely groundnut, rape-mustard, sesame cluster and linseeds are listed as major oilseeds.

1.7 There are ten States producing oilseeds. Among the oilseeds, the most important crop is of groundnut which is grown in Rayalseema area of

Andhara Pradesh, Saurashtra area of Gujarat, parts of Tamil Nadu, eastern parts of Karnataka, Orissa and Maharashtra. The second most important crop is of rapeseed/mustard, grown in Rajasthan, Uttar Pradesh, Gujarat, Madhya Pradesh, West Bengal, Punjab and Haryana and North-Eastern states. These two crops together account for about 65 per cent of the total oilseeds produced and about 3/4 of the oils produced in the country. The other important oilseeds are soyabean, sunflower and safflower, sesame, nigerseed, linseed and castorseed. As is well known, Madhya Pradesh is the most important area for production of soyabean while Rajasthan, West Bengal and Orissa are important sesame producing States. Niger and linseed are produced in the tribal areas mostly of east Madhya Pradesh, Bihar and Orissa.

1.8 The following oilseeds crops are produced under rainfed conditions in the kharif season :—

Groudnut, sesame, soyabean, nigerseed. The rapeseed/mustard crops are produced on retained moisture in East Uttar Pradesh, Bihar, West Bengal and Assam, while it is produced with irrigation in Rabi Season in Gujarat and Punjab. Groundnut is also grown in irrigated conditions in Rabi Season in Andhra Pradesh, Tamil Nadu and Karnataka while it is produced on retained moisture in Orissa. Safflower and the major part of sunflower seeds are the typical irrigated oilseeds grown in Rabi Season.

1.9 Cultivated oilseeds are being presently cultivated over approximately 24 millions hectares and constitute around 12 percent of the total cropped area in the country. India plays a prime role in the world market of protein-oilseeds. It is fourth in ranking of the production of oilseeds behind USA, China and Brazil. It occupies first place for the production of groundnut, second for sesame seeds and castor and third for rapeseed-mustard.

1.10 Areas yield and consequently the production of oilseeds is mainly determined by the performance of monsoon because the crop is mainly Kharif, though as a crop, Rabi Oilseeds are gaining an importance and popularity.

1.11 To bring improvement in the oilseed sector, Government of India have come out with various schemes and policies like National Oilseeds Development Programme (NODP), Oilseed Production Thrust Programme (OPTP) and various other schemes.

1.12 The Oilseeds crops are cultivated in about 24 Millions hectares and the Total production of oilseeds in the country during the last five years is as under :—

Qty. in lakh MTS.

Oil year (Nov.- Oct).	Production of oilseeds
1990-91	184.6
1991-92	183.4
1992-93	203.4
1993-94	217.5
1994-95 (Estimated)	225.0

1.13 The present level of oilseeds production in the country is very low as compared to other countries. For example, in India yield of sunflower is 634 kg./ per hectare wheras it is 2172 kg perhectare in France and the world average is 1277 kg per hectare. Similarly for groundnut it is 963 kg per hectare in India and 2842 kg perhectare and in China is 2102 kg per hectare.

1.14 The productivity of various oilseeds in major oilseeds producing countries is given below :—

Area, Production and Yield of the various main crops of Oilseeds of the major Oilseeds producing countries of the world for the year.

Crop I. SOYABEAN

A — Area in '000 hac.
P — Production in '000 Million tonnes
Y — Kg./Hec.

	AREA	PRODUCTION	YIELD
World	54591	114011	2088
U. S. A	23626	59780	2530
Brazil	9419	19161	2034
China	7204	9707	1347
India	2500	2850	1180
Indonesia	1667	1881	1128
II. GROUNDNUT			
1	2	3	4
World	20609	23506	1141
India	8600	8200	963

1	2	3	4
China	2655	5580	2102
Nigeria	1000	1214	1214
Senegal	926	578	625
U. S. A.	684	1943	2842
Indonesia	655	1037	1583
III. SUNFLOWER			
World	17641	21845	1227
Argentina	2495	3800	1523
India	2050	1300	634
Ukrain	1600	2100	1313
Spain	1456	1360	934
France	994	2158	2172
Georgia	697	---	1167
IV. RAPESEED			
World	20736	26661	1286
India	7065	5840	827
China	5950	7653	1286
North America	2959	3774	1275
Canada	2904	3689	1270
Germany	1001	2617	2613
France	687	1862	2708
V. SESAME			
World	5945	2433	350
India	2500	750	300
Sudan	1519	330	217
Mynmar	845	183	216
China	575	440	765
Nigeria	250	---	280
VI. LINSEED			
World	3138	2104	671
India	1160	350	302
Former USSR	700	150	214
Canada	253	334	1321
North America	320	418	1308
China	170	520	3059
Ukrain	159	---	277

1.15 When asked about the productivity of oilseeds, an apex organisation has stated in their Memorandum that productivity in respect of oilseeds is

one third of the world level which could be stepped up through extension of irrigation facilities, development of dry land farming techniques, provision of protective irrigation during long dry spells, adequate and timely supply of improved seeds materials and other inputs etc. Research efforts would need to be accelerated across the board to achieve quantum jumps in production.

1.16 To a query whether Edible Oils should be imported or the oilseeds, the Apex organization has *inter-alia* stated that :

> "In view of the demand-supply gap in Edible Oils there is unanimity of view in trade and industry that it would be advantageous from all angles to import oilseeds all the world over, import of oilseeds is generally preferred. Fuller utilisation of domestic processing capacity, generation of additional employment opportunities and additional foreign exchange earnings through export of extractions would be some of the obvious advantages. Moreover, better price stability could be expected if there is flexibility in importing oils/oilseeds depending upon price parities. In our considered view, import of oilseeds would in no way adversely affects the interests of farmers as the prevailing market prices of indigenous oilseeds are much higher than the minimum support prices and could be adequately safeguarded by regulating import duty on oilseeds."

1.17 The Directorate of Oilseeds Research (DOR), Hyderabad has been conducting multi-disciplinary research on various aspects of oilseeds including evolving of improved varieties of oilseeds crops and developing the Production Technology. The high yield varieties developed by the coordinating centres of DOR for different Agro-climatic regions of the country are :

(A) GROUNDNUT

	Variety	Region for which recommended	% increase over check
1	2	3	4
1.	Girner	Peninsularuindia	23.0 Q/ha
2.	TAG 24	Maharashtra	36.0
3	ICGS	Gujarat, MP Northern Maharashtra	33.0
4.	Somnath	Gujarat	23.0
5.	VRI-3	Tamilnadu	5.0

1	2	3	4
(B) RAPESEED-MUSTARD			
1.	TL-15	Punjab	20.0
2.	TH-63	Haryana	8.0
3.	RH-8113	Haryana, Jammu, Punjab, Gujarat and Rajasthan	14.0
4.	DIR-247	West Bengal, Bihar, Orissa	17.0
5.	TM-4	Assam	
6.	TMH-52	Haryana	17.6
(C) SUNFLOWER			
1.	LDMRSH-1	Maharastra	52.0
2.	APSH-1	Andhra Pradesh	8.0
3.	MSFH-10	All over the country	41.0
(D) SUNFLOWER			
1.	JLSF-80	Maharashtra	14.1
2.	Nira	Maharashtra	17.0
3.	JSI-7	Malwa region of MP	6.0
(E) SESAME			
1.	RT-46	J&K, HP, Punjab Haryana, Rajasthan, and U.P	11.0
2.	JLT-26	Maharashtra	3.0
3.	OMT-11-6-3	M.P., Bihar, WB, Orissa, Assam and NE states	11.0
(F) LINSEED			
1.	LCK-8528	UP, Bihar, WB and Assam	33.0
(G) SOYABEAN			
1.	NRC-2	Hill region of UP HP and Malwa region of MP	10.0
2.	JS-80-21	MP, Rajasthan, Gujarat, Maharashtra and Orissa	
(H) NIGER			
1.	Shiva	Orissa, Karnataka Bihar, Rajasthan and West Bengal	28.5
2.	Bhabani	do	24.6

1.18 The Technology Mission on Oilseeds was launched in 1986 with the objective of attaining self-sufficiency in Edible Oils. Apart from generation of appropriate technologies for maximising the oilseeds production and their extension to farmers, mission also focussed on ensuring reasonable price to the producers through marketing as well as improving the processing technologies. An integrated oilseeds policy was adopted in 1989 to support the farmers with technology, inputs and remunerative price for their produce. Red oil palm, with its high oil content has been identified as a major potential source for the supply of Edible Oils in the country. The oil palm development scheme implemented under the horticulture programme has been brought under the ambit of the Technology Mission on Oilseeds.

1.19 The Committee was given to understand that the contribution of private agencies in total distribution of seed is very high and practically 90-95 per cent seed of hybrid varieties are supplied by the private agencies.

C. Oilseeds Production Programme

1.20 The Ministry of Agriculture has launched a centrally sponsored Oilseeds Production Programme (OPP) in the country covering all the nine oilseeds crops. Under this programme, the farmers are supplied with production inputs at reasonable price for all the oilseeds. The Ministry plan to produce and distribute oilseeds through National Seeds Corporation, State Farms Corporation of India etc. The components of the programme are :—

(i) Production and distribution of certified/quality seeds.
(ii) Production of certified seeds through seed village programme.
(iii) Distribution of seed minkits for popularising new and improved varieties.
(iv) Opening additional retail outlets in remote areas.
(v) Distribution of plant protection chemicals and equipments.
(vi) Organising Integrated Pest Management (IPM) demonstrations.
(vii) Distribution of Pheromone traps.
(viii) Distribution of improved farm implements.
(ix) Frontline demonstrations by ICAR.
(x) Demonstration of improved technology in farmer's fields.
(xi) Distribution of rhizobium culture for groundnut and soyabean.
(xii) Distribution of sprinkler sets.
(xiii) Distribution of gypsum/pyrites.
(xiv) Control of root grub.
(xv) Distribution of micro-nutrients.
(xvi) Farmers training.
(xvii) Development of infrastructure.

D. Oil Palm Development Programme (OPDP)

1.21 OPDP is being implemented during Eigth Plan with a total outlay of Rs. 214.78 crores, of which the share of Government of India is Rs. 94.55 crores. The scheme is being implemented on 75:25 sharing basis between Government of India and concerned State Governments. An area of 80,000 hectares are proposed to be brought under Oil Palm in the identified states during Eigth Plan, of which 50,000 hectares are in Andhra Pradesh, 20,000 hectares in Karnataka, 8,000 hectares in Tamil Nadu and the balance in the remaining States.

1.22 Under OPDP Scheme, subsidies are being provided to Oil Palm Growers on seeds inputs and for drip irrigation, Oil Palm Growers are also being trained under the scheme at the established plantations in Andhra Pradesh and Karnataka, and also at Central Plantation Crops Research Institute (ICAR), Palode in Kerala.

1.23 By the end of 1994-95, about 16,100 hectares have been brought under Oil Palm. A target of 23,700 hectares has been set for the current year (1995-96).

1.24 Palm Oil processing mills are being established in the states under private sector/joint sector/cooperative sector under the tripartite agreement between oil palm growers, private parties and the State Governments. A demonstration processing unit of the capacity of 2 tonne FFB/hour has been established at Pedavegi in Andhra Pradesh by Andhra Pradesh Oilseeds Growers Federation with the assistance from Government of India (Technology Mission on Oilseeds). Another demonstration processing unit of the capacity of 2 tonnes FFB/hour is being established in Karnataka.

E. Non-Conventional Oilseeds

1.25 The non-conventional oilseeds include minor oilseeds like salseed, Mangokarnel, Mahuaseeds, watermelon seeds and more importantly rice bran etc. Minor oilseeds of tree and forest origin offers a big source for vegetables oil. National oilseeds and vegetable oils Development Board (NOVOD Board) through their on going programme is providing subsidy through State Governments and NGOs for collection of minor oilseeds of tree and forest origin.

1.26 The potential of Vegetable oils production from non-conventional sources is 25 lakh tonnes but the current production is just 50 per cent of the known potential.

1.27 The reasons given by the Ministry for the potential of vegetable oils production from non-conventional sources not being fully achieved are as follows :

Cotton seeds

Unscientific (whole seed) crushing of around 90% of cotton seed process. This results in lower recovery of oils by around 5%. The basic factors responsible for this situation are the adverse economics of the scientific crusing *vis-a-vis* whole seed crushing and the traditional habits of the farmers to use oil cake as a cattle feed.

Ricebran

The pro-ponderance of the huller rice mills constitutes about 1/3 of the rice processed in the country. The ricebran obtained from huller rice mills is poor in quality and very low in oil content and is uneconomical for solvent extraction. The existing levy policy for rice in a number of states is also mostly in favour of huller rice mills as they are exempted from the levy scheme while the modern mills attract the levy.

Oils From Oil Cake

1.28 Around 60% of the oils cakes including 25% cotton seeds produced is at present not available for recovery of oils by solvent extraction. Such cakes include cakes available from groundnut, mustard seeds and sesame seeds. It is learn that these materials are mostly used as cattle feed by farmers, although cattle do not need so much high oil content. Another reason for these oil bearing materials not being available is the difficulty of collection since these oil bearing materials are mostly crushed through village ghanis/rotaries which are highly decentralised.

1.29 **Oilseeds from Tree and Forest**

(i) These oilseeds mostly grow in areas which are not generally accessible.

(ii) There is lack of proper facilities in the interior areas of the forest.

(iii) The collection and distribution of oilseeds particularly salseeds is State controlled. Some of the States consider these oilseeds as opportunity for revenue generation rather than a task for development.

(iv) In some cases during the same period when these oilseeds have to be collected the tribals have alternative opportunity like tendu leaves, Temari seeds etc. which seems to be more remunerative and therefore attractive.

1.30 The States having comparatively higher potential of vegetable oils from non-conventional sources are :—

(i) Punjab, Maharashtra, Gujarat, Haryana, Karnataka, Rajasthan and Andhara Pradesh in case of cotton seeds.

(ii) Andhra Pradesh, West Bengal, U.P., Bihar, Tamil Nadu, Punjab, Orissa and M.P. in case of ricebran.

(iii) Gujarat, Rajasthan, Maharashtra, Punjab, U.P. Andhra Pradesh and Tamil Nadu in case of oils from oil cake.

(iv) M.P., Bihar, Orissa and West Bengal in case of oils from oilseeds of tree and forest origin.

1.31 Commenting upon the question whether oilseeds production is rising in the country or to put it more pertinently, capable of rising at a commensurate rate to match the rise in per capita consumption, the Bombay Oilseeds and Oils Exchange Ltd. Bombay in their Memorandum have stated :—

"When we look at the production figures, we find that the oilseeds production has registered a spectacular growth from the level of 115 lakhs tonnes during the triennium ending 1987-88, to nearly 191.6 lakhs tonnes for the Ariennium ending 1992-93 a quantum jump of 66 per cent over the five years period, However, since 1992-93, the oilseeds production has remained almost stagnant during the last three years between 202 lakh tonnes and 214.5 lakh tonnes. In other words. the growth rate in oilseeds production has dropped to about 3 per cent or even less than that compared to the impressive compound growth rate of 6.5 per cent per annum achieved during the last one and half decades. Not only acreage under oilseeds cultivation has risen from 18 million hectares in 1980-81 to nearly 26 million hectares in 1993-94, representing a rise of 45 per cent but it is gratifying to note that the productivity during the same period has increased from 520 kg. per hectare to 982 kg. per hectare by 1993-94, up by 98 per cent during the same period. The percentage coverage of oilseeds under irrigation also shows significant improvement as the same has increased from about 14 per cent to nearly 22 per cent by 1993-94. Likewise, the oilseeds farmers have risen to the occasion by increased application of farm and technological inputs like fertilizer, pesticides, use of high yielding varieties of oilseeds and adopting improved farm and crop management and marketing practices."

1.32 While, all this is quite encouraging, it is pertinent to note that our yielding continue to be among the lowest in the whole world. To illustrate, as against India's per hectare yield of 982 kg., the world average yield is 1350 kg. per hectare. The main reason for India's backwardness on productivity front is the fact that 80 per cent of the cultivation area is entirely dependent on rains for the essential inputs of irrigation. Relatively low productivity of oilseeds cultivation as compared to other crops where

the net returns are high, also induces the farmer to use less fertilizers and marginal land for oilseeds cultivation and also application of less energy inputs for oilseeds crops which are high energy needing crops.

1.33 This phenomenon results into a vicious circle of low productivity leading to low incomes, low incomes to use of inferior land, cheaper low quality seeds for sowings and inadeguate use of essential agro inputs which in turn leads to low productivity and thereby complete the circle.

1.34 About the action taken for better production of oilseeds in the country, the representative of Ministry of Agriculture deposed during evidence before the Committee that for ensuring better production of oilseeds in the country, the main steps taken by the Government are :

(i) Emphasis on increase in per hectare productivity through use of better variety of seed, rhizobium; proper plant protection; use of gypsum/pyrites etc;

(ii) Area expansion by covering non-traditional areas; expansion of irrigated area, inter croping and multiple cropping;

(iii) Strengthening extension system for transfer of technology to farmers;

(iv) Organising frontline demonstration at farners' fields by ICAR and State Agriculture Universities;

(v) Improved monitoring of support to farmers through OPP; and

(vi) Ensure timely/adequate supply and distribution of fertiliser, seeds, pesticides, equipment and implements. Arrangement for distribution of adequate credit through cooperatives, regional rural banks and Central Cooperative banks.

1.35 When the Committee desired to know by when country would become self-sufficient in the field of oilseeds, the representative of the Ministry informed the Committee that by mobilising all these efforts we would be able to achieve the targets. We have seen in the past that by these methods the productivity as well as the production has increased and we are hopeful that in future this will be continued.

1.36 When asked whether there the Sunflower yield in India, especially in Karnataka, has fallen due to wrong choice of seeds by the farmers, lack of use of adequate fertilisers and other factors, the Ministry informed the Committee that in case of Karnataka the yield levels fluctuated from 413 kg. in 1990-91 went upto 431 kg. in 1991-92 and again fell to 414 kg. in 1992-93. The fall in productivity may be due to various factors such as unfavourable climate, rains at maturity time, lack of use of fertilisers and continuous cropping in the same piece of land resulting into the higher incidence of 'downy mildew' disease. The Sunflower seed at present is being

distributed through National Seeds Corporation, State Seeds Corporation and by the private agencies. The contribution of private agencies in total distribution of seeds is very high and practically 90-95 per cent seeds of hybrid variety is supplied by the private agencies.

1.37 About the machinery/agency available at the Central level to guide the farmers, the Ministry stated:

> "Agriculture is the State subject therefore, the entire responsibility of development/extension work is of the State Department of Agriculture. In most of the States Training and Visits (T&V) is being operated (including Karnataka State) and farmers are suitably guided by the extension functionaries regularly at suitable intervals."

1.38 When the Committee desired to know the steps taken by the Government to increase the production of oilseeds in the Country, the representative of the Ministry of Agriculture during evidence before the Committee stated that in order to meet the domestic requirements of oilseeds, the Government of India has constituted a Technology Mission for Oilseeds and Pulses. This is an attempt to integrate all efforts and put the entire endeavour to have maximum production under the existing conditions. The efforts of the Technology Mission have shown fairly encouraging results. The area under oilseeds production has increased from 19 million hectares to nearly 26 million hectares in the last eight years. The production has gone from 10 million tonnes to 21.42 million tonnes. It is more than double.

1.39 The representative of the Ministry of Agriculture further informed the Commitee that "Our endeavour is to achieve self-sufficiency in oilseeds. We emphasise on increase in per-hectare productivity through the use of better variety of seeds and micronutrients etc. We are also trying to increase the area coverage by way of expanding the cultivation of oilseeds in non-traditional areas. For example, there is the case of mustrard seeds. In the Southern States we are trying to introduce production of mustard. We are also increasing the extent of irrigated area. In this way more oilseed crops are being cultivated in the irrigated areas that this will be maintained and we will achieve self-sufficiency in production of oilseeds and edible oils".

1.40 The representative further informed the Committee that by 2000, the production of oilseeds would be 26 MTs which would meet the total requirement of the country.

1.41. About increasing the cultivation area of oilseeds and increasing the production of non-conventional oilseeds, the representative of the Ministry of Agriculture informed the Committee during evidence that

Technology Mission on oilseeds was launched in 1986 and under this mission efforts are being made to increase the production of oilseeds. Production has increased from 5.70 kg. in 1985-96 to 848 kg. in 1994-95.

1.42 The representative of the Ministry also added that during Eighth Five Year Plan, a target to grow Palm Oil tree in 80,000 hectare of land, out of which plantation work has been completed. Efforts are also being made to promote collection of Mango Kurnel and Neem seeds.

F. Production of Edible Oils

1.43 Edible oils are obtained from two sources; (a) primary sources which constitute cultivated oilseeds namely Groundnut. Rapeseed/Mustard, Soyabean, Sunflower, Sesame, Nigerseeds Sunflower, Castor and Linseed; and (b) secondary sources (non-traditional sources) which include oils from Coconut/Sopra, Cottonseed, Rice bran, oilseeds of tree and forest origin, such as, Malseeds, Mahya etc. and oils obtained from oil cakes by solvent extraction process.

1.44 The estimates of production of edible oils including the oils obtained from secondary sources for the last five years has been as under:

Oil year	Estimates of production of edible oil (Lakh MTs)
1989-90	47.22
1990-91	54.00
1991-92	52.40
1992-93	61.00
1993-94	61.70
1994-95	64.20

1.45 The production of oils from secondary sources like Rice bran, Cottonseed, Oilseeds has been as under :—

Year	Production in lakh MT
1990-91	13.35
1991-92	14.30
1992-93	17.00
1993-94	18.00

G. Oil Extraction Industry

1.46 In Indian oil industry, there are various ways of removing this oil from the cells. The major method known and practised is by means of pressure on the oilseeds which ruptures the cell walls and thus expel oil outside the substance.

1.47 The traditional method of extraction of oil is Ghanis (kolhus) in India. Apart from that the most popular method now is that of screw

pressing. The quantum of oilseeds processed in screw expellers has been rising progressively over the years. The proportion of oilseeds crushed in Ghanis and in speller industry changes from oilseed.

1.48 Since Ghani sector is in cottage industry, the precise number of Ghani and capacities are not known. The total capacity of oilseeds crushing in the expeller sector is estimated between 14 MMT and 35 MMT. A detailed comparison of the capacity of processing with quantum of oilseeds produced in the country is attempted in subsequent section.

1.49 The traditional Ghani used animal power for extraction of oils from oilseeds. Ghani exists for lineseed, Nigerseed, Sesame and Sunflower. There are three type of Ghanis reported to exist in the country.

(1) Traditional Ghanis

(2) The so-called improved Wardha Ghanis

(3) Power Ghanis

1.50 The traditional Ghanis is made of wood. It has three major components. The mortar is made of hard wood. Inside the mortar there is pestle. This pestel is turned around at speed of 5.7 revolutions per minute by bullocks. While revolving pestel also makes a verticle motion which crushes the material in mortar. The traditional Ghanis with two bullocks takes about 3 hours to crush one charge of 16 kg. of mustard and produces an oilcake with oil content of 11—16 per cent. The Wardha Ghani extraction system is a reformed system and more economical than traditional one. This Ghani has capacity of 8 kg. per charge and take between 45 minutes to 1 hour 15 minutes per charge. It had rotating drum made of wood. It has pressure variation with spring and hand wheel, speed control using gear mechanism, automatic system for same wheel and pully system for Ghani Drive and also had a small single team kettle for steaming. The Power Ghani is run by 2 H.P. motor.

1.51 The Power Ghani, this intermediate technology was evolved by amalgamating the basic character of the traditional Ghani and an improved technology to reduce strain and drudgery. The capacity utilisation of the Ghani sector is expected to be around 30 per cent according to some sources. The average capacity of the traditional Ghani is between 8 and 13 kg. per day while average capacity of traditional Ghani is 32 kg. per day.

1.52 The vegetable oils production from secondary sources is around fifty per cent of the realisable potential, half of the potential is untapped.

1.53 The potential and production of oils from secondary sources are estimated as under :—

(Figures in lakh MT)

Oils	Realisable Potential	Present Production (1993-94)	Untapped Potential (%)
Rice Bran	7.5	4.3	42.6
Cottonseed	6.0	4.0	33.3
Oilseeds of Tree and forest origin	6.6	1.4	78.8
Oil Cakes	8.0	4.5	43.8
Total :	28.1	14.2	49.5

1.54 A major constraint in realising the maximum potential of rice bran oil lies in the preponderance of huller rice mills in the country. The huller mills account for about 1/3 of paddy processed in the country and the bran produced from the huller mills is inferior in quality, low in oil content and hence, uneconomical and generally not available for recovery of oil. Another constraint is impositions of levy in certain States, once the rice mills are modernised.

1.55 As a part of the plan scheme on R&D Programme, the Ministry of Civil Supplies, Consumer Affairs and Public Distribution (Directorate of Vanaspati, Vegetable Oils and Fats) had undertaken a programme for modernisation of huller rice mills through the State Governments as also through CSIR. The financial assistance for modernisation was Rs. 10,000 per mill. The modernisation programme of rice mills has also been undertaken by the Ministry of Food Processing Industries and by the Ministry of Agriculture and Cooperation through TMO. In terms of the recent decision taken by the Planning Commission, the modernisation programme of this Ministry has since been discontinued.

1.56 The matter regarding levy has also been taken up with various State Governments. Some State Governments, for example U.P. has exempted modernised huller rice mills from the purview of levy for a period of five years.

1.57 In order to improve the marketing outlet and hence, further exploiting the sources of oils, there is a scheme of fiscal incentives in the form of excise rebate available to vanaspati industries for use of secondary oils having significant growth potential. The rebate available on the use of rice bran oil in the manufacture of vanaspati is Rs. 5000/- per month.

However, the total rebate is limited to Rs. 1000/- per month of vanaspati produced by the unit.

1.58 The cumulative effect of the measures mentioned above is that, the production of rice bran oil has gone up from 2 lakh MT in 1985 to about 4 lakh MT in 1993-94. The increase in production of edible grade rice bran oil has been further improved from 0.2 lakh MT in 1985 to about 2 lakh MT in 1993-94.

1.59 The various measures including the package of fiscal incentives allowed for use of certain non-traditional oils in the manufacture of vanaspati has been helpful in augmenting the production of vanaspati as may be observed from the following :—

Year (Nov.—Oct.)	Production in Lakh MT
1990-91	8.2
1991-92	8.6
1992-93	8.9
1993-94	9.4
1994-95	9.5 (estimated)

1.60 When asked whether rebate in excise duty provided in the Union Budget is being passed on the customers, the Ministry have stated that the response of the vanaspati industry to the reduction in excise duty granted in the Union Budget (1993-94) was reviewed by the Ministry. The information available seem to suggest that vanaspati industry was by and large passing on the excise duty benefit to the consumers.

1.61 The Ministry have also stated in a note that the various measures including the package of fiscal incentives allowed have been helpful in increasing the production of edible oils as shown below :—

(Figures in lakh MT.)

Year	Net availability of edible oils from all domestic sources
1990-91	54.00
1991-92	52.40
1992-93	58.10
1993-94	61.70
1994-95	64.00 (Likely)

H. Vanaspati Units and their Capacity Utilisation

1.62 There are at present 145 vanaspati units in the country. Their annual estimated capacity is 21.9 Lakh MT. Out of this around 40 vanaspati units do not produce vanaspati. The average capacity utilisation

is only 45 per cent. The import of selected Edible Oils was placed under Open General License w.e.f. 1.3.1995.

1.63 When the Committee desired to know as to whether bringing edible oils under Open General License may not lead to closure of more vanaspati units in the country and further reduce the capacity utilisation percentage, the Secretary of the Ministry stated during evidence before the Committee "on the contrary, the fact, when we took this decision to place the import of edible oil under OGL, the Government felt that it would help the vanaspati units. Some private units are using this facility because we have permited them to use this oil. The vanaspati industry has been affected and more units have been closed entirely for other reasons and because of this policy".

1.64 To a query whether non-availability of raw materials is one of the major factors responsible for low capacity utilisation, the Secretary deposed that "Actually, in the past, there was some difficulty because of non-availability of raw materials. They were finding it very difficult. That is why this decision was taken to place the import of edible oil under OGL. Perhaps that could help them because the imported oils is cheaper, of course, there are other reasons for the ill-health of the vanaspati industry. One of them is Sales Tax and also the general people prefer more of refined oil than of vanaspati oil in many parts of the country".

1.65 The Secretary also added "I may also mentioned, that the vanaspati industry is quite old and most of them are having old machinery and they are not able to reach the capacity utilisation. These are some of the reasons for low capacity utilisation of vanaspati industry".

1.66 When the Committee desired to know the reasons for growing sickness in the vanaspati industry, the Ministry informed the Committee that some of the causes identified for low capacity utilisation in the vanaspati industry are the disparity in the tax structure between new and existing units in certain States as also between vanaspati and refined oils, lack of setting up of integrated oil processing units, consumers' preference for refined oils as compared to Vanaspati oils, obsolete nature of plants and equipments etc.

1.67 When asked about the measures taken by Government to increase the capacity utilisation, the Committee was informed that "Some of the measures taken by Government to improve the situation are fiscal incentives for use of certain specified oils in the manufacture of vanaspati, reduction in the excise duty on vanaspati by Rs. 400 per MT in the 1993-94 Budget, concessional rate of custom duty on import of certain equipments considered necessary for modernisation and cost reduction, permitting use of

imported edible vegetable palmolein in the manufacture of Vanaspati etc. It may be relevant to mention that demand of refined vegetable oils is gradually increasing in comparison to vanaspati oils.

1.68 Supplementing it further the Ministry informed that "To stimulate healthy competition in the vanaspati industry, the industry has been delicensed w.e.f. July 1991. They have also been given fiscal incentives for the use of certain specified oils in the manufacture of vanaspati. The permission to use imported oils in the manufacture of vanaspati is also a measure aimed at improving capacity utilisation of vanaspati units. Duty concessions have also been given for the import of certain equipments considered necessary for modernisation of vanaspati industry".

1.69 When the Committee desired to know as to whether any survey has been conducted to ascertain the causes for low capacity utilisation, the Secretary of the Ministry informed during evidence before the Committee that in our Ministry we have the Directorate of Vegetable Oils, Vanaspati and Fats through which we keep on monitoring these units. Their officers like the Inspectors visit the units almost every month regularly. We also know the reasons for less production etc. For instance, regarding Sales Tax, we have taken up the matter with some of the State Governments. For example, in Uttar Pradesh we have even succeeded in getting a reduction in the Sales Tax which will help the industry. But the State Government would like to keep the Sales Tax subject with them which is in their own wisdom. We also allowed the use of Vanaspati in various industries and gave some relaxations. We also get them excise rebate in the 1993-94 Budget. We have also given some technical facilities. Whenever they import edible oil the storage control order was relaxed with regard to edible oil and this order will not apply in the case of imported edible oils and they could have any amount of oil. Some technical things were standing in the way. These were also sorted out. We have taken quite a few steps to revitalise the vanaspati industry. But still the problems are there. The people basically prefer more of conventional oil and refined oil than the vanaspati oil".

I. Solvent Extraction Industry

1.70 The Solvent extraction is a process used for the removal of oil from oil bearing material such as oilseeds and oil cakes. Solvent extraction is ideally suitable for materials containing than 15-20 per cent of oil by weight. Thus, oilseeds which contain more oil is to be first crushed and then there cakes are used for solvent extraction. However, certain other oil bearing materials such as soyabean, cottonseed etc. which contain less oil (12-19 per cent) can be directly treated on the solvent extraction plants. The solvent extraction industry needs the following processing stages for the

extraction of oils. The oil bearing material needs to be prepared for extraction. The oil bearing material is then mixed with a solvent, usually hexane. The non-fat components remain undissolved and are then separated and the solution of oil and hexane is filtered for separation. The resultant solids are usually called the deoiled cakes (DOC). The solution containing oil and hexane is then subjected to a process of fractional distillation in which the oil having a higher boiling point remains in the other solution and hexane evaporates. Hexane is then recaptured and cycled. The oil is then collected in banks. A small portion of hexane remains in the solvent extracted oil. Before the oils can be used for edible purposes, the hexane component needs to be removed from it.

1.71 There are at present 550 Solvent Extraction Plants in the country with overall oilseeds/oil cake processing capacity of 89,632 MT per day. Solvent Extraction industry is meeting about 12% of the total demand of edible oils in the country. Minor oilseeds of tree and forest origin offer a big source for the solvent industry.

1.72 An apex Solvent Extracto Organisation in their Memorandum submitted before the Committee have stated that "the Solvent Extraction Industry is playing an important role in the country's vegetable oil economy and it has the potential of making much bigger contribution to the availability of vegetable oils, particularly from non-conventional sources thereby minimising the need for imports of vegetable oils—edible as well as non-edible. The low recovery of non-conventional vegetable oils is mainly due to various constraints faced by the industry and inadequate fiscal incentives to exploit the available resources. Factors contributing to heavy under utilisation of installed capacity includes :

(a) Primitive huller type rice milling industry which produces inferior quality of rice bran, unsuitable for extraction ;

(b) Levies on rice bran, deoiled rice bran and extractions in some States,

(c) A good quantity of oilseed is crushed at the village level and the oilcake produced is directly used for feeding the cattle;

(d) The crushing units are scattered throughout the country and the oilcake produced by these oil mills get deteriorated due to longer storage and longer transit time ;

(e) The solvent extraction industry is not allowed to become integrated. They cannot install expeller for crushing major oilseeds and then solvent extract immediately;

(f) Lack of uniform Sales tax, Octroi, Entry tax structures in various States causing hardship to the trade ;

(g) Insufficient and irregular supply of coal and electricity ;

(h) Direct use of cottonseed and unscientific crushing by undecorticated process ;

(i) Problem of aflatoxin in groundnut and cottonseed cakes ;

(j) Insufficient and irregular allocation of railway wagons/rakes and high incidence of railway freight on oilcake and extractions;

(k) Non-tariff barriers on imports of some deoiled meals by the EEC;

(l) Incidence of higher freight from India to foreign destinations importing oilcakes/meals due to lack of infrastructural facilities at the Indian ports ;

(m) Lack of uniform policies of State Government for collection and distribution of minor oilseeds of forest origin ,

(n) The forest authorities and State Government agencies are very casual in the collection aspect and largely lack motivation to boost the collection. Insufficient infrastructure facilities such as road transportation, temporary warehousing facility and delay in disbursement of money to tribals, also hamper the collection of forest seeds in distant regions; and

(o) In most of the cases seeds are not sold in time. The sales decision are taken so late that the seed deteriorates due to prolonged storage and improper conditions.

1.73 With a view to accelerate the utilisation of untapped potential of vast resources which can produce adequate solvent extracted oil, the Association in their Memorandum have suggested the following measures:

(1) Integration of Oil Milling with solvent extraction units be allowed by dereserving major oilseeds *viz.* groundnut, sesame, rapeseed and mustard whose crushing are reserved for small scale industry.

(2) The Drainage Expander Technology introduced in recent years in which the oilseeds can be directly processed in the solvent extraction unit thereby increasing the production of oil and avoiding the cumbersome process through expellers. This technology should be more popularised and should also be freely allowed to import at concession import duty.

(3) In order to ensure speedy modernisation of oils processing industry, import of modern processing equipments, if necessary, along with the quality control upgradation equipments, by users should be permitted for a specified period. Physical control on import of equipment should be replaced by fiscal control for a period of five years.

(4) The country is producing about 12 million tonnes of oilcakes from 20 million tonnes of oilseeds currently produced in the country. At present solvent extraction processing oilcake is hardly 3 million tonnes and the rest 9 million tonnes directly fed to animals and in process, the country is losing around 6 to 7 lakh tonnes of vegetable oil. To encourage more processing of oilcakes, State Governments may be advised to exempt processing units from levy of Sales Tax on purchase of oilcakes so that larger quantity would be available for processing. The loss of revenue due to proposed exemption will be more than offset by increased yield of oil and revenue thereon.

(5) The full processing of oilseeds in the expeller has high consumption of electricity, steam and manpower. The oil obtained by second & third press is of lower quality. The best way to get the entire quantity of oilcakes into the solvent extraction is to do only first press in the expeller leaving between 15 to 18% oil in the oilcakes and then oilcake be extracted in the solvent extraction plant. This will increase the efficiency of the expeller resulting in less energy consumption, better quality of oil and extra oil recovering in the solvent extraction plant. The solvent extracted oil will also be of a better quality and reduce the refining cost considerable.

(6) All efforts should be made to popularise the use of balanced feed instead of oilcake, oilmeal or whole cottonseed so as to increase the overall processing, production of solvent extracted oils and at the same time it will augment higher production of milk, meat and egg due to usage of balanced feed.

(7) NOVOD Board should be given the coordinators's role and be made responsible for organising collection of oilseeds of tree and forest origin. At present a number of major activities are being looked after by the various Ministries, namely cultivation of oilseeds by Ministry of Agriculture, processing of oilseeds and oils by the Ministry of food and Civil Supplies and collection of oilseeds of tree and forest origin by the Department of Welfare etc. The collection of tree borne oilseeds which is of crucial importance from the national point of views. needs much greater focus. It is felt, that for best co-ordination with the States and various Ministries of Union Government, the National Oilseeds and Vegetable Oils Development (NOVOD) Board would be the most appropriate body to galvanise the collection and co-ordination activities.

(8) In order to achieve better value addition, all the interested manufactures all over the country should be given equal opportunity to develop value added products by way of involving them in the collection and processing of minor oilseeds of tree and forest origin as this will introduce an element of competition as well as achieve large collection of these

oilseeds and more remunerative price will be received by tribal people involved in the collection. Government agencies can be empowered to keep overall control and keep a watch on collection to avoid exploitation tribals.

(9) There should be a time limit of maximum four weeks within which the seeds collected should be disposed off to avoid any deterioration in the quality.

(10) No State Government should be allowed to collect any royalty on the collection of these oilseeds of tree and forest origin. This will result in tribal people getting a better remuneration.

(11) The possibility of leasing certain forest areas to the private sector should be considered seriously. It is recommended that some areas be earmarked and given to the private sector on lease for a period of 5/10 years. The lessee would be required to build the infrastructure like road, warehouses, etc. and organise collection.

(12) There should not be any restriction on movement of forest seeds from one State to another.

(13) Mass education through Radio and TV is very important to educate the people on the importance of these seeds and encouraging the collection.

(14) The collection of minor oilseeds be covered under Jawahar Rojgar Yojana to create more employment and subsidy be granted to boost the income of tribals.

J. Demand Projection of Edible Oils

1.74 The mechanism being adopted by the Ministry for forecasting demand of edible oils is based on the following economic parameters prepared by the Planning Commission :

(i) The estimates of population, Statewise as also on All India basis,

(ii) the growth in per-capita consumption expenditure,

(iii) the elasticity of demand related to growth in consumption expenditure of edible oils.

1.75 When asked about the mechanism evolved to get information about Statewise consumption level of edible oils, the Ministry in a note stated :

"In respect of certain vegetable oils which are covered under Vegetable Oil Products Control Order, 1947 and Solvent Extracted Oil Deoiled Meal and Edible Flour Control Order, 1967, there is a mechanism to get information about the Statewise consumption level, etc. of edible oils including vanaspati. In terms of the provisions of the aforesaid control orders all Manufacturers are statutorily required to furnish on

monthly basis information relating to production, despatch etc, of certain specified oils including vanaspati. Bulk of the oil is still outside the purview of these orders".

1.76 About the mechanism developed by the Ministry to assess the quantum of imports of edible oils to be made in a particular year the Secretary of the Ministry deposed during evidence before the Committee that "There are two components in that. One is the component of PDS for which our Ministry is responsible. The other component is that general public, the general industry,. For the general industry in 1994, the Government had put the import of edible oils under the Open General License".

He also added :

"The oil year starts from November, So, we do an assessment of the import for the coming year. Then we write to the State Governments also asking about their requirements. Once they give, we arrived at a conclusion that this much we require for PDS. In the month of December or January, we go to the Government for approval".

1.77 When the Committee desired to know as to whether any survey has been conducted by the Ministry to ascertain the reasons for the low capita consumption of oils in the country, the Secretary informed the Committee that "We go by the survey of the Planning Commission".

1.78 The studies and surveys undertaken by the Technology Mission on Oilseeds (TMO) have revealed that country loses nearly 5 lakh tonnes of edible oil every year due to faulty and inefficient post harvest handling.

1.79 When asked about the corrective measures taken to avoid this kind of a significant loss, the representative of the Ministry of Agriculture stated during evidence before the Committee that "the traditional type of expellers have lower capability of recovery percentage. Through CSIR we have been commissioning Research and Development Projects to develop such units which have a greater recovery percentage. As a result, the CSIR has come out with certain expellers to leave five to six per cent oil in the oilcake. That oil is also extracted afterwards by solvent extraction process. Therefore, the wastage is minimised as far as possible by a combination of the two processes".

1.80 About the specific procedure being adopted at the Central level (Ministry of Civil Supplies, Consumer Affairs and Public Distribution) to prepare estimates of production and consumption of edible oils, the Committee were informed during evidence that "about production of oilseeds, the Ministry of Agriculture is concerned and as far as consumption is concerned, the Planning Commission arrive at a conclusion. Between these two figur we arrive at a conclusion".

1.81 When the Committee desired to know the total demand and production of edible oils for 1995-96 and how the Government propose to bridge the gap between demand and production, The Secretary informed the Committee during evidence that :

"For the year 1994-95, the production was 64 lakh tonnes and the demand was for 69 lakh tonnes. The gap is about 5.00 lakh tonnes. As far as the previous year was concerned, we imported 1.5 lakh tonnes. For the year 1995-96 the likely estimate of production of oil is 65 lakh tonnes and the demand is for 72.54 lakh tonnes. For the previous year, we got the authorisation of the Government to import upto two lakh tonnes."

He also added:

"This year also we have decided to import. The Government has approved and we have given the schedule also to the State Trading Corporation for import".

K. Coordinating Agency for Edible Oils

1.82 Four organisations *viz* Directorate General of Health Services under the Ministry of Health and Family Welfare, Directorate of Marketing and Inspection under the Ministry of Rural Development, Directorate of Vanaspati, Vegetable Oils and Fats and Bureau of India Standards under the Ministry of Civil Supplies, Consumer Affairs and Public Distribution are involved in the quality control of Edible oils, including vanaspati.

1.83 When asked about the mechanism evolved to coordinate the efforts of these four organisations to achieve the objective, the Ministry informed the Committee that in order to secure coordination among the activities of the various Ministries/Organisations involved in the work of quality control in respect of Edible oils and vanaspati, so as to avoid duplication of activities to the extent possible, a Coordination Committee in the Ministry of Civil Supplies, Consumer Affairs and Public Distribution has been set up. The basic objective of the Committee is to enable smooth and harmonious functioning of various promotional activities and avoid the overlapping of functions.

1.84 Various control orders issued under the Essential Commodities Act, 1995 governing the manufacture, quality, marketing etc. of vanaspati and other vegetable oil products and solvent extracted oils are administered by the Directorate and these orders put the Directorate in a particularly advantageous position to ensure proper surveillance, monitoring and implementation of the quality control measures so far as the vanaspati units are concerned, violation of the orders or measures specified therein attracts penal action under E.C. Act. The orders provide for regular

inspections of the manufacturing units, manufacturing process, examination of factory records, drawal of samples, etc. For the purpose of ensuring proper quality control in addition to surprise inspections from headquarters, a minimum of 12 inspections per vanaspati unit and normally six inspections per solvent extraction plant producing refined oils are carried out annually. Field officers are also located in nine different zones reorganised in such a way as to enable proper monitoring. A laboratory exclusively devoted to the analytical work pertaining to fats and oils is available with the Dte. of VVO&F for checking of the samples drawn.

L. Regulation and Control orders Governing Edible Oils

1.85 Vanaspati is governed by three parallel statutory quality standards *viz* Prevention of Food Adulteration Rules (PFA Rules), Vegetable Oil Products Control Order (VOP) and Bureau of Indian Standards with three sets of authorities to administer them. PFA standards being paramount, no other standard can conflict with the same. In oils/fats area, the BIS scheme has been made mandatory only for vanaspati and its packaging.

1.86 About the multiplicity of orders an Apex edible oil organisation have stated in their memorandum that multiplicity of orders places avoidable demands on administrative machinery and the industry adding to cost and inflationary pressures. It is desirable that these controls and regulations be rationalised.

M. Delicencing of Vegetable Oil Industry

1.87 The main purpose of delicensing the vegetable oil industry in July, 1991 was to introduce healthy competition and to foster growth and efficiency in edible oil sector.

1.88 Explaining the overall impact of delicensing the vegetable oil industry including vanaspati industry, the Ministry stated that there has been significant increase in the number of units which have been set up since delicensing. As a result, there has been overall increase in the production of edible oils. This has resulted in increased competition among the units and induced the units in making efforts for improving efficiency of operation for the purpose of cost reduction and quality improvement.

N. Price of Edible Oils

1.89 The Pulses, Edible Oilseeds and Edible Oils (Storage Control) Order, 1977 has been issued under the Essential Commodities Act, 1955 for securing equitable distribution and availability at fair prices of pulses, Edible oilseeds and Edible Oils to the consumers.

O. Stock Limits for Edible Oils

1.90 The present stock limiting respect of retailers, wholesalers and producers of edible oils envisaged in the pulses, Edible Oilseeds and Edible Oils (Storage Control) Order, 1977 are as indicated below :

Stock limits in quintals in case of wholesaler/Retailer

All Edible Oils including hydro-genated vegetable oils	Category A	Cities	600	20
	Category B	Cities	400	12
	Other	Areas	250	08

1.91 In respect of producers of edible oils, the limit is 1/24 of his maximum production in any of 3 years ending on 31.10.1989 for a producer already carrying on business when the order commenced and in respect of producers who started production after the commencement of the order the limit is 1/24 of the maximum of his production in any ot the 3 years immediately after production started. The stock limits were last reviewed in September, 1993.

P. Tax Structure

1.92 Various States have levied different taxes and levies on oilseeds, oils and oilcakes. These are in the form of purchase taxes, mandi cess, turnover tax and sales tax. The total incidence of these taxes on a per unit basis differs from one State to another. The price levels of seeds, cakes and oils in different States become sufficiently desperate to permit an arbitage after tax evasion and hence the commodities move in response to differences in taxes and not absolute prices. On an average, the total incidence of taxes on oils comes to about 6% by value of the oil.

1.93 Several State Governments like U.P., Punjab, Rajasthan, M.P., Maharashtra grant concessions like exemption from payment of sales tax, electricity duty, octroi etc. to the newly established units. In case of vanaspati, the sales tax, however, ranges from 2% to 15%

1.94 The Central Organisation for Oil Industry and Trade, New Delhi in the Memorandum submitted to the Committee have *interalia* stated :

> "The burden of taxes and duties levied by different State Governments on edible oils and oilseeds is as high as 15—20%. Moreover, there are disparities in the rates of sales tax in different States. As oils and fats are essential ingredients of diet, it is necessary that the rates of sales tax and other levies are reduced and are made uniform in different States. Uniformity of rates of sales tax in various States would ensure availability of oil/vanaspati at comparable price and would curb tendency of inter-State smuggling."

1.95 The Vanaspati Manufacturers Association in their memorandum submitted to the Committee have stated that currently, vanaspati attracts an excise duty of Rs. 1500/- whereas similar products like refined oils are exempted from excise duty. According to them, it makes vanaspati costly which is largely consumed by rural poor. They have also made a demand to abolish excise duty on vanaspati.

1.96 What the Committee desired to know as to why vanaspati has not been exempted from excise duty when several other manufacturing industries have been fully exempted from excise duty and whether the Ministry are satisfied with the prevailing tax structure for vanaspati and edible oils, the Secretary, Ministry of Civil Supplies, Consumer Affairs and Public Distribution informed the Committee during evidence :

"The point is well taken. The tax element should be less.."

1.97 In 1983 Kamlapati Tripathi Committee recommended that sales tax should be abolished and an additional excise duty in lieu thereof be levied.

1.98 Where the Committee desired to know as to why this recommendation of the Kamlapati Tripathi Committee was not implemented and what steps are being taken in this regard.

The Secretary stated during evidence before the Committee :

"It is true. But it is a larger question regarding the sales tax. Since the sales tax is a State subject, the State Governments are not willing to give up their autonomy or powers. For instance, the Kamlapati Tripathi Committee said about it and I am speaking from my memory. They have recommended that in respect of 31 or 19 commodities the sales tax should be given up and additional excise duty should be imposed at Central level. These do sound good recommendations. But the State Governments are not willing to accept. They do not want to give up their revenue. Secondly, they also feel that their autonomy would be affected and they will have to come to the Central Government again and again for having their share of the excise duty."

1.99 He added :

"Once we have uniformity in the sales tax all over the country for vanaspati units, all problems related to it will be sorted out. But to achieve it is rather difficult. We not only appealed to the individual States but we also wrote to the Finance Ministry. But they will not be able to do anything in this regard without State Governments' consent."

1.100 When the Committee desired to know as to why excise duty is

being levied on vanaspati when there is no excise duty on other edible oils, the Secretary, Ministry of Civil Supplies, Consumer Affairs and Public Distribution during evidence stated :

"As far as vanaspati is concerned, it is a manufacturing activity. Any manufacturing activity would attract excise duty. That is the policy of the Government. That is why, the excise duty is there. We are making our own attempts also".

1.101. When asked whether any proposal has been moved by the Ministry with a view to reduce the excise duty, Secretary stated :

"Yes, we have made a proposal, some excise rebate is being given to the vanaspati units now but they are not fully exempted."

Q. Hindustan Vegetable Oils Corporation Limited

1.102 The Hindustan Vegetable Oils Corporation Limited (HVOC), a Public Sector Undertaking under the administrative control of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution was set up by taking over the management of two Undertakings, namely, the Ganesh Flour Mills Company Limited and the Amritsar Oil Works under the Industries Development and Regulation Act in the year 1972 and 1974, respectively. Subsequently, these undertakings were nationalised with the main objective of sustaining and strengthening the nucleus of Public owned or controlled units required for ensuring supply of wholesome Vanaspati and Refined Oils to the public at reasonable prices, under Public Distribution System. As a consequence of the nationalisation of these two undertakings, the HVOC was incorporated under the Companies Act, 1956 on 21.03.1984 as a Public Limited Company fully owned by the Government of India with equity capital of Rs. 5.00 crores. Presently authorised capital is Rs. 10.00 crores and paid up capital is Rs. 7.71 crores.

1.103 The Corporation has been assisting the Government of India in the supply of Refined Imported Edible Oils under the Public Distribution System. Apart from the supply of Vanaspati to the Civil Market, large quantities were also produced for the Armed Forces. The installed capacity for Vanaspati is 350 TPD. Further HVOC manufactures Breakfast Foods and high nutritious excluded products like Ready-to-Eat Snacks and Soya Nuggets for supply of social welfare programmes of Governments for weaker section of society.

1.104 The Corporation has 8 manufacturing and/or packing units located at Amritsar, Delhi, Kanpur, Calcutta, Bombay, Bangalore and Madras with its Registered Office at New Delhi.

1.105 HVOC is engaged in packing and distribution of imported RBD Palmolein for supply to cooperative outlets for sale to the public. The

Corporation's installed refining capacity is 1150 MTs per day and installed packing capacity (in 2 Kg/5Kg tins and 1 Kg pouches) was 700 Mts per day. As the requirement of packing RBD Palmolein Oil in 2 Kg tins is not there at all, the filling machines have been dismantled/disposed off in some of the units and steps for their disposal in other units are being taken. The present requirement of small packs under the PDS is only 1 Kg/Litre pouches. Therefore, HVOC's packing capacity in small packs on three shifts basis is 400 Mts per day.

1.106 The Corporation was on the verge of Bankruptcy in April,. 1985. In the subsequent year, HVOC was not only turned around but it was rated amongst the first seven Companies amongst PSUs in terms of return of capital employed. It also started paying dividend to the Govt. after wiping off the earlier losses. HVOC was able to build a handsome Networth crores of rupees in the next five years with the production of systems and Procedures and exercise of Rigorous Controls. The Govt. of India had appointed a High Powered Committee headed by late Shri Lovraj Kumar in 1986 to go into the working of HVOC.

1.107 HVOC has been continuously incurring cash losses since the financial year 1991-92. The major factors leading to the losses have been attributed to :-

(a) Reduction in import of Edible Oils

(b) Non-availability of Sales Tax Exemption

(c) Obsolete Technbology

(d) Excess Manpower

Reduction in Import of Edible Oils

1.108 Since HVOC had created large refining and packing capacities for PDS at the behest of the Government, the direct result of reduction in imports has been under utilisation of its capacition and steep fall in the profits of the Corporation.

Stoppage of Import of Crude Oil

1.109 HVOC diversified its activities into refining and packing imported crude oils for PDS. The import of crude edible oils, however, stopped from oil year 1989—90 onwards due to the high prices in international market. The considerably enhanced capacities developed by the company especially for this purpose together with the employment of additional manpower became idle in the absence of import of crude edible oils.

Non-Availability of Sales Tax Exemption

1.110 Delicensing of Vanaspati industry in the year 1991 and the

exemption of Sales Tax in various States to the new units has driven many of the old units to closure of uneconomic operations in the absence of level playing field conditions. Large capacities under the exempted category have come up in the State of Punjab, Himachal Pradesh and U.P. in the years 1993-94 and 1994-95.

Obsolete Technology

1.111 The plants and equipments installed at all the units of HVOC are of outdated technology affecting the efficiency and quality of the product and the resulting high cost of production.

Excess Manpower

1.112 A very large work force has become redundant due to greatly reduced activity under the PDS. Surplus manpower is a major factor contibuting to higher cost of production and consequent losses.

1.113 When asked about the steps taken for the revival of the units of HVOC, the Ministry informed the Committee that the manpower has been substantially reduced by 26% by vigorously implementing the VRS and 670 employees opted for this scheme till March, 1995. Seven more employees have been given VRS during the current year. The success achieved by HVOC in the year 1993-94 with regard to implementation of VRS was amongst the best in Public Sector. In view of the revised guidelines issued by the Government on the acceptance of VRS applications, a surplus manpower study has been made based on turnaround plan submitted by the Corporation to the Government. A study of the surplus manpower based on the MOU targets is also being made as per the decision of the Board of Directors to indetify the surplus manpower.

1.114 A modernisation/diversification plan involving an expenditure of Rs. 31.00 crores was prepared and submitted to the Government of India in May, 1993. Since HVOC had, no fund of its own, to undertake modernisation/diversification of such magnitude it has to depend upon the Government for Budgetary Support.

1.115 As this was not forthcoming a minimum modernisation plan with an expenditure of Rs. 7 crores was also prepared and submitted to the Government in November, 1993.

Merger with NDDB/MMTC

1.116 In the absence of budgetary support from the Government the alternative available with the Corporation was to look for merger with other Public Sector Companies like MMTC/STC/NDDB having synergies with HVOC and vast surplus funds at their disposal. The proposal was discussed at the CCEA meeting in July, 1994. It was decided that HVOC should

pursue the merger plan with NDDB. The matter was subsequently discussed between the Chairman of NDDB and HVOC. NDDB after studying the proposal expressed its inability to take over HVOC as the edible oil economy of the country has undergone a sea- change in the recent years due to the integrated policy of Oil Seeds evolved by the Government of which MIO by the NDDB and the efforts made by the TMO to boost the production of oil seeds are important components. The geographical production pattern and Rabi, Khariff equation have completely changed the rules of the game in the oil business. Taking into consideration of all the above factors, NDDB have come to the inevitable conclusion that it would not be appropriate for the NDDB to take over this organisation.

1.117 Government had asked HVOC to prepare a fresh revival plan which will make HVOC's entire operation viable. A plan envisaging an investment of Rs. 17.70 crores was submitted to the Government on 6th March, 1995.

1.118 During the tour, the Committee were informed that the Bombay unit of HVOC will make marginal profit this year. The installed workable capacity and production of these units is as follows :-

(M.T. Per annum)

		Refind Oil/ Bulk Pack	Small Pack (in Pouches)
Installed Capacity		1,80,000	45,000
Workable Capacity		1,35,000	30,000
PRODUCTION			
1993-94	Target	2000	----
	Actual	1023	2793
1994-95	Target	6600	----
	Actual	7299	7997
1995-96	Target	1500	2000
(Apr-Jun)	Actual	835	1377
	1993-94	**1994-95**	**1995-96 (Apr-Sep)**
Loss (Rs. in Lacs)	(-)259.66	(-)47.87	46.00

1.119 When asked about contracts received by the Bombay units the Committee were informed during the tour that this unit managed to get a small contract from M/s Ahmed Oomerbhoy (Post Brand) for refining and packing groundnut oil. The oil was distributed by them in the city of Bombay. The operation could not continue for long as Postman could not

supply the raw oil for this purpose and in the meantime from September, 1994 onwards HVOC started getting supplies under PDS. Apart from servicing PDS it was more profitable to work for PDS rather than use small refining capacity for an outside party.

1.120 About the capacity of utilisation of this unit, the Committee was informed that with the present labout strength unit can pack 2500 tonnes of oil per month in 1 kg pouches and 1000 Mts in 15 kg tins. During the month of September, 1994/October, 1994 when the lifting of oil by states was good, the unit achieved more than 100% capacity utilisation in small/bulk packs.

1.121 When asked about the installed/workable capacity and production of the Kanpur unit the Committee was informed during tour as follows :-

(M.T. per annum)

		Vanaspati	Refined Oil/ Bull Pack	Small Packs (in pouches)
Installed Capacity		37500	45000	7500
Workable Capacity		37500	45000	7500
PRODUCTION				
1993-94	Target	8000	500	---
	Actual	4695	Nil	---
1994-95	Target	6000	----	---
	Actual	2937	----	---
1995-96	Target	750	----	---
(Apr.-Jun.)	Actual	530	----	---
		1993-94	**1994-95**	**1995-96 (Apr-Sep)**
Loss (Rs. in Lacs)		(-)156.18	(-)229.17	(-)131.00

1.122 The main activity in Kanpur Vanaspati Unit has also been the manufacture of Vanaspati which was high at 27869 M.T. in 1984-85 and on an average 16970 M.T. between 1985—90. The production has come down to 2937 M.T in 1994-95.

1.123 About the Modernisation plan, the Committee was informed that this Unit is also covered under the Modernisation Plan. In the revival scheme, it has also been suggested to install a Solvent Extraction Plant at the Unit.

1.124 When the Committee desired to know the reasons for which various units of HVOC other than Bombay and Calcutta are running into losses. The Chairman-Cum-Managing Director of HVOC during the evidence informed the Committee that :-

"The main reasons for the losses is Sales Tax. In Maharashtra the Sales Tax which was previously 8 per cent has been reduced to 2 percent with a view to save the old units from closure. I would request you to take a decision about Sales Tax other wise there is no possibility to run the old units."

1.125 About the modernisation/revival programme, representative of the Ministry stated during evidence :

"We went to the Finance Ministry and requested them for release of funds and budgetary support . The Finance Ministry said : 'You should privatise it and no budgetary support. This was their view,. In the current financial year, 1995-96, we have again received Rs. 24.20 crore package from the HVOC for revival. We are again moving the Finance Ministry to ascertain whether in the current financial year they will give us the budgetary support. This is the position. The Finance Ministry does not appear to be in favour of running it in the Public Sector."

1.126 The Committee pointed out as to why not HVOC disposes of its surplus land if Ministry of Finance are not in a position to provide funds for the modernisation/revival programme of the Corporation, the representative of the Ministry deposed during evidence :-

"We have conducted a survey in this regard. Kanpur unit of HVOC has surplus land amounting to Rs. 50 crores. We have a plan to dispose it of. We may then repay the amount received from the Ministry of Finance, if could get from them".

He added :-

1.127 The industry will get sick and closed, if budgetary support is not made available to us".

1.128 To a querry, Chairman-cum-Managing Director, Hindustan Vegetable Oil Corporation, had informed the Committee that HVOC had purchased a plant worth Rs. 8 crores. How its technology has become obsolete and nobody is ready to purchase this plant even for Rs. 60 lakhs and CBI is investigating this matter since 1984.

R. Role of National Dairy Development Board (NDDB) in Edible Oil Economy

1.129 The Main objective of the NDDB with reference to the vegetable oil project is to coordinate the modernisation of oilseeds production, oilseeds processing, marketing of vegetable oils and oilseeds by products in areas covered by the project. The following are the main objectives of NDDB :-

(1) to procure and market imported and indigenously produced vegetable oil, in such a way as will contribute to the stabilisation of supplies and prices at levels which will be fair to consumers and growers.

(2) to generate the funds required for the establishment of a modernised oilseeds and vegetable oil industry, based on oilseeds growers cooperatives, which will put the function of oilseeds processing marketing into the producers' own hands.

(3) to devise and implement a programme of investment and development which will enable growers to increase their oilseeds production and their returns from oilseeds production while also increasing the efficiency of the processing and marketing functions, through the growers' own cooperatives.

(4) to increase the opportunities for productive and remunerative employment in the selected major oilseeds growing areas.

1.130 The following are the main functions of NDDB with reference to edible oils :

(1) to generate funds through the sale of donated commodities.

(2) to fund the creation of cooperative infrastructure.

(3) to finance the establishment of processing and marketing infrastructure.

(4) to provide technical support for the above activities.

(5) to provide support for extension and production enhancement activities of the cooperatives.

(6) to subscribe to the share capital of the cooperatives and provide working capital.

(7) to establish links between the growers and consumers.

(8) To make available through an oil grid branded packaged oil throughout the country at a uniform price.

(9) to help cooperatives in exporting their produce and products.

1.131 When asked about the procurement of oilseeds, NDDB in their note stated :—

"The procurement of oilseeds is done by Cooperatives. The cooperatives sell the resultant oil to the NDDB for "Dhara" at prevalent market prices. The NDDB also procures oilseeds on its account through the Cooperatives and gets its custom processed at their plants to augument the requirement of "Dhara". NDDB also purchases oil from open market through Cooperatives and Brokers".

1.132 When asked as to what extent MIO succeeded in stabilising prices of edible oils and encouraging farmers to go in for cultivating oilseeds NDDB in their note submitted :—

"The MIO's mandate was by no means only to keep edible oil prices within a price band. The fundamental objectives was to restore and sustain edible oil prices at levels sufficiently remunerative to motivate farmers to invest in increased production and productivity. This, and this alone, would lead to a sustained increase in domestic production. That the NDDB met its objective as the agency responsible for the MIO, ensuring that edible oil prices were maintained at remunerative level."

1.133 Probable reasons for the cessation of MIO were given by NDDB that the country had achieved near self-sufficiency and the need for continuation of MIO was not felt. Further, a Market Intervention Operation may also involve subsidies by the Government of India to the Market Intervention Agency.

1.134 During their tour, the Committee were informed that with the cessation of MIO in April 1994, the extended line of credit was no longer available for the Cooperatives to support working capital requirements for procurements of oilseeds, since then, there has been no significant improvement in the functioning of these cooperatives.

1.135 The representative of NDDB was of the view that even today the PDS distributed far more oil than was consistent with the purchasing power of the weaker section, which indicated that the imported edible oil was directed to Industrial Sector in the name of distribution under PDS. It was highlighted during discussion that if the PDS was to serve the needs of the poor, corrective steps were required to ensure that PDS oil actually reached those for whom it was intended rather than unlimited and unconstrained imports of edible oil for distribution through PDS. The system should be refocussed to realign existing distribution patterns to fit the buying habits of target groups. For example, oil should be packed in small consumer packs to permit better administrative/quality controls and to plug the leakages.

1.136 Chairman NDDB, was of the view that import of oil should slowly be dried up. The PDS must be sustained by purchase of indigenous oils. This would not only bring order to the edible oil business but would keep the oil sector on the path of growth and, thereby, ensure food security in long term.

1.137 During the course of discussion it was stated that as a consequence of different tax structure in respect of edible oils, oilseeds, oil cakes, forms of oils, edible oil trading had become extremely complicated. These

wide variations in taxation provide scope for manipulation, avoidance and evasion of tax. It was suggested that States should be encouraged to rationalise the tax structure and thus create a genuine national common market.

1.138 During the course of discussion, the Committee were informed that imported palmolein was being allotted to those States in excess wherein Edible oil was produced in abundance and the total percentage of palmolein allotted to non-producing States was almost negligible. Moreover, the release and lifting of imported palmolein oil was much more in the harvest season thereby, affecting the interests of farmers. It was also pointed out by representatives of NDDB that liberalisation of import Policy in the field of edible oils would play a devastating role in the field of field of indigenous oil-seeds production. For food security which was vital aspect, the country cannot depend upon import for longer period. Indigenous production of oil and oil-seeds would have to be increased. The representatives of NDDB also stated that edible oil was being distributed through PDS only in urban areas and not in rural areas wherein 70% population lived.

1.139 The Committee was also informed that Market Intervention Operation had held oil prices in control and as a result the country became almost self-sufficient in the oil sector and the import of palmolein etc. became almost negligible. With the withdrawal of Market Intervention Operation, the Import of oil increased abruptly causing a heavy loss of foreign exchange. The representative requested for the restoration of Market Intervention Operation in the interests of farmers and consumers. He also stated that widening gap between PDS prices and rising open market prices had led to increased "leakages" from the PDS.

S. Role of the National Cooperative Development Corporation in the Integrated Oilseed Processing in Cooperative Sector

1.140 The Cooperative movement is playing a dynamic and innovative role in the development of oilseed industry in the country. The activities are fully integrated in the sense that they extended from the stimulation of oilseed production through processing to the final marketing of the end-products.

1.141 The National Cooperative Development Corporation (NCDC) has been in the forefront of oilseed processing sector for over two decades now. The main functions of Corporation are to plan, promote and finance programmes of agricultural inputs, processing, storage and marketing of agricultural produce as well as supplies of consumer goods in rural areas. It is basically a development financing institution for cooperatives in these sectors and since in terms of the Constitution of India "Cooperative

Society" is a State subject, the NCDC works closely with the State Governments in stimulating the process of cooperative development.

1.142 Prior to 1970, the NCDC's role in the cooperative oilseed sector was of limited significance and confied mainly to assisting oil-mailing projects in the small scale sector. Subsequently, the NCDC organised, promoted and assisted a number of large-sized oil complexes. These projects were owned by State Cooperative Marketing Federation of Processing socieities spoecifically organised for the purpose. However, there was no linkage of the processing units with the farmers and the marketing federations/processing societies were procuring raw material from the regulated market through members' cooperative societies, More recently, the NCDC has been recipient of and from International funding agencies like European Economic Community (EEC) and World Bank for agro-industrial projects and in the course of conceptualising such projects, the principle of linkage between the oilseed growers and the processing plant has been well recognised.

1.143 The NCDC adopts a two-tier structure with primary at the base and federation at the State level. The Primaries may be Primer Agricultural Credit Societies (PACS) when these are viable specially Organised Oilseed Growers Cooperative Societies (OSCS). The apex body is a uni-ecommodity cooperative such as Oilseed Federation.

1.144 When asked about the promotional and financial role played by NCDC in installing modern facilities for oilseeds, NCDC in their note stated :—

> "The promotional role of NCDC in the cooperative oilseed sector has been stepped up in the recent years to provide adequate back up to the national programme of oilseed production, processing and marketing. With the installation of modern integrated processing facilities by State level oilseeds, it has been possible to not only exert a healthy influence on the oilseed prices but also on protecting the interest of the farmers and increasing the oilseeds production by way of higher productivity. Since last decade, NCDC has been promoting integrated cooperatuive processing complexes for provideing a better return to the farmers and increasing the productivity on farm as well as in the processing unit. Installation of a modern and sophisticated processing technology helps not only to optimise the efficiency at the plant level but also in imparting a premium on the end-products. The processing unit which is the king-pin in the entire system, plans the production programme for oilseeds, arranges for supply of inputs and collection, transport and processing of oilseeds and marketing of oils and by-products., As on 31st March, 1995, NCDC has assisted 146 oilseed processing units in

the cooperative sector in various oilseeds producing tracts of the country. Of these 146 units, 138 stand installed. The assisted units consist of more than 50 integrated oilseeds complexes having facilities for oil mill and solvent plant and in some cases for refineries/vanaspati units as well as feed mix units. These units are based on soyabean, mustard, groundnut, cottonseed, sunflower, castor etc. Appropriate attention is paid for creation of modern processing and storage facilities. The total oilseeds processing capacity created with NCDC assistance in the cooperative sector is as under :—

		Capacity/Annum (Lakh tonnes)
1.	Integrated Processing facilities :	10.2
2.	Modern storage of oilseeds processing units :	
	(a) Storage of oilseeds	0.80
	(b) Storage of oil	0.94

In addition to the above capacity, NCDC has assisted the creation of oil refineries to the extent of 1.2 lakh tonnes per annum and vanaspati manufacturing units to the extent of about 75.000 tonnes per annum. As a part of the integrated oilseeds projects, the scheme of Cooperative Development Services (CDS) was introduced. The scheme aims at increasing production and productivity of oilseed by transferring the latest agricultural technology upto the grass-root level and also creating infrastructural facilities for procurement, processing and marketing of the end-products. The objective is to ensure better prices to the growers, thereby improving their economic conditions. The scheme also stresses on organising viable cooperative societies of growers at grass root level and undertaking procurement of raw material through these socities, thereby ensuring the training as an integral part of the Scheme."

1.145 When asked about the norms fixed for providing financial assistance to the cooperative, NCDC in their note stated :

"As 'Cooperative Societies' is a state subject, the NCDC provides assistance to the cooperatives in the states through the concerned State Government or through State Cooperative Banks on the guarantee of the State Governments. The major thrust of the NCDC has been on area development and project approach with emphasis on backward areas and weaker sections. This approach and operations of NCDC attracted International funding agencies such as EEC and IDA. From 1979-80 onwards, NCDC continues to be recognised as suitable on-lending agency by the International Development Association (IDA)

and also EEC for rural development through cooperatives. Thus, in the case of the oilseeds, the NCDC has the following internationally assisted programmes implemented/under implementation :-

Sr. No.	Project Title	Funding Agency	Amount involved (Rs. in million)
1.	Soyabean Development Project in M.P& UP	EEC	468.39
2.	Rajasthan Mustard Seed Development Project	EEC	511.27
3.	NCDC III Oilseed Component	IDA	2519.27
4.	Kerala Coconut Development Project	EEC	934.08

The Soyabean development programmes in Madhya Pradesh and Uttar Pradesh, the NCDC-III Oilseed Processing component and the Rajsasthan Mustard Project have since been sucessfully competed the Kerala Coconut Development Project is under implementation. As a part of its promotional role, NCDC provides technical and counsultancy services including project formulation, preparation of perspective plans in the various States for establishment of integrated oilseed processing complexes and detailed project reports for these complexes as well as providing assistance in the selection of plant and machinery and selcection and training of key personnel."

T. Consumer Interest

1.146 When the Committee desired to know as to whether any detailed study has been conducted to ascertain harmful effects of edible oils on health, the Chief Director, Ministry of Civil Supplies, Consumer Affairs and Public Distribution during evidence before the Committee stated :—

"Insofar as harmful effects of edible oils are concerned, there is a Central Committtee for Food Standards, which is represented by experts and all concerned Ministries. They consider all the details and after considering the details, on when they are satisfied, they are included in the edible oils".

Supplementing him the Secretary of the Ministry deposed during evidence before the Committee :—

"I want to say about this question that no less a person than the Prime Minister had raised a query seven or eight months ago regarding the

harmful effects of the edible oils, particularly the imported palmolein oil. He had desired that a study should be made about it whether it is good or not from the health point of view. We had associated the Directorate and the Health Ministry and various other people and studied all available literature about it and have come to the conclusion that it is good from the point of view of health also. We have seen that there is no problem of cholestrol or any such thing"

1.147 When asked about the steps taken to ensure that quality of containers/tins used by edible oil manufactures are in conformity with the prescribed quality control, the Secretary of the Ministry informed the Committee that when our Inspectors go to the units, they ensure that proper material is used in the proper fashion. There are standards which are laid down.

1.148 Supplementing him, Chief Director Stated :—

"The Central Committee for Food Standards have those parameters. We, in pursuance of the Health Ministry, have also instructed all our units which are manufacturing vanaspati and vegetable oils to pack them in the new tin containers as laid down under the PFA Act ".

1.149 When asked as to whether any study has been conducted in this field, Chief Director informed the Committee that "In our country, I am not aware of any study being conducted. But in other countries, there have been studies and the conclusion is that the tin container is much better than the plastic container".

1.150 There is a general complaint that only the date of manufacturing is displayed on the container/packing of edible oils. There is no mention of the date upto which that oil can be used.

1.151 When asked during evidence about the mentioning of expiry date on the packing, Secretary of the Ministries informed the Committee during evidence :—

"It is relevant because for all these oils there is a shelf-life of six or three months. It varies from oil to oil. So, it is all the more necessary that the expiry date is put on it "

1.152 He also added :—

"There cannot be two opinions about the expiry date. When you come to the contents on food packs, in Western countries, there are indications about the nutrition value, etc. That should also be indicated so that we move in the proper direction. If the Committee recommends that also, it would be in the large interest."

1.153 According to the Prevention of Food Adulteration Act, 1954, it is obligatory for manufacturers to mention the ingredients of product on the packing.

PART B

OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

1. The Committee observed that productivity of oilseeds in India is only 1/3rd of the international level. The Committee are of the view that this could be substantially stepped up through extension of irrigation facilities, development of dry land farming techniques, provision of protective irrigation during long dry spells, adequate and timely supply of improved quality seeds and other inputs etc. The Committee are also to the view that the research efforts also needed to be accelerated to achieve quantum-jumps in production. The committee, therefore, recommend that efforts should be made to identify areas having greater potential and testing of soil to grow more oilseeds because of agro-climatic conditions .

2. The Committee feel that no mechanism has so far been evolved in the Ministry to get a clear picture of the total demand of edible oils and the sources from which it is likely to be met. The decision to import/ export edible oils is generally taken very late. The Committee, therefore, recommend that a mechanism should be evolved to get information from the States/UTs about their consumption level and consumption pattern of edible oils and the estimated production of oilseeds/ edible oils in their areas well in time with a view to take advance decision about import of oil/oilseeds.

3. The Committee are of the opinion that the capacity utilisation of installed domestic processing capacity of vanaspati is very low. It would be advantageous from all angles to import oilseeds rather than oil itself provided that oilseeds must be insect free. This would lead to fuller utilisation of domestic processing capacity, generation of additional employment opportunities and earning of additional foreign exchange through export of extractions. Moreover, it would also lead to price stability. The Committee, therefore, recommend that import of oils should slowly be dried up and undertaken only in case of unavoidable circumstances and instead oilseeds should be imported.

4. The per capita consumption level of edible oils in India as per the norms of Planning Commission is about 7 Kg. per annum which is much below the World Average of 16 Kg per annum. However, the per capita average consumption standards of the industrially advanced and affluent countries of the West and Japan etc. is 22 to 35 Kg. The

Committee were surprised to note during evidence that neither the planning Commission nor the Ministry of Civil Supplies, Consumer Affairs and Public Distribution had undertaken any survey to ascertain as to why the average per capita consumption level in the country is very low. The Committee, therefore, recommend that a survey should be conducted by the Ministry to ascertain as to why the average per capita consumption of edible oils in the country is so low so as to get a clear picture of the total estimated requirement of edible oils/vanaspati.

5. The import of edible oils is draining out crores of rupees from the exchequer every year. Despite combined efforts of the Government, Technology Mission on Oilseeds, farmers, trade and industry, it has not been possible to bridge the gap between demand and supply of edible oils. In this endeavour optimum exploitation of secondary sources of edible oils needs to be encouraged. The Solvent Extraction Industry is meeting about 12% of the total demand of edible oils in the country. Minor oilseeds of tree and forest origin offer a big source for the solvent industry. The Mango Kernel oil and Neemseed oil are the potential sources of vegetable oils which are untapped and unexploited. The Mango Kernal which are thrown away as a waste have become a very valuable source for foreign exchange earnings. The collection of Mango Kernel has open a large potential of employment all over India. Similarly, Neem tree is a tropical tree found practically all over India and there is vast potential of collection of these seeds. The committee, therefore, urge upon the union Govt. to set up an agency for promoting collection of Mango Kernel, Neem seeds and other minor seeds of tree and forest origin involving private sector with a view to boost production of edible oils and other extractions so that the country may become self-sufficient in the field of production of oilseeds as well as Edible oils.

6. The Committee note that at present there is no single agency to plan and co-ordinate the development of the oilseeds, vegetable oils and vanaspati industry. The Committee are of the view that vanaspati is an important sector in the vegetable oils and fat economy of the country. It is, therefore, necessary to form a comprehensive Oil Board under the Ministry of Civil Supplies, Consumer Affairs and Public Distribution for the development of this sector i.e, oilseed production, oil extraction industry and oil processing industry, The Committee, therefore, recommend that such an Oil Board should be set up by the Ministry of Civil Supplies, Consumer Affairs and Public Distribution. This Board can be set up on the same lines as the existing Boards for tea, coffee, rubber and Jute industries. The formation of such a Board is imperative to ensure a balanced growth and development of all segments of this important sector of the economy.

7. The Committee find that currently vanaspati attracts an excise duty of Rs. 15 per metric tonne whereas similar products like refined oils are exempted from this tax. This makes vanaspati expensive which is mainly consumed by the poor section of the society. The Committee, therefore, recommend that excise duty on vansaspati should be abolished.

8. The Committee are concerned to note that out of eight units of Hindustan Vegetable Oils Corporation Ltd. located at Amritsar, Delhi, Kanpur, Calcutta, Bombay, Hyderabad, Bangalore and Madras since 1991-92, only the units of Calcutta and Bombay have started earning profit very recently. All other units are incuring heavy losses. The Committee also note that attempts were made for merger of HVOC with undertakings like MMTC, STC and NDDB. However, the same did not materialise. The Committee further, note that the major factors leading to the losses have been attributed to reduction in import of edible oils, non-availability of Sales Tax exemption and obsolete technology and Excess Manpower etc. The Committee have also been informed that modernisation/revamping programme could not be implemented due to the paucity of funds. HVOC have made repeated requests to the Government for providing adequate funds. But the Government have always shown their inability to provide funds. Now, a revival/modernisation proposal envisaging assistance of Rs. 24.20 crores from Central Government has been submitted by HVOC with a view to make its operations viable and profitable.

The Committee noted that surplus land is available with the various units of HVOC. The Committee are of the view that modernisation/revamping programmes should not be kept pending for long for the requirement of funds and recommend that if adequate funds for this purpose are not provided by the Central Government then efforts should be made to dispose of the surplus land available with the various units of HVOC so that adequate funds for their modernisation/ revamping programmes are mobilised.

9. The Committee regret to note that Hindustan Vegetable Oils Corporation Ltd. had purchased a plant worth. Rs. 1.8 crores. But in the changed scenario that plant became obsolete and HVOC is now ready to dispose it of just for Rs. 60 lakh. The Committee express their displeasure over the lack of farsightedness and planning shown by the Corporation causing a heavy loss. The Committee, therefore, recommend that in future due care should be taken while taking decision about the purchase of costly plants and equipments etc. in terms of its

utility for a longer period. The Committee also recommend that scrap available with the Corporation should be disposed of so as to mobilise funds for the modernisation/revival programmes of the Corporation.

10. The Committee observe that under their diversification programme, HVOC has started manufacturing breakfast cereals like corn flakes, oats and extruded food items. The Corporation has commissioned a new plant for production of oats (a Breakfast Food Product). The Committee strongly recommend that HVOC should concentrate its activities on the production of vanaspati/edible oils and allied products with a view to mitigate the continuing gap of edible oils between demand and supply in the country draining a huge amount of foreign exchange every year.

11. The Committee are of the opinion that workers are the life of any industrial unit and if they are satisfied they can bring more profit for the unit. The Committee, therefore, recommend that management-Workers relations in the various units of HVOC should be reviewed by a Committee of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution and sincere efforts should be made to encourage the workers to work hard for the revival of the Corporation.

12. The Committee are of the view that management and economic indiscipline are the main factors responsible for the sickness of the industrial units. The Committee strongly recommend that Management should take action to streamline the functioning of HVOC and plug the loopholes with a view to minimise the continuing losses in their units.

13. The Committee are concerned to note that out of about 145 vanaspati units in the country, around 40 vanaspati units do not produce vanaspati. Moreover, the average capacity utilisation of the total vanaspati units is only 45 per cent. The Committee also note that non-availability of raw materials, old machinery and sales tax etc. are some of the reasons for ill-health of the vanaspati industry. The Committee are of the view that since sixty-five percent vanaspati is being consumed by the economically underprivileged sections of the society and is a nutritionally balanced cooking medium consisting of fats, vanaspati industry should not be allowed to sacrifice for refined oils etc. The Committee, therefore, strongly recommend that survey should be conducted at the central level to ascertain the causes of growing sickness in vanaspati industry and the Union Government should impress upon the concerned State Governments to set up Committees consisting of representatives of the State Ministry of Civil Supplies and Public Distribution and the representatives of vanaspati industry among others with a view to revive the close sick units and also

to increase the capacity utilisation of the functioning industries. The Union Ministry of Civil Supplies, Consumer Affairs and Public Distribution should monitor the progress made in this regard and also apprise the Committee accordingly.

14. The National Dairy Development Board was appointed as the implementing agency for Market Intervention Operation (MIO) in 1989 and this programme was discontinued by the Government in April 1994 after completion of the initially stipulated five years. The probable reasons given by NDDB for cessation of MIO was that the country had achieved near self-sufficiency in Edible Oils and, further, a Market Intervention Operation may also involve subsidies by Government to the Market Intervention Agency. The Committee note that during 1992-93 and 1993-94, the quantity of edible oils imported was 0.77 and 0.79 lakh MTS and the amount spent therein was Rs. 39.44 and Rs. 51.04 crores, respectively, whereas the total amount spent on importing edible oils during 1994-95 increased to the tune of Rs. 188.94 crores. The estimated import is likely to increase during 1995-96. The Committee, therefore, recommend that Government should reconsider whether relaunching of Market Intervention Operation would help in any way in reducing the quantum of imports of Edible Oils.

15. The Committee are unhappy to note that no study or tests have been conducted so far to ascertain the period after which edible oils should be declared unfit for human consumption. The Committee, therefore, recommend that since it is an item of mass consumption, a detailed study should be undertaken by the Directorate of Vanaspati, Vegetable Oils and Fats to ascertain the period after which various edible oils can be declared unfit for human consumption. The Committee also recommend that this period should also be displayed on the packages of the oils along with the date of manufacturing.

16. The Committee note that much of the oilseed industry is in the unorganised sector. The unorganised units operate intermittently using casual labour, without employing technically qualified staff for control on quality and equipment and for testing the seeds or the oils. The Committee also observe that a major advantage available to the unorganised sector is their flexibility in operation which permits them to avoid taxes on oilseeds and oils. The Committee, therefore, recommend that the Union Government should impress upon the State Governments to ensure that at least all the oil industries should be registered if providing of licenses to them is not feasible so as to have a strict vigilance over the operational activities of these units and also to check tax evasion.

17. The Committee are concerned to note that certain manufacturers are not displaying ingredients of their products on the packing of edible oils/refined oils whereas it is obligatory under the Food Adulteration Act. The Committee, therefore, recommend that Union Government should impress upon the State Governments to ensure that ingredients of the products are invariably displayed on the packings of edible oils so as to give a clear pictue of the contents.

18. The Oils and Vanaspati are essential ingredients of diet and are items of mass consumption. The Committee, therefore, recommend that Union Government should advise the State Governments to keep the rates of edible oils and vanaspati within a certain range in order to keep the interests of consumers protected and the units running. The Committee also recommend that refined oils should not be treated differently to that of other edible oils in view of its increasing use amongst the general masses and it should also be ensured that the manufactures/traders do not charge extra money from the consumers in the name of refined and double refined products.

19. The Vanaspati is governed by three parallel statutory quality standards *viz.* Prevention of Food Adulteration Rules Vegetable Oil Products Control Order and Bureau of Indian Standards with three sets of authorities to administer them. The Committee observe that multiplicity of orders place avoidable demands on administrative machinery and the industry adding to costs and inflationary pressures. The Committee, therefore, recommend that a Committee should be appointed to suggest rationalisation and modifications of these controls and regulations.

20. The Committee note that there is a wide disparity in sales tax on edible oils/vanaspati in the country which lead to evasion of payment of sales tax and smuggling of this essential commodity fron State to State. The Committee also feel that many State Governments have also instituted a policy of granting sales tax exemption to new vanaspati units in order to accelerate the process of industrialisation. The Committee, therefore, recommend that uniform additional excise duty in lieu of sales tax may be levied on this essential commodity.

21. The Committee are concerned to note that studies and surveys undertaken by the Technology Mission on oilseeds (TMO) have revealed that country loses nearly 5 lakh tonnes edible oil every year due to faulty and inefficient post harvest handlings. The Committee are of the view that it is a significant amount of loss and saving is as good as earning or production. The Committee, therefore, recommend that

more steps are required to be taken in this regard with a view to further minimise the losses so as to bridge the gap between demand and supply of edible oils in the country.

22. The Committee were informed that imported palmolein oil was being alloted to those States in excess wherein edible oils were produced in abundance and the total percentage of palmolein oil alloted to and lifted by non-producing States was almost negligible. The Committee also noted that the release and lifting of imported oil was much more in the harvest season, thereby affecting the interests of farmers and leakage of oil meant for PDS to oil industry. The Committee strongly recommend that non-producing States should be encouraged to lift the alloted imported oil and moreover lifting of such oil should be staggered throughout the year with a view to safeguard the interests of farmers. The Committee also recommend that Government should impress upon the States to ensure that leakage of imported oil meant for PDS is checked by way of getting the lifted Palmolein oil packed in small packs of 1/2 and 1 Kg. by any State agency. However the Central Government should keep a watch over this process with a view to avoid adulteration and to have quality control.

23. The Committee noted that funding by NCDC is based on the guarantee given by the States causing political/bureaucratic interference as a result of this interference cooperative movement is not developing. The Committee also note that this guarantee is obligatory as per the National Cooperative Development Corporation Act, 1962. The Committee, therefore, recommend that the Act in this regard should be amended accordingly and cooperatives should be made independent as far as funding is concerned.

NEW DELHI ;
1 March, 1996
11 Phalguna , 1917 (Saka)

SHYAM BIHARI MISRA,
Chairman,
Standing Committee on Food, Civil Supplies and Public Distribution.

PART C

APPENDIX

MINUTES

MINUTES OF THE SITTING OF THE COMMITTEE HELD ON 11 JULY, 1995.

The Committee sat from 1500 hrs. to 18.15 hrs. on 11 July, 1995.

PRESENT

Shri Shyam Bihari Misra — *Chairman*

MEMBERS

Lok Sabha

2. Shri B. M. Mujahid
3. Shri A. Jayamohan
4. Shri Bijoy Krishna Handique
5. Shri Gopi Nath Gajapathi
6. Shri Naresh Kumar Baliyan
7. Dr. Ramkrishna Kusmaria
8. Shri Chhotey Lal
9. Prof. Ram Kapse
10. Shri Lal Babu Rai
11. Shri Ram Awadh
12. Shri Syed Masudal Hossain
13. Shri Ramchandra Marotrao Ghangare
14. Shri Manoranjan Sur
15. Shri Chhote Singh Yadav

Rajya Sabha

16. Shri Nagmani
17. Shri Tara Charan Majumdar
18. Shri Moolchand Meena
19. Shri G.Y. Krishnan
20. Shri Jagannath Singh

21. Shri Tindivanam G. Venkatraman
22. Shri Kanaksinh Mohansinh Mangrola

SECRETARIAT

1.	Smt. Roli Srivastava	—	*Joint Secretary*
2.	Shri Krishan Lal	—	*Deputy Secretary*
3.	Shri A. S. Chera	—	*Under Secretary*
4.	Shri R. S. Kambo	—	*Assistant Director*
5.	Shri P.K. Sharma	—	*Editor*

WITNESSES

1.	Shri Jagash Khaitan	—	*Vice-President*
2.	Shri I.R. Mehra	—	*Executive Director*
3.	Shri Nand kishore	—	*Executive Committee Member*
4.	Shri Vikram Bajaj	—	*Member*
5.	Shri S. K. Chawla	—	*Member*
6.	Shri Deepak Malik	—	*Member*
7.	Dr. T. S. Bolaria	—	*Sr. Agronomist*
8.	Ms. K.R. Bhuvaneshwari	—	*Asstt. Secretary*
9.	Shri S. B. Mahan	—	*Chairman*
10.	Shri S. C. Kapur	—	*Managing Director, HVOV*
11.	Shri G. K. Sood	—	*Chief Executive*

2. At the outset, the Committee welcomed the representatives of Indian Vanaspati Producers' Association and the Vanaspati Manufactures' Association of India at the sitting of the Committee. The Committee thereafter proceeded to discuss with them the various points arising out of List of Points which were replied to by the witnesses.

3. A verbatim record of the proceedings was kept.

The Committee then adjourned.

MINUTES OF THE SITTING OF THE COMMITTEE HELD ON 12 JULY, 1995.

The Committee sat from 11.00 hrs. to 13.15 hrs. on 12 July, 1995.

PRESENT

Shri Shayam Bihari Misra — *Chairman*

MEMBERS

Lok Sabha

2. Shri B. M. Mujahid
3. Shri N. J. Rathava
4. Shri Bijoy Krishna Handique
5. Shri Gopi Nath Gajapathi
6. Shri Naresh Kumar Baliyan
7. Dr. Ramkrishna Kusmaria
8. Shri Chhotey Lal
9. Prof. Ram Kapse
10. Shri Lal Babu Rai
11. Shri Ram Awadh
12. Shri Syed Masudal Hossain
13. Shri Ramchandra Marotrao Ghangare
14. Shri Manoranjan Sur
15. Dr. (Smt.) K.S. Soundaram
16. Shri Chhote Singh Yadav

Rajya Sabha

17. Shri Sunder Singh Bhandari
18. Shri Nagmani
19. Shri Sudhir Ranjan Majumdar
20. Shri Tara Charan Majumdar
21. Shri Moolchand Meena
22. Shri G. Y. Krishnan
23. Jagannath Singh

24. Shri Tindivanam G. Venkatraman
25. Shri Kanaksinh Mohansinh Mangrola
26. Smt. Chandra Kala Pandey

SECRETARIAT

1. Smt. Roli Srivastava — *Joint Secretary*
2. Shri Krishan Lal — *Deputy Secretary*
3. Shri A. S. Chera — *Under Secretary*
4. Shri R. S. Kambo — *Assistant Director*
5. Shri P.K. Sharma — *Editor*

WITNESSES

1. Shri O.P. Goenka — *President*
2. Shri Laxmi Chand Aggarwal — *Vice-President*
3. Shri M.H. Aggarwal — *Executive Member*
4. Shri K.M.L. Chabra — *Executive Director*
5. Shri M. P. Bhutani — *Secretary*

2. At the outset, the Committee welcomed the representatives of the Central Organisation for Oil Industry and Trade at the sitting of the Committee. The Committee thereafter proceeded to discuss with them the various points arising out of List of Points which were replied to by the witnesses.

3. A verbatim record of the proceedings was kept.

The Committee then adjourned.

MINUTES OF THE SITTING OF THE COMMITTEE HELD ON 21 JULY, 1995

The Committee sat from 14.30 hrs. to 17.15 hrs. on 21 July, 1995.

PRESENT

Shri Shyam Bihari Misra — *Chairman*

MEMBERS

Lok Sabha

2. Shri K.J.S.P. Reddy
3. Dr. (Smt.) Padma
4. Shri Gopi Nath Gajapathi
5. Shri Naresh Kumar Baliyan
6. Dr. Ramkrishna Kusmaria
7. Shri Chhotey Lal
8. Shri Ram Awadh
9. Shri Syed Masudal Hossain
10. Shri Manoranjan Sur
11. Dr. (Smt.) K.S. Soundaram
12. Shri Chhote Singh Yadav
13. Shri Birsingh Mahato

Rajya Sabha

14. Shri Sunder Singh Bhandari
15. Shri Nagmani
16. Shri Jagannath Singh
17. Shri Tindivanam G. Venkatraman
18. Shri Kanaksinh Mohansinh Mangrola
19. Smt. Chandra Kala Pandey

SECRETARIAT

1. Shri Krishan Lal — *Deputy Secretary*
2. Shri A.S. Chera — *Under Secretary*
3. Shri R.S. Kambo — *Assistant Director*
4. Shri P.K. Sharma — *Editor*

WITNESSES

1. Dr. M.H. Aggarwal — *Chairman, Solvent Extracters Association of India*
2. Shri S.N. Aggarwal — *Delhi Vegetables Oil Traders*
3. Shri Jetha Nand
4. Shri Laxmi Chand Aggarwal
5. Shri Chhunna Lal
6. Shri Inder Lal Jain
7. Shri Jagdish Motwani
8. Shri B.V. Mehta
9. Shri D.N. Jhunjhunwala
10. Shri Ajay Tandon
11. Shri Ashok Garg
12. Shri K.M.L. Chhabra
13. Shri M.P. Bhutani

2. At the outset, the Committee welcomed the representatives of Delhi Vegetable Oil Traders Association and The Solvent Extractors' Association of India at the Sitting of the Committee. The Committee thereafter proceeded to discuss with them the various points arising out of List of Points which were replied to by the witnesses.

3. A verbatim record of the proceedings was kept.

The Committee then adjourned.

MINUTES OF THE SITTING OF THE COMMITTEE HELD ON 9 AUGUST, 1995.

The Committee sat from 15.00 hrs. to 16.00 hrs. on 9 August, 1995.

PRESENT

Shri Shyam Bihari Misra — *Chairman*

MEMBERS

Lok Sabha

2. Shri K.J.S.P. Reddy
3. Shri Naresh Kumar Baliyan
4. Shri Lal Babu Rai
5. Shri Ramchandra Marotrao Ghangare
6. Shri Manoranjan Sur

Rajya Sabha

7. Shri Sunder Singh Bhandari
8. Shri Sudhir Ranjan Majumdar
9. Shri Kanaksinh Mohansinh Mangrola

SECRETARIAT

1. Shri Krishan Lal	—	*Deputy Secretary*
2. Shri A.S. Chera	—	*Under Secretary*
3. Shri R.S. Kambo	—	*Assistant Director*
4. Shri P.K. Sharma	—	*Editor*

WITNESSES

1. Shri Balwant Singh	—	President
2. Shri Bharat Bhagat	—	Vice-President
3. Shri J.P. Gupta	—	Vice-President
4. Shri Raj Kumar Jain	—	Hony. Secretary
5. Shri C.K. Bharatia	—	Treasurer
6. Shri Suresh Chandra Gupta	—	Member
7. Shri P.C. Kanodia	—	Sachiv

2. At the outset, the Committee welcomed the representatives of U.P. Oil Miller's Association at the sitting of the Committee. The Committee thereafter proceeded to discuss with them the various points arising out of List of Points which were replied to by the witnesses.

3. A verbatim record of the proceedings was kept.

The Committee then adjourned.

MINUTES OF THE SITTING OF THE COMMITTEE HELD ON 5 SEPTEMBER, 1995.

The Committee sat from 11.00 hrs. to 13.30 hrs. on 5 September, 1995.

PRESENT

Shri Shyam Bihari Misra — *Chairman*

MEMBERS

Lok Sabha

2. Shri B.M. Mujahid
3. Shri N.J. Rathava
4. Shri V. Krishna Rao
5. Shri Gopi Nath Gajapathi
6. Shri Naresh Kumar Baliyan
7. Shri Chhotey Lal
8. Shri Lal Babu Rai
9. Shri Ram Awadh
10. Shri Syed Masudal Hossain
11. Shri Ramchandra Marotrao Ghangare
12. Shri Chhote Singh Yadav

Rajya Sabha

13. Shri Moolchand Meena
14. Shri G.Y. Krishnan

SECRETARIAT

1. Shri Krishan Lal — *Deputy Secretary*
2. Shri A.S. Chera — *Under Secretary*
3. Shri P.K. Sharma — *Editor*

WITNESSES

1. Dr. Amit Mitra — Secretary General
2. Miss Rekha Sinha — Joint Secretary

2. At the outset, the Committee welcomed the representatives of Federation of Indian Chambers' of Commerce & Industry at the sitting of the Committee. The Committee thereafter proceeded to discuss with them the various points arising out of List of Points which were replied to by the witnesses.

3. A verbatim record of the proceedings was kept.

The Committee then adjourned.

MINUTES OF THE SITTING OF THE COMMITTEE HELD ON 5 OCTOBER, 1995.

The Committee sat from 15.00 hrs. to 16.30 hrs. on 5 October, 1995.

PRESENT

Shri Shyam Bihari Misra — *Chairman*

MEMBERS

Lok Sabha

2. Shri B.M. Mujahid
3. Shri N.J. Rathava
4. Shri A. Jayamohan
5. Shri V. Krishna Rao
6. Shri K.J.S.P. Reddy
7. Shri Gopi Nath Gajapathi
8. Shri Naresh Kumar Baliyan
9. Shri Lal Babu Rai
10. Shri Shashi Prakash
11. Shri Ram Awadh
12. Shri Syed Masudal Hossain
13. Shri Ramchandra Marotrao Ghangare
14. Shri Chhote Singh Yadav
15. Shri Birsingh Mahato
16. Shri Manoranjan Sur

Rajya Sabha

17. Shri Sunder Singh Bhandari
18. Shri Nagmani
19. Smt. Chandra Kala Pandey

SECRETARIAT

1. Shri A. S. Chera — *Under Secretary*
3. Shri R.S. Kambo — *Assistant Director*
3. Shri P.K. Sharma — *Editor*

WITNESSES

1. Smt. Avinash Pandit — President, Consumers' Forum, New Delhi.
2. Shri R. D. Saxena
3. Colonel S. K. Dutta

2. .At the outset, the Committee welcomed the representatives of Consumers' Forum at the sitting of Committee. The Committee thereafter proceeded to discuss with them the various points arising out of list of points which were replied to by the witnesses.

3. A verbatim record of the proceedings was kept.

The Committee then adjourned.

MINUTES OF THE SITTING OF THE COMMITTEE HELD ON 6TH OCTOBER, 1995.

The Committee sat from 11.00 hrs. to 12.30 hrs. on 6th October, 1995.

PRESENT

Shri Shyam Bihari Misra — *Chairman*

MEMBERS

Lok Sabha

2. Shri B.M. Mujahid
3. Shri N.J. Rathava
4. Dr. (Smt.) Padma
5. Shri K.J.S.P. Reddy
6. Shri Gopi Nath Gajapathi
7. Shri Naresh Kumar Baliyan
8. Shri Lal Babu Rai
9. Shri Ram Awadh
10. Shri Ramchandra Marotrao Ghangare
11. Shri Manoranjan Sur
12. Dr. (Smt.) K.S. Soundaram
13. Shri Chhote Singh Yadav
14. Shri Birsingh Mahato

Rajya Sabha

15. Shri Moolchand Meena
16. Smt. Chandra Kala Pandey

SECRETARIAT

1. Shri A. S. Chera — *Under Secretary*
2. Shri R.S. Kambo — *Assistant Director*
3. Shri P.K. Sharma — *Editor*

WITNESSES

1.	Smt. Sobha Chottani	—	President, Pragtisheel Mahila Samiti, New Delhi.
2.	Mrs. Nirmala Jain	—	Vice President (Rural)
3.	Smt. Sudha Kumari	—	Chief Secretary

2. At the outset, the Committee welcomed the representatives of Pragatisheel Mahila Samiti Organisation of Consumer's Protection at the sitting of the Committee. The Committee thereafter proceeded to discuss with them the various points arising out of List of Points which were replied to by the witnesses.

3. A verbatim record of the proceedings was kept.

The Committee then adjourned.

MINUTES OF THE SITTING OF THE COMMITTEE HELD ON 21 DECEMBER, 1995.

The Committee sat from 15.00 hrs. to 16.15 hrs. on 21 December, 1995.

PRESENT

Shri Shyam Bihari Misra — *Chairman*

MEMBERS

Lok Sabha

2. Dr. (Smt.) Padma
3. Shri A. Jayamohan
4. Shri Bijoy Krishna Handique
5. Shri Lakshman Singh
6. Shri Naresh Kumar Baliyan
7. Dr. Ramkrishna Kusmaria
8. Shri Kabindra Purkayastha
9. Shri Lal Babu Rai
10. Shri Ram Awadh
11. Shri Ramchandra Marotrao Ghangare
12. Shri Manoranjan Sur
13. Shri Birsingh Mahato

Rajya Sabha

14. Shri Sunder Singh Bhandari
15. Shri Kanaksinh Mohansinh Mangrola
16. Shri O.S. Manian

SECRETARIAT

1. Shri Krishan Lal — *Deputy Secretary*
2. Shri A. S. Chera — *Under Secretary*
3. Shri P.K. Sharma — *Editor*

WITNESS

Shri Attindra Sen — Managing Director

2. At the outset, the Committee welcomed the representatives of M.P. State Co-operative Oil-seeds Growers' Federation Ltd. Bhopal at the sitting of the Committee. The Committee thereafter proceeded to discuss with them the various points arising out of List of Points which were replied to by the witness.

3. A verbatim record of the proceedings was kept.

The Committee then adjourned.

MINUTES OF THE SITTING OF THE COMMITTEE HELD ON 3 JANUARY, 1996.

The Committee sat from 15.00 hrs. to 17.45 hrs. on 3 January, 1996.

PRESENT

Shri Shyam Bihari Misra — *Chairman*

MEMBERS

Lok Sabha

2. Shri A. Jayamohan
3. Shri V. Krishna Rao
4. Shri Gopi Nath Gajapathi
5. Shri K.J.S.P. Reddy
6. Shri Lal Babu Rai
7. Shri Shashi Prakash
8. Shri Ram Awadh
9. Shri Chhote Singh Yadav
10. Shri Syed Masudal Hossain
11. Shri Ramchandra Marotrao Ghangare
12. Shri Manoranjan Sur

Rajya Sabha

13. Shri Sunder Singh Bhandari
14. Shri Nagmani
15. Shri Jagannath Singh
16. Shri Kanaksinh Mohansinh Mangrola
17. Smt. Chandra Kala Pandey

SECRETARIAT

1. Shri G. C. Malhotra — *Joint Secretary*
2. Shri Krishan Lal — *Deputy Secretary*
3. Shri A. S. Chera — *Under Secretary*
4. Shri P.K. Sharma — *Editor*

WITNESSES

1.	Dr. G. Sundaram	—	*Secretary (CA & PDS)*
2.	Shri Kamal Kishore	—	*Economic Advisor*
3.	Shri Ashok Kapoor	—	*Joint Secretary*
4.	Shri M.K. Kundu	—	*Chief Director, VVO&F*
5.	Shri C. Dorali	—	*Director, STC*
6.	Shri K. Arya	—	*Joint D/o Agri.&Coop.*
7.	Shri B.M. Sharma	—	*Director, D/o Agri. & Coop.*
8.	Shri H.S. Behar	—	*OSD, NDDB*

2. At the outset, the Committee welcomed the representatives of Ministry of Civil Supplies, Consumer Affairs and Public Distribution at the sitting of the Committee. The Committee thereafter proceeded to discuss with them the various points arising out of List of Points which were replied to by the witnesses.

3. A verbatim record of the proceedings was kept.

The Committee then adjourned.

MINUTES OF THE SITTING OF THE COMMITTEE HELD ON 4 JANUARY, 1996.

The Committee sat from 11.00 hrs. to 13.40 hrs. on 4 January, 1996.

PRESENT

Shri Shyam Bihari Misra — *Chairman*

MEMBERS

Lok Sabha

2. Shri V. Krishna Rao
3. Shri Gopi Nath Gajapathi
4. Shri K.J.S.P. Reddy
5. Shri Lal Babu Rai
6. Shri Shashi Prakash
7. Shri Ram Awadh
8. Shri Ramchandra Marotrao Ghangare
9. Shri Manoranjan Sur

Rajya Sabha

10. Shri Sunder Singh Bhandari
11. Shri Kanaksinh Mohansinh Mangrola

SECRETARIAT

1. Shri Krishan Lal — *Deputy Secretary*
2. Shri A. S. Chera — *Under Secretary*
3. Shri P.K. Sharma — *Editor*

WITNESSES

1. Dr. G. Sundaram — *Secretary*
2. Shri Kamal Kishore — *Economic Advisor*
3. Shri Ashok Kapoor — *Joint Secretary*
4. Shri M.K. Kundu — *Chief Director*
5. Shri C. Dorali — *Director, STC*
6. Shri K. Arya — *Joint Secretary*
7. Shri B.M. Sharma — *Director*
8. Shri H.S. Behar — *OSD*

2. At the outset, the Committee welcomed the representatives of Ministry of Civil Supplies, Consumer Affairs and Public Distribution at the sitting of the Committee. The Committee thereafter proceeded to discuss with them the various points arising out of List of Points which were replied to by the witnesses.

3. A verbatim record of the proceedings was kept.

The Committee then adjourned.

MINUTES OF THE SITTING OF THE COMMITTEE HELD ON 29TH FEBRUARY, 1996.

The Committee sat from 15.00 hrs. to 15.35 hrs. on 29th February. 1996.

PRESENT

Shri Shyam Bihari Misra — *Chairman*

MEMBERS

Lok Sabha

2. Shri N. J. Rathava
3. Shri A. Jayamohan
4. Shri Pawan Diwan
5. Shri V. Krishna Rao
6. Shri Bijoy Krishna Handique
7. Shri Lakashman Singh
8. Shri Naresh Kumar Baliyan
9. Dr. Ramkrishna Kusmaria
10. Shri Kabindra Purkayastha
11. Prof. Ram Kapse
12. Shri Syed Masudal Hossain
13. Shri Ramchandra Marotrao Ghangare
14. Dr. (Smt.) K. S. Soundaram
15. Shri Birsingh Mahato

Rajya Sabha

16. Shri Sunder Singh Bhandari
17. Shri Sudhir Ranjan Majumadar
18. Shri Tara Charan Majumdar
19. Shri Moolchand Meena
20. Shri Jagannath Singh
21. Shri Kanaksinh Mohansinh Mangrola
22. Shri O.S. Manian

SECRETARIAT

1. Smt. Roli Srivastava — *Joint Secretary*
2. Shri Krishna Lal — *Deputy Secretary*
3. Shri A. S. Chera — *Under Secretary*
4. Shri R.S. Kambo — *Assistant Director*
5. Shri P.K. Sharma — *Editor*

I. Consideration and adoption of Draft Sixteenth Report

2. ** ** ** **

II. Consideration and adoption of Draft Seventeenth Report

3. The Committee then considered the draft Seventeenth Report on Edible Oils. The Committee adopted the report without any amendment.

4. The Committee authorised the Chairman to finalise the Draft Reports and present/lay the Reports in both the Houses of Parliament.

The Committee then adjourned.

** Not related to this Report