2

STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION (1998-99)

TWELFTH LOK SABHA

MINISTRY OF FOOD AND CONSUMER AFFAIRS (DEPARTMENT OF SUGAR AND EDIBLE OILS)

DEMANDS FOR GRANTS
(1998-99)

SECOND REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

June, 1998/Asadha, 1920 (Saka)

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Presented to Lok Sabha on 10th July, 1998.
Laid in Rajya Sabha on 10th July, 1998.

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LOK SABHA SECRETARIAT
NEW DELHI

July, 1998/Asadha, 1920 (Saka)

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CORRIGENDA TO THE SECOND REPORT (TWELFTH LOK SABHA) OF THE STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION (1998-99).

Page	Para	Line	For	Read
Front Page		last	June	July
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4.	2.3	15	rehab·litlon	rehabilitation
8	2.10	18	delete	'stae'
8	—	last line	delete	————
17	2.28	8	Rs. in crores	In lakh Tonnes.
18	2.35	below 20	add	"Rs/ qtl'
25	2.55	28	add	'of' after that
34	2.80	9	on	with
34	2.82	26	add 'to' after on.	
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51	3.48	21	profit loss	profit/loss
54	---	11	2000	20,000
55	---	8	11.95	111.95
55	---	8	115.46	114.46
56	---	13	Shri Bhanu Pratap Singh	Shri Bhanu Pratap Singh Verma
58	---	10	Shri Bhanu Pratap Singh	Shri Bhanu Pratap Singh Verma

CONTENTS

PAGE

PART I

REPORT

COMPOSITION OF THE STANDING COMMITTEE ON FCS&PD (1998-99)

Shri Raghuvansh Prasad Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Kariya Munda
3. Shri Prabhas Chandra Tiwari
4. Shri Ramchandra Veerappa
5. Shri Gangaram Koli
6. Shri Shyam Bihari Mishra
7. Shri Aditya Nath
8. Shri Bhanu Pratap Singh Verma
9. Shri Ramesh Chandra Dwivedi
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18. Shri Baju Ban Riyan
19. Shrimati A.K. Premajam
20. Shri Daroga Prasad Saroj
21. Shri R. Muthiah
22. Shri Akbar Ahmad Dampy
23. Shri Ranen Barman
24. Shri Prakash Yashwant Ambedkar
25. Shri Bhim Prasad Dahal
26. Shri Satnam Singh Kainth
27. Vacant

28. Vacant
29. Vacant
30. Vacant

Rajya Sabha

31. Smt. Urmilaben Chimanbhai Patel
32. Shri Shivajirao Giridhar Patil
33. Shri Onward L. Nongtdu
34. Shri Mohindar Singh Kalyan
35. Shri Manohar Kant Dhyani
36. Shri Lajpat Rai
37. Dr. Ishwar Chand Gupta
38. Shri Khagen Das
39. Shri Yerra Narayanaswamy
40. Shri Wasim Ahmad
41. Shri Kushok Thiksey
42. Sardar Balwinder Singh Bhundar
43. Shri Mohd. Masud Khan
44. Vacant
45. Vacant

SECRETARIAT

1.	Shri G.C. Malhotra	—	*Additional Secretary*
2.	Shri John Joseph	—	*Joint Secretary*
3.	Shri Krishan Lal	—	*Deputy Secretary*
4.	Shri A.S. Chera	—	*Under Secretary*

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Civil Supplies and Public Distribution (1998-99) having been authorised by the Committee to submit the Report on their behalf, present this Second Report on Demands for Grants (1998-99) relating to the Ministry of Food and Consumer Affairs (Department of Sugar and Edible Oils).

2. The Committee examined/scrutinised the Demands for Grants (1998-99) of the Ministry which was laid on the Table of the House on 12th June, 1998.

3. The Committee took evidence of the representatives of Ministry of Food and Consumer Affairs (Department of Sugar and Edible Oils) on 19th June, 1998.

4. The Committee wish to express their thanks to the Officers of the Ministry of Food and Consumer Affairs (Department of Sugar and Edible Oils) for placing before them the detailed written notes on the subject and for furnishing the information to the Committee desired in connection with the examination of the subject.

5. The report was considered and adopted by the Committee in their siting held on 26th June, 1998.

6. 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;
July 2, 1998
Asadha 11, 1920 (Saka)

RAGHUVANSH PRASAD SINGH,
Chairman,
Standing Committee on Food,
Civil Supplies and Public Distribution.

PART I

CHAPTER I

REPORT

Introductory

1.1 The Demands for Grants (1998-99) of the Ministry of Food and Consumer Affairs (Department of Sugar and Edible Oils) was laid on the table of Lok Sabha on 12th June, 1998. Demand No. 11 of the Ministry contains the figures of Revenue as well as Capital Expenditure which are as follows : —

(Rs. in crores)

	Revenue	Capital	Total
Voted	765.61	176.61	942.22
Charged		...	...

1.2 The details of the Budget Estimates, Revised Estimates for 1997–98 and Budget Estimates for 1998–99 are as under :–

Revenue Section

Sl.	Major		1997–98 BE			1997–98 RE			1998–99 RE		
No.	Head	Items	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1.	3451	Secretariat Eco. Service	0.10		0.10	0.10		0.10		1.64	1.64
2.	2408	Food, Storage and Warehousing	1.74	717.25	718.99	1.45	739.86	739.41	3.37	730.43	733.80
3.	2852	Industries		0.02	0.02	...	0.02	0.02	...	0.02	0.02
	3456	Civil	...	50.00	50.00	0.50	20.00	20.50	0.15	30.00	30.15
	Total Revenue		1.84	767.27	769.11	2.05	758.43	760.48	3.52	762.09	765.61

Capital Section

Sl. No.	Major Head	Items	1997–98 BE Plan	1997–98 BE Non-Plan	1997–98 BE Total	1997–98 RE Plan	1997–98 RE Non-Plan	1997–98 RE Total	1998–99 RE Plan	1998–99 RE Non-Plan	1998–99 RE Total
1.	4408	Capital outlay on Food, Storage and Warehousing	7.24		7.24	5.80		5.80	6.61		6.61
2.	6860	Loans for Consumer Industries		85.00	85.00		140.00	140.00		170.00	170.00
	Total Capital Section		7.24	85.00	92.24	5.80	140.00	145.80	6.61	170.00	176.61
	Grand Total		9.08	852.27	861.35	7.85	898.43	906.28	10.13	932.09	942.44

The details of recoveries adjusted in account in reduction of expenditure for revenue and capital section are as under :–

Revenue	1.84	705.84	707.68	1.55	576.55	578.10	3.37	617.73	621.10
Capital	7.24	–6.30	0.94	5.80	4.95	0.85	6.61	–5.97	0.64
Total	9.08	699.54	708.62	7.35	571.60	578.95	9.98	611.76	621.74

1.3 The Head-wise demands have been discussed in the succeeding paragraph.

CHAPTER II

SUGAR INDUSTRY

A. Sugar Development Fund

2.1 Under the Sugar Cess Act, 1982 a cess of Rs. 14.00 per quintal is being collected on all sugar produced by any sugar factory in India except on sugar exported.

2.2 The Sugar Development Fund Act, 1982 provides that an amount equivalent to the proceeds of the duty of excise levied and collected under the Sugar Cess Act, 1982 reduced by the cost of collection as determined by the Central Government, together with any money received by the Central Government for purposes of this Act, shall after due appropriation made by Parliament by Law be credited to the Fund.

2.3 As provided under the Sugar Development Fund Act, the Fund is to be utilised by the Government of India for the following purposes : —

(a) Making loans for undertaking of any scheme for development of sugarcane in the area in which any sugar factory is situated.

(b) Making loans for facilitating the rehabilition and modernization of any sugar factory.

(c) Making grant for the purpose of any research project aimed at development of sugar factory.

(d) Defraying expenditure for the purpose of building up and maintenance of buffer stock of sugar with a view to establishing price of sugar.

(e) Defraying any other expenditure for the purpose of the Act.

Payments out of Sugar Development Fund

2.4 The following provision have been made for payments out of the Sugar Development Fund during 1997-98 and 1998-99 : —

(Rupees in lakhs)

		Revised Estimates 1997-98	Budget Estimates 1998-99
(a)	Subsidy for maintaining of buffer stock of sugar	17500.00	13300.00
(b)	Grants-in-aid for research projects aimed at development of sugar industry	249.00	500.00
(c)	Loans for modernisation/ rehabilitation of sugar mills	6500.00	7000.00
(d)	Loans to sugar mills for cane development schemes	7500.00	10000.00
(e)	Administration of Sugar Development Fund	325.00	360.00
(f)	Expenditure on National Institute of Sugarcane and Sugar Technology, Mau	-	-
		32074.00	31160.00

Disbursements

2.5 The following disbursements have been made from the Sugar Development Fund during the last three years : —

(Rupees in lakhs)

		1994-95	1995-96	1996-97
(a)	Subsidy for maintaining of buffer stock of sugar	146.49	771.92	6997.53
(b)	Grants-in-aid for research projects aimed at development of sugar industry	146.83	28.29	225.00
(c)	Loans for modernisation/ rehabilitation of sugar mills	5026.596	4605.576	5429.05
(d)	Loans to sugar mills for cane development fund.	1326.13	900.54	1370.95
(e)	Administration of Sugar Development Fund	188.18	239.40	275.14
(f)	Expenditure on National Institute of Sugar and Sugar Technology, Mau	11.67	21.23	162.81
		6845.90	6566.95	14460.48

(i) Loans to Sugar Mills for Cane Development

2.6 There is provision of loan from SDF to Sugar Undertakings for:

(i) Setting up of heat treatment plants,

(ii) Rearing of nurseries,

(iii) Incentives to cultivators to switch over to improved varieties of Sugarcane, and

(iv) Small and minor irrigation projects like digging of wells, deepening of existing wells, construction of Kolhapur Type Weir (K.T. Weirs) and River Lift Irrigation (RLI) Scheme.

The loan is advanced from SDF as per the following pattern : —

(i) SDF : 90% of the total cost of the scheme subject to a maximum of Rs. 3.00 Crores.

(ii) Sugar Undertaking : 10% of the total cost of the scheme.

2.7 During the period from 1986-87 to 1997-98 (Upto 31.12.1997), out of the sanctioned amount of Rs. 503.06 Crore only Rs. 297.60 Crore were disbursed. On being asked why there was less disbursement, the Ministry in the written reply, stated as under :

"Loan from the SDF for cane development activities is disbursed to sugar mills generally in 3 yearly instalments.

During the period 1986-87 to 1997-98 loan for cane development was sanctioned to 486 sugar units. Out of this 151 sugar units have availed of the entire loan amount and 335 sugar units have not yet availed the loan fully. Of the 335 sugar units short term loan has been sanctioned to 110 units during Jan-March, 1998, 34 units have not yet availed the first instalment of the loan and 191 units have not availed of the second/third instalments.

The first and second and subsequent instalments of SDF loan are released on fulfilment of certain terms and conditions as indicated below :

(1) Execution of Tripartite Agreement between the Central Govt., the State Govt. concerned and the Sugar Mill.

(2) Submission of Bank Guarantee/State Govt. Guarantee for the amount of instalment due.

(3) Proof about deposit of 10% mills contribution of the amount of instalment due in Bank.

(4) The mill should not have any dues outstanding towards the Sugar Development Fund or Levy Sugar Price Equalisation Fund at the time of disbursement of the amount of instalment.

(5) Receipt of a satisfactory utilisation certificate through the State Government concerned for utilisation of the previous instalment amount.

The sugar units to whom the entire SDF loan for cane development has not been disbursed so far have not yet completed the requirements mentioned in (1) to (4) above".

Loans Schemes for purchase of inputs to cane-growers

2.8 A new short term loan scheme for purchase of inputs (seeds, fertilizers and pesticide) for cane development was notified w.e.f. 21.11.97. The loan is to be repaid within a period of 2 years and carries a concessional rate of interest of 9% per annum. The loan is in the range of Rs. 50.00 lakh to Rs. 150.00 lakh depending upon the installed capacity in terms of TCD (Tonnes of Cane Crushed Per Day).

2.9 This Department received 265 applications upto the last date for the Scheme *i.e.* 31.3.98. The BE for 1997-98 under cane development was increased to Rs. 75.00 crore primarily to take care of the additional disbursement of funds under the short term loan scheme. The scheme was introduced in the second half of the financial year and administrative approval was issued in 110 cases upto 31.3.98 after processing of the applications. However, no disbursement could take place during the financial year as due to shortage of time necessary formalities for release of the loan amount, *viz.*, execution of bipartite agreement, furnishing of Bank Guarantee/second charge from IFCI, deposit of 10% Mills contribution in Bank, etc. could not be completed by the sugar units and financial sanction could not be issued after processing, etc.

2.10 From 21.11.97 to 5.6.97, 186 Sugar units have been sanctioned short term loan for inputs. No amount could be disbursed under the scheme during 1997-98. During 1998-99 upto 31.5.98. An amount of Rs. 779.35 lakh has been disbursed to 12 sugar units under the scheme. (As per details at Annexure). The disbursement has been limited to the authorisation given through the Vote-on-Account on the 1998-99 Budget.

ANNEXURE

Disbursement of Short Term Loan For Inputs to Sugar Units During 1996-97

S. No.	Name	Amount&Date (Rs. in lakhs)
1.	Saraswati Sugar Mills, Yamunanagar, Haryana.	149.40 16.4.98
2.	Daurala Sugar Works, Daurala, Distt. Meerut, Uttar Pradesh.	85.48 16.4.98
3.	Sakthi Sugars Ltd., Sakthi Nagar, Erode staeDistt., Tamil Nadu.	100.00 22.4.98
4.	Sakthi Sugars Ltd., Sunapal, Cuttack–Distt., Orissa.	50.00 22.4.98
5.	Sakthi Sugars Ltd., Jothinagar, Sivaganga–Distt., Tamil Nadu.	50.00 22.4.98
6.	Sakthi Sugars Ltd., Haripur, Dhenkanal, Orissa.	50.00 22.4.98
7.	Rajgad S.S.K. Ltd., Anantnagar, Distt. - Pune, Maharashtra.	44.97 29.4.98
8.	Bannari Amman Sugars Ltd., Alathukombai - Village, Erode - Distt., Tamil Nadu.	50.00 5.5.98
9.	Bannari Amman Sugars Ltd., Alaganchi Village, Mysore - Distt., Karnataka.	50.00 5.5.98
10.	Chilwaria Sugars Ltd., Chilwaria, Distt. - Bahraich, Uttar Pradesh.	49.50 5.5.98
11.	Indo Gulf Industries Ltd., Meizapur, Distt. Gonda, Uttar Pradesh.	50.00 12.5.98
12.	Varalakshmi Sugars Ltd., Sankili, Srikakulam - Distt., Andhra Pradesh.	50.00 20.5.98
		779.35

(ii) Loans for Modernisation/Expansion of Sugar Mills

2.11 Rule 16(i) of the Sugar Development Fund Rules, 1983 provides that any sugar undertaking, which is approved by a financial institution for assistance under its general scheme for modernisation and rehabilitation for the purpose of rehabilitation/modernisation of its plant and machinery, shall normally be eligible for a loan under this Rule.

2.11 A. Loan is provided from the SDF for modernisation/rehabilitation normally as per the following pattern :-

(i) Financial Institution	–	50% of the total project cost.
(ii) SDF	–	40% of the total project cost.
(iii) Promoters	–	10% of the total project cost.

2.12 Loan sanctioned for modernisation/rehabilitation is disbursed in two equal instalments. The second instalment of loan is disbursed only on submission of a utilisation/progress report duly certified by Chartered Accountants and forwarded by the concerned Financial Institution.

2.13 Loan for modernisation/rehabilitation is given at a concessional rate of 9% simple interest per annum. Loan is repayable in a maximum period of 13 years including a period of moratorium of eight years.

2.14 The Sugar Development Fund (Amendment) Rules, 1995 provides that the specific schemes for upgradation of technologies of any sugar undertaking which is sponsored by the Technology Information Forecasting and Assessment Council in respect of the scheme **'Mission Mode Project on Sugar Production Technologies'** of the Department of Science and Technology shall normally be eligible for a loan, under the amendment *vide* GSR 27 (E) dated 12th January, 1996 subject to financial appraisal of the project by Financial Institution.

2.15 Loan shall be provided from the SDF for upgradation of technologies normally as per the following pattern :-

(i) Financial Institution	–	30% of the total project cost.
(ii) Sugar Dev. Fund	–	Maximum 60% of the eligible project cost.
(iii) Promoters	–	10% of the total project cost.

2.16 The procedure for disbursement of loan sanctioned for upgradation of technology shall normally be the same as followed for the modernisation/rehabilitation cases *i.e.* in two equal instalments. Second instalment of loan shall be disbursed only on submission of the utilisation/progress report duly certified by the Chartered Accountants and forwarded by the concerned Financial Institutions.

2.17 Loans for upgradation of technologies shall be given at a concessional rate of 6% simple interest per annum. The loan is repayable within a maximum period of 10 years including a period of moratorium of maximum five years.

2.18 For modernisation/rehabilitation purposes, 177 sugar mills have been sanctioned Rs. 680.73 crore during the period from 1985–86 to 1997–98 (31.12.1997). During the same period Rs. 575.96 crore have been disbursed.

2.19 On being asked how many Sugar Units have been given loan in 1997–98 and how the Government propose to disburse the amount in 1998–99, the Ministry replied as under :–

"Fifteen (15) Sugar Units have been given loan in 1997–98 by way of release of Ist/2nd instalment of SDF loan for undertaking Modernisation/Rehabilitation. The remaining disbursement will be made out of budget allocations in 1998–99. There is a proposal for Rs. 70.00 crore for such schemes in the 1998–99 Budget."

2.20 The monitoring of the implementation of the scheme under which assistance from the Sugar Development Fund is given is done through periodic reports from the loanee units and spot inspections in selected cases.

2.21 On being asked how many periodic reports from the loanee units are pending and what action has been taken thereon, the Ministry replied as under :–

"The implementation of the Modernisation/Rehabilitation Schemes is being monitored through Financial Institutions *viz.*, IFCI/NCDC, for which they are paid commission @ 0.5% per annum only on outstanding loan disbursed from SDF for monitoring proper utilisation of loan & progress of work. For this Government of India is having Agency Agreement with these financial institutions.

The Financial Institution submits a quarterly progress report during the implementation of the rehabilitation/modernisation of the project and thereafter on half-yearly basis till SDF loan is fully repaid by the mill. Such reports indicate the progress of utilisation of funds and physical targets achieved based on actual field inspections by the IFCI/NCDC team. The field inspections are being done by the IFCI/NCDC through their Head Offices/Regional Offices all over India manned by qualified staff. There is no delay in submission of progress report by financial Institution.

Loan Sanctioned for modernisation/rehabilitation is disbursed in two equal instalments. Second instalment of loan is disbursed only on submission of utilisation/progress report duly certified by Chartered Accountants and forwarded by the concerned Financial Institution.

In respect of cane development loan after the sanctioned amount is fully utilised an impact report highlighting the physical/financial achievements of the Mill is sent by the State Govt. concerned for examination and acceptance by the Central Government.

In case of Grant-in-Aid to various Research Institutions/Organisations, the implementation of the project is being monitored through audited utilisation certificate/progress report furnished by the Institute/Organisation concerned and expert opinion of the concerned scientist in the relevant field before releasing the entire grant."

(iii) Grant-in-Aid for R & D Schemes

2.22 Under Rule 18(1) of the Sugar Development Rules, 1983, the Central Government sanctions Grants-in aid to established institutions connected with the sugar industry for carrying out research aimed at promotion and development of any aspect of sugar industry. During the period from 1988–89 to 1997–98 (upto 31.12.1997) a total amount of Rs. 31.76 crore has been sanctioned to 4 organisations/institutions (for 9 schemes). An amount of Rs. 16.54 crore has been disbursed to these organisations/institutions.

2.23 In this context while being asked what were the reasons for less disbursement of sanctioned amount, the Ministry in the reply have stated as below :-

"For release of First instalment, the Research Institution/Organisation is required to fulfil the following conditions :-

(i) Submission of Certificate that it has not been sanctioned Grant-in-Aid for the same purpose by another Deptt. of the Central Govt. during the period to which the grant relates;

(ii) Execution of a Bond with two sureties in favour of the Government of India.

(iii) Bank Account Opening Certificate.

For release of 2nd/3rd instalment, the Research Institution is required to submit the :-

(i) Audited Utilisation Certificate.

(ii) Progress Report.

The Institutions/Organisations to whom the entire SDF Grants-in-Aid has not been disbursed so far have not yet completed the aforesaid requirement".

2.24 The year-wise sanction and disbursement of loans from the Sugar Development Fund is given below :–

(Rupees in crores)

	Cane Development		Modernisations		Grants-in-aid		Total	
	Sanctioned	Disbursed	Sanctioned	Disbursed	Sanctioned	Disbursed	Sanctioned	Disbursed
1985-86	-	-	1.79	1.79	-	-	1.79	1.79
1986-87	45.89	21.42	4.46	4.46	-	-	50.35	25.88
1987-88	70.10	27.87	5.89	5.89	-	-	75.99	33.76
1988-89	77.34	27.66	48.09	37.17	0.45	0.12	125.88	64.95
1989-90	84.80	64.67	62.25	57.89	23.60	2.11	170.65	124.67
1990-91	26.54	46.20	54.42	50.38	6.05	5.55	87.01	102.13
1991-92	31.00	10.40	133.57	39.13	-	0.08	164.57	49.61
1992-93	36.16	17.07	69.19	92.78	-	4.52	105.35	114.37
1993-94	50.71	37.78	55.19	77.50	-	0.16	105.90	115.44
1994-95	16.06	13.26	34.88	50.27	0.10	1.47	51.04	65.00
1995-96	-	9.00	49.74	46.06	-	0.28	49.74	55.34
1996-97	28.03	13.71	83.98	54.29	-	2.25	112.01	70.25
1997-98	123.87	14.76	149.30	78.84	2.54	-	275.71	93.60
Total	590.60	303.80	752.75	596.45	32.74	16.54	1376.09	916.80

Statement Showing Amount Sanctioned & Disbursed towards Grant-in-Aid
For Research Schemes (As on 31.3.98)

(Rupees in lakhs)

	Amount Sanctioned	Amount Disbursed	Schemes
1. Simbhaoli Sugar Mills Ltd. Simbhaoli, Distt. Ghaziabad, U.P.	45.48	45.10	Management of Sugarcane Borers.
2. Ganda Singh Sugarcane Breading & Research Instt., Seorahi, Distt. Deoria, Uttar Pradesh.	604.91	180.00	Breeding of Sugarcane Varieties resistant to diseases, insects and pests.
3. Indian Council of Agri_ cultural Research, New Delhi	2278.54	1349.53	(i) Production of breoder, foundation and certified seed of sugarcane leading to continuous supply of adequate quantity of genetically pure and healthy seeds to farmers.
			(ii) Improved management of ratoon crops for better yield in U.P., Bihar and Haryana.
			(iii) Management of sugarcane crops under water-logged conditions in Eastern U.P. and Bihar.

4.	Vasantdada Sugar Institute, Pune, Maharashtra.	251.211	79.13	(i) Microprocessor based device for on line determination and display of brix.
				(ii) Effect of soil amendment and soil conditioner on yield and quality of sugar.
				(iii) Evaluation of Drip methods of sugarcane Irrigation.
				(iv) Synthesis and testing of Pheromones against Sugarcane borers.
				(v) Studies on predatory spiders for the control of sugarcane pests.
5.	Sugarcane Breeding Institute, Coimbatore	93.88	–	(i) Screening Saccharum species & ISH clones for drought tolerent characteristics.
				(ii) Integrated Nutrient Supply System for sustainable sugarcane production.
				(iii) Molscular Characterisation of sucrose synthesiging & accumulating engymes in and low sugar varieties of sugarcane.
	Total	3274.021	1653.76	

B. Licensed and Installed Capacity

2.25 There are at present 453 Sugar factories installed in the country, 252 in the Coop-Sector, 67 in the Public Sector and 134 in the Private Sector. As on 30.09.1997, 237 new sugar factories and 237 expansion projects were under various stages of implementation. As on 30.09.1997 the licensed capacity of the sugar was 277.8349 lakh tonnes.

2.26 The position with regard to number of sugar factories and their capacity during 1993–94, 1994–95, 1995–96 and 1996–97 season was as under :–

Crushing Season	No. of Factories	Installed Capacity (in lakh tonnes)
1993–94	429	116
1994–95	437	122.1
1995–96	447	128.4627
1996–97	453	134.593

2.27 There is a gap of 142.00 lakh tonnes between licensed capacity and installed capacity of sugar manufacturing units. On being asked what steps are being taken by the Ministry to bridge the gap, the Ministry in their reply stated as under :

(i) "A close monitoring of the letters of intent issued for establishment of new sugar factories, and for expansion in the existing sugar factories, is being undertaken. Units under implementation are being asked to submit the progress reports on quarterly basis. If the progress in implementation of the project is not found satisfactory, the entrepreneurs are being issued show cause notices. In cases where there is no progress, the letters of intent are being cancelled.

(ii) The Government of India is providing financial assistance at a concessional rate of interest from Sugar Development Fund (SDF) for expansion/modernisation of capacity upto 5000 TCD, and for sugar cane development.

(iii) Govt. of India provides incentives to new and expanding units in the form of extra free-sale sugar quota, over and above the normal free-sale quota, under various incentive schemes. The incentive schemes prescribe certain period for implementation of the project. If the project is not completed in time, the incentive quantum gets reduced depending on the delay in the implementation of the project".

(i) Production of Sugar

2.28 The position regarding production, exports/internal consumption, etc. during 1995–96 and 1996–97 sugar seasons was as under :–

(Rs. in crores)

Particulars	1995–96	1996–97
Carry over from Previous season	53.38	79.07
Production of Sugar	164.10	129.05
Import of Sugar	0.42	-
Total availability	217.90	208.12
Internal Consumption	128.25	137.92
Export	8.87	4.19
Closing stock	79.07	66.01

(ii) Release of Sugar

2.29 Keeping in view the persistent demand for enhancement of levy sugar quota by the States/UTs on account of increased population, the Government decided to allocate levy sugar as per the population figures of 1991 census effective from 01.01.1996. The quantum of levy sugar allocation to most of the States/UTs during 1996–97 sugar season continued on the same basis i.e. 425 gms. per capita monthly availability for the population as per 1991 census and effective from 01.01.1996.

2.30 An ad-hoc increase of 10% of normal levy quota was given for the months of December 1996 to May 1997 only. In addition, about one lakh tonnes of levy sugar was released as festival quota for distribution through the Public Distribution System. This annual festival quota was doubled for the Calendar year 1996.

2.31 The release of sugar for sale in the open market was 91.11 lakh tonnes for 1996–97 sugar season as compared to 85.64 lakh tonnes during the previous season.

(iii) Levy

2.32 Levy free sale ratio of sugar remained unchanged at 40 : 60 during 1996–97 sugar season.

2.33 **Levy Price of Sugar** : Ex-factory levy sugar prices calculated on the basis of BICP report of January 1997, for all the zones for the sugar season 1996–97 were announced on 12.02.1997. Issue price of levy sugar which was fixed at Rs. 10.50 per kg. w.e.f. 10.02.1997 has been revised to Rs. 11.40 per kg. w.e.f. 01.10.1997.

(iv) Prices of Sugarcane and Sugar

2.34 The Statutory Minimum Price of sugarcane for 1995–96 season was announced in May, 1996 at Rs. 42.50 per quintal linked to a basic recovery of 8.5 per cent. For 1994–95 season, the Statutory Minimum Price was Rs. 39.10 per quintal linked to a basic recovery of 8.5 per cent. Statutory Minimum Price of Rs. 45.90 and Rs. 48.45 per quintal was announced for the seasons 1996–97 and 1997–98 respectively. In practice, however, actual prices paid by the sugar mills on the advice of the State Governments are substantially higher than the Statutory Price.

2.35 The range of wholesale prices of S–30 grade of sugar in the four principal markets in the country for the last two seasons, i.e. 1995–96 and 1996–97 are compared below :–

Season	Delhi	Mumbai	Calcutta	Chennai
1995–96 (1.10.95 to 30.9.96)	1275 to 1385	1237 to 1422	1370 to 1510	1138 to 1423
1996–97 (1.10.96 to 30.9.97)	1260 to 1440	1225 to 1510	1350 to 1565	1200 to 1525

(v) Incentive Scheme

2.36 Due to steep increase in the cost of Plant & Machinery, the new and expansion projects were not proving economically viable. With a view to mitigating hardships of the entrepreneurs involved in the execution of high cost sugar project, as well as to enable them to become viable by utilising surplus funds generated through higher free sale quota for repayment of term loans advanced by the Central Financial Institutions and the Sugar Development Fund, as incentive scheme was formulated for new and expansion projects established at high capital cost.

2.37 As per 1997 Incentive Scheme New Sugar factories are granted incentive for Eight Years at 100% in ORA and Five years at 100% HRA. Expansion projects upto 2500 TCD are granted incentive for 5 years at 85% in HRA and 100% ORA and Expansion projects upto 5000 TCD are granted incentive for 5 years at 80% in HRA and 90% in ORA. Projects licensed between 07.09.1990 and 31.03.1994 will have an option to avail of incentive under 1993 scheme or the incentive proposed in this scheme.

2.38 The position in respect of claims received, claims finalised, claims rejected, claims withdrawn and claims pending is as follows :-

(Position as on 30.10.1997)

Particulars	New factories	Expansion Projects	Restructured Units	Total
No. of Claims received	195	160	28	383
No. of claims finalised	184	141	25	350
and certificate issued	1	4	2	7
Court cases				
No. of claims rejected	3	8	-	11
No. of claims withdrawn	-	2	-	2
No. of claims pending	7	5	1	13
including incomplete claims				

(vi) Quality Control

2.39 Sugar Inspection Section of the Directorate of Sugar is concerned with the quality control of sugar produced by Vacuum Pan Sugar Factories. For this purpose, periodical visit to sugar factories are made and samples of sugar withdrawn from the stocks of sugar held by the factories and also from consignment under dispatch. In case, actual grades of sugar represented by the samples are found to be inferior to the grades marked on the bags by the factories, action is taken against the defaulting sugar factories according to the prescribed procedure.

2.40 In prsuance of this policy, in the financial year 1997–98 (upto 31.10.1997) the Directorate have issued warnings to sugar factories in 09 cases for being more careful in future in marking on the sugar produced by them in terms of clause IV (i) of Sugar (Packing & Marking) Order 1970. During the financial year 1998–99, 700 inspection visits to the sugar factories are likely to be made.

2.41 On being asked what were the scheme being run by the Directorate to enhance the quality of sugar, the Ministry replied as under :–

"Directorate of Sugar is not operating any scheme to enhance the quality of sugar. However, there is a Standing Advisory Committee on Sugar Standards under the Development Council for Sugar Industry. The main function of this Committee is to recommend introduction of new sugar standards every year for use in the Indian Sugar Industry, trade, etc. This Committee looks into the quality aspect of sugar also. While considering the standards of sugar for the sugar season 1997–98, the Committee, with a view to improve the quality of sugar, produced by the sugar mills in the country, decided to introduce colour series 31 over and above the existing two colour series, namely, 30 and 29. The 31 colour series is an improvement over 30 colour series. This would give impetus for improving the quality of Indian sugar for internal market as well as for export purposes".

No incentive has been announced for early, mid and late maturing varieties of sugar cane for the cane growers. However, the Directorate of Sugar has been announcing early, mid and late crushing incentive schemes for the sugar factories from time to time on the production achieved by the sugar factories during these periods. These incentives are given in the form of extra free sale quota. For example, during the sugar season 1997–98, the Government have granted incentive @ 72% free-sale quota on the production achieved by the sugar factories during the period 1.10.1997 to 15.11.1997 for early crushing and @ 72% free-sale quota on the production achieved by the sugar factories during the period from 2.5.1998 to 31.7.1998 for late crushing".

(vii) Enforcement and Vigilance

2.42 An enforcement & Vigilance Cell has been set up in the Directorate of Sugar since July 1986 to ensure strict compliance with the various statutory as well as Administrative Orders/Directions issued by the Government and Directorate of Sugar. The functions of this cell include scrutiny of records/returns regarding Sales & Dispatches' of free sale sugar, checking of 'Final Manufacturing Reports' i.e. RT 8 (c) received from the sugar factories with regard to the provisions of sugar (Packing & Marketing) Order 1970.

2(i) As per GSR 422, dated the 9th May, 1994, as amended w.e.f. 1.4.1995 vide GSR (E) Com/Sugar, dated 20th March, 1995, no sugar factory shall sell and dispatch less than 47.5% of their monthly quota of sugar released to it for sale in each of the following fortnightly periods of a month, namely :-

a) Ist to 15th

b) 16th to end of the month.

2(ii) No producer shall sell and dispatch less than the monthly quota of sugar released to him for sale by the monthly order, within a period specified therein.

2.43 During the period from 1.1.1997 to 30.9.1997, while carrying out periodical inspection, the Inspecting Officers have checked and collected information from 86 sugar factories in regard to 'Sales & Dispatches' of free sale sugar.

2.44 Further, returns on sales and dispatch on free sale release made during the period January, 1996 to July 1997 were analysed in E & V Cell and have observed that 4213 factories have furnished returns and 3633 factories did not furnish the returns. Out of the returns received, 257 factories were found to be defaulter in dispatch of free sugar in the prescribed period. The lapses of 36 sugar factories were condoned. Remaining 221 factories are under review.

2.45. The representation for condonation of lapses of fire sale sugar from 47 Sugar factories so far received upto 11.11.1997 have also been examined. Out of this lapses of 24 factories have been condoned and lapsed free sale sugar of 23 sugar mills have been converted to levy.

(viii) Export and Import of Sugar

2.46 The Export/Import performance of India during the Financial Year 1991-92 to 1997-98 (upto Oct. 1997) has been as under :

(Quantity in lakh of tonnes)

Financial Year	Export	Imports
1991-92	5.07	-
1992-93	3.76	-
1993-94	3.32	-
1994-95	0.35	9.77
1995-96	4.49	1.99
1996-97	8.49	-
1997-98	1.61	-

2.47 On being asked about the policy of export and import of sugar, the Ministry replied as under :-

"*Export*

Export of sugar under EXIM Policy is currently decanalised. Export of sugar is undertaken by various private exporters, after procedural routing through Agricultural & processed Food Products Export Development Authority (APEDA) under the Ministry of Commerce. After obtaining Registration-Cum-Allocation-Certificate (RCACs) from APEDA, the exports are effected. Ministry of Food & CA fixes a quantitative ceiling for export of sugar every year. In view of the below-average production in the 1997–98 season, no export has been permitted in this period. Besides this, the export of sugar under preferential quotas of USA and European Union is undertaken by Indian Sugar General Industry Export Import Corporation (IS-GIEIC).

The quantities and their values in crores for export of sugar for the years 1995–96, 96–97 & 97–98 are as under :-

Financial Year	Quantity (Lakh tonnes)	Value (Rs./crores)
1995–96	4.49	614.68
1996–97	8.49	1108.03
1997–98	1.75	240.60

During 1998–99, it is proposed to continue import of sugar under Open General Licence (OGL) with import duty and countervailing duty. For export, the preferential quota exports will continue. (for commercial exports) in view of low production in 1997–98, no quantity has been permitted during the current financial year 1998–99).

As informed by Agricultural & Processed Food Products Export Authority (APEDA), after decanalisation of sugar exports, during the 1996–97 (after 15.1.97) sugar year, a quantity of 1.61,113 Mts was actually exported, against the RCACs issued by them, by private parties.

During sugar year 1997–98, no sugar has been exported by Indian Sugar & General Industry Export Import Corporation Ltd. so far.

Import

Sugar is under Open General Licence (OGL) for the purpose of imports. From September, 1997, import of sugar by private parties under OGL can be undertaken only after registering the import contracts with APEDA under Ministry of Commerce.

With effect from 28.4.98. Government has imposed a Basic Custom Duty of 5% and a countervailing duty of Rs. 850/- per tonne on sugar imports.

The quantities and their values in crores for import of sugar for the years 1995–96, 96–97 & 97–98 are as under :–

Financial Year	Quantity (Lakh tonnes)	Value (Rs./crores)
1995–96	1.99	317.26
1996–97	NIL	NIL
1997–98	3.30	443.37

"

2.48 Till 15.1.1997 the export of sugar was being carried out under the provisions of the Sugar Export Promotion Act, 1958, through the Notified Export Agencies, namely, Indian Sugar & General Industry Export Import Corporation Ltd. (ISGIEIC) and State Trading Corporation of India Ltd. (STC). Export of Sugar to Nepal is being handled by STC.

2.49 Through an Ordinance, The Sugar Export Promotion Act, 1958 has been repealed w.e.f. 15th January, 1997 and the Export of Sugar has been decanalised. Under the new system, the export of sugar is being carried out through Agricultural & Processed Food Products Export Development Authority (APEDA), under the Ministry of Commerce. However, ISGIEIC would continue to handle all Preferential quota exports to EEC & USA, after obtaining registration-cum-Allocation-Certificate (RCAC) from APEDA. Government had also placed a quantity of 2.5 lakh tonnes of free sale sugar, at the disposal of APEDA out of 1996–97 seasons production for exports. In addition, a quantity of 36,300.00 mts. of free-sale sugar/raw sugar has also been placed at the disposal of APEDA for preferential quota export to EEC and USA through ISGIEIC Ltd. Further, a quantity of 10,500.00 mts. of Raw sugar out of 1996–97 seasons production for export to EEC against 1997–98 raw Sugar quota has also been placed at the disposal of APEDA.

2.50 During the financial year 1997–98 (upto Oct. 97) a total quantity of 1.61 lakh tonnes has been exported (including preferential quota exports).

Though the import of sugar is under Open General Licence (OGL).

It has been subjected to Registration of Import Contracts with APEDA under Ministry of Commerce, from September 1997 onwards.

2.51 There were no imports during Financial Year 1996–97 & 1997-98 (upto 31.10.97) by STC & MMTC. No information about import of sugar by private importers is available. However, APEDA have informed that since the issue of Trade Notice by them in September 1997 and upto 24.10.97, they have registered 41 import contracts for a quantity of about 74,426.50 mts. of sugar, entered by various private parties. No information about actual import against above registered contracts is available.

(ix) Buffer Stock

2.52 In order to help the sugar Industry to tide over its financial difficulties, the Central Government decided to create a buffer stock of 5.00 lakh tonnes of sugar of one year *w.e.f.* 10.01.1996. This buffer stock has been extended for one more year. Thereafter Government had sanctioned the payment of buffer subsidy in the following two tranches :–

(i) 5 lakh tonnes from 1.12.96 to 30.11.97; and

(ii) additional 5 lakh tonnes from 10.1.97 to 9.7.98.

The expenditure by way of buffer subsidy for 10 lakh tonnes of sugar is Rs. 225 crore (approx.) for one year. The amount disbursed by the Central Government in different years towards buffer subsidy is as under :–

		(Figures in Rs./Crores)
1996–97	–	69.98
1997–98	–	177.49
1998–99 (Upto 31.5.98)	–	42.29
Total	–	289.76

The pending claims relating to the buffer subsidy for the sanctioned periods would be Rs. 91 crore.

2.53 Rs. 400 crores was provided as sugar subsidy in 1997–98. The quantum of sugar subsidy in any year depends on the difference between the delivered price of sugar in the PDS (based on the statutory levy price) and the retail issue price fixed for the PDS. The current retail issue price in the PDS is Rs. 11.40 per kg. The statutory levy price for the year 1997-98 sugar season is still to be notified.

(x) Khandsari Units allowed to convert to vacuum-pan technology

2.54 In a decision of far-reaching impact, the Group of Ministers at its meeting decided to allow Khandsari Units, located outside areas reserved for Sugar Mills, to convert to vacuum-pan technology. It is expected that as a result of this decision, Khandsari Units adopting the vacuum-pan technology will be able to improve the recovery of sugar by as much as 2% from the current level of recovery of 6.5 – 7.5%. This decision is on the basis of the recommendations of the High-Powered Committee on the Sugar Industry which submitted its Report in May 98.

Khandsari Units adopting vacuum-pan technology would be exempt from the minimum economic size criteria under the Industries (Development and Regulation) Act. Also, such Units will be exempted from the levy liability in accordance with the Scheme applicable to sugar factories under the 'Incentive Scheme – 1997'. The decision will result in improved financial viability of a large number of decentralised Khandsari Units located mainly in U.P. Besides this, lakhs of Sugar Cane cultivators, situated in areas outside those reserved for supply of Cane to Sugar Mills, would also now find a more stable market for their produce.

(xi) Cane Arrears

2.55 In terms of Statutory provisions contained in the Sugarcane (Control) Order, 1966 issued under the Essential Commodities Act, it is obligatory on the part of all sugar mills to pay the Statutory Minimum Price of sugarcane to growers. In the case of State Advised Prices of sugarcane, which are substantially higher than the Statutory Minimum Price, the responsibility for ensuring timely payment of cane prices dues is primarily that the State Governments. The role of Central Government is advisory in nature and it has impressed upon the State Government from time to time to take necessary steps for clearance of such dues.

2.56 On being asked what is the amount of cane price arrears as on date, year-wise, State-wise, the Ministry replied as under : —

> "Based on the information received from the sugar factories, as on 15.4.1998, the total amount of cane price arrears is Rs. 87122.4 lakhs. The details of arrears sugar season-wise and Sate-wise are given in Annexure I.

The responsibility for ensuring timely payments of cane price dues lies with the State Governments, which have the necessary powers and field organisations to enforce such payments. The Central Government, on its part, has taken measures from time to time for improving the financial position of sugar factories to enable them to pay the farmers' dues. The steps taken to assist the State Govt. include: grant of incentives for early and, late crushing; sanction of buffer subsidy; permission for export of sugar; revision in guidelines by the Reserve Bank of India (RBI), enabling sugar factories to draw more credit from the banks; and extra release of freesale sugar to deserving factories."

2.57 Statement showing State-wise & sugar season-wise Cane Price arrears as on 15.4.1998.

(Rupees in lakhs)

State	Sugar season (Oct. - Sept.)		
	1997-98	1996-97	1995-96 & Earlier
1	2	3	4
Punjab	844.65	1745.72	1.33
Haryana	1549.09	407.72	0.00
Rajasthan	426.75	0.00	158.90
West UP	7762.28	0.00	2218.86
Central UP	13968.77	1416.56	755.42
East UP	8517.35	818.34	370.85
Total UP	30248.40	2234.90	3946.13
Madhya Pradesh	556.89	155.37	1.01
South Gujarat	1211.26	0.00	0.00
Saurashtra	582.62	0.00	0.00
Total Gujarat	1793.88	0.00	0.00
South Maharashtra	2869.51	1.10	0.88
North Maharashtra	1732.19	84.47	603.44
Central Maharashtra	2763.35	93.84	299.10
Total Maharashtra	7365.05	179.41	893.23
North Bihar	4486.70	3109.07	1278.13
South Bihar	0.00	0.00	1.12

1	2	3	4
Total Bihar	4486.70	3109.07	1279.25
Assam	0.00	0.00	10.48
Andhra Pradesh	5484.47	0.74	128.78
Karnataka	5202.65	215.95	3053.48
Tamil Nadu	10440.99	565.41	1.50
Kerala	0.00	0.02	0.00
Orissa	40.93	0.00	51.94
West Bengal	0.00	0.00	0.00
Nagaland	0.00	0.00	0.00
Pondicherry	389.04	0.00	2.66
Goa	140.02	0.00	0.00
All India	88989.51	8614.31	9538.59

C. National Sugar Institute, Kanpur

The budget provision of NSI, Kanpur is as under : —

	1997–98(RE)	1998–99(BE)
Plan	Rs. 85.00 lakh	Rs. 64.00 lakh
Non-Plan	Rs. 503.00 lakh	Rs. 598.00 lakh

2.58 The N.S.I. Kanpur is a subordinate establishment of the Ministry of Food & Consumer Affairs engaged in providing technical education in various branches of Sugar Technology and Engineering. It has also facilities for research, rendering of technical advice and assistance to Sugar Industry, and Central & State Governments, preparation of Sugar Standards, etc. The Institute has a research farm and an Experimental Sugar Factory for training of students.

2.59 The performance of the E.S.F. during the last three seasons is as under :

	1994-95	1995-96	1996-97
(a) Gross no. of days	40	47	41
(b) Total Sugarcane crushed (Qtls.)	9682	15817.16	14268.57
(c) Total Sugar Produced (Qtls.)	220	505.16	451.2

2.60 The Institute is one of the main agencies for providing technical manpower to the Sugar Industry.

2.61 The Non-Plan Expenditure is meant for meeting the administrative expenses of the Institute hostel, etc. and the committed expenditure on the Experimental Sugar Factory and the Farm.

2.62 The Plan provisions are intended to meet the expenditure mainly on civil works, augmenting facilities providing additional equipment for laboratories etc.

2.63 Brief particulars regarding number of research schemes undertaken, number of students trained etc. are given below :-

		1994-95	1995-96	1996-97	1997-98 (Expected)
(i)	No. of Research Schemes undertaken	-	-	-	-
(ii)	No. of students trained	186	222	225	225
(iii)	No. of advisory & extension visits	58	60	70	80
(iv)	Revenue earned including realisation by sale of accumulated stock of sugar in E.S.F.	15.50	16.75	17.00	17.50

2.64 On being asked for the reasons for slow progress of work by CPWD, the Ministry furnished as under :-

"Funds are authorised to CPWD item-wise after sanction by the Ministry. Payments are made by CPWD to the contractor. Out of Rs. 85 lakh sanctioned for in RE, Rs. 55.75 lakh were released. An expenditure of Rs. 48.48 lakh was incurred out of this amount. The estimates pertaining to other items amounting to Rs. 23.10 lakh could not be sanctioned due to some discrepancies observed at the time of examination in the Ministry. Instructions are being issued to avoid delays in future. The shortfall in the expenditure is also due to slow progress of civil works by CPWD.

The percentage of the achievement of the targets in 96–97 and 97–98 is 50% and 50% respectively. Eight research projects in NSI have led to results which have been adopted by the sugar industry. Nineteen Research work, have been conducted in the laboratory."

D. National Institute of Sugarcane and Sugar Technology, Mau

2.65 It was proposed to establish the institute within the period of 3 years commencing from 1993–94. During the initial year *i.e.* in1993–94, a budget allocation of Rs. 305.10 lakh was made and the expenditure incurred was Rs. 20,802 lakh. The shortfall occurred mainly due to the delay in taking up the Civil Work and their execution by the CPWD.

2.66 In the year, 1994–95, a budget allocation of Rs. 525.00 lakh was made and the expenditure incurred was Rs. 134,806561 lakh. In the year 1995–96 the budget allocation of Rs. 485.00 lakh was made and the expenditure incurred was Rs. 164.61 lakh. In the year 1996–97, a budget allocation of Rs. 820.00 lakh was made and the expenditure incurred was Rs. 155.49 lakh. In the year 1997–98, the provision is as follows :–

1997–98 (BE)	–	Rs. 773.00 lakh
1997–98 (Anticipated)	–	Rs. 567.67 lakh

2.67 Details of 'Plan' proposed BE 1998–99 is given below :–

Sl. No.	Items	BE (Rs. in Lakhs)
I	CAPITAL	
1.	Construction of Main Building	80.00
2.	Construction of Trainee's Hostel	70.00
3.	Construction of Residential Quarters	40.00
4.	Development of Site	60.00
5.	Machinery & Equipments	142.00
6.	Purchase of Books	10.00
7.	Furnishing of Main Building	30.00
8.	Spill over works	10.00
II	REVENUE	181.00
	Grand Total	**623.00**

2.68 As part of the programme for the commemoration of 50th Anniversary of India's Independence, two workshops were planned to be organised in the Institute. A 2-day Workshop on the methods of sugarcane and harvesting was held on 19–20th November, 1997 which was well received by the farmers and was quite useful.

2.69 The other activities of the Institute *i.e.* training programme have already been started.

2.70 Old and obsolete technology is a curse for Sugar Industry in the country. About half of the units in the industry were established 25–30 years ago. A sizeable number of Sugar Mills are sick and lying closed for years. Their technology has become unviable in the current pace of modernisation found in the new Sugar Mills. Outdated technology is resulting in increase in production cost and loss of capacity due to slow operations, especially in the matter of crushing. Hence, the Committee desire that the entrepreneurs should be encouraged to go in for the modernisation of sugar mills. This should be achieved in a phased manner by sanctioning the necessary finances out of Sugar Development Fund as well as from financial institutions. Loans for modernisation/rehabilitation are provided to the extent of 50% of the total project cost by Financial Institution in addition to 10% of the total project cost given by promoters. It has been noticed that from 1985–86 to 1997–98, 177 Sugar Mills have been sanctioned loans amounting to Rs. 680.73 crore, out of which Rs. 575.96 crore were disbursed. However, there has not been any substantial improvement in the status of sugar industry. Its impact on total production is also not visible. The largest number of old units are still in existence in the States of Andhra Pradesh, Bihar, Madhya Pradesh, Rajasthan and West Bengal. In case of UP, majority of old plants are located in Eastern UP. In this regard, the Committee desire that such measures may be initiated by the Government so that sugar mills are not forced to become closed and those which are closed be opened by making all efforts and knowing the factors of closure. More funds should be made available for modernisation/rehabilitation/revival of Sugar Mills out of the Sugar Development Fund and the State Governments may also be requested to encourage sugar entrepreneurs and ensure a proper monitoring of the administration of the Fund.

2.71 Loan is advanced from SDF to Sugar Mills for the development of sugarcane under the schemes of setting up heat treatment plants, rearing of nurseries, incentives to cultivators to switch over to improved varieties of sugarcane, small and minor irrigation projects like digging of wells, deepening of existing wells, construction of K.T. weirs and River Lift Irrigation. The main purpose is to make adequate cane available to the sugar undertakings so that the production of sugar increases. Loan is advanced from SDF upto 90% of the total cost of the

scheme subject to a maximum of Rs. 3.00 crore per unit. Loan is advanced at concessional rate of simple interest of 9% per annum. During the period 1986–87 to 1997–98, 363 sugar undertakings have been sanctioned Rs. 503.06 crore but only about 60% of the fund amounting to 297.60 crore were disbursed. This is much below the targeted amount: In addition to this, there has been a wide variation in sanctioned amount and the amount disbursed during the period 1986–87 to 1997–98. In some of the years like 1987–88, 1988–89, 1989–90, 1991–92 and 1996–97 the disbursed amount is much below the sanctioned amount, however in 1990–91, 1992–93, 1993–94, 1994–95 and 1995–96 the disbursed amount was more than sanctioned amount out of Sugar Development Fund. There seems to be *prima-facie* irregularity. The Committee are unhappy at this state of affairs and desire that all efforts should be made to disburse the full sanctioned amount so that the purpose of the scheme is achieved.

2.71A. Under Rule 17A of the SDF Rules, 1983, the Central Government also sanctions loan from SDF to sugar undertakings to assist cane growers in purchase of seeds, fertilizers and pesticides. Though 186 sugar units were sanctioned loans under this scheme, no amount could be disbursed. This is a serious lapse. Modalities should be worked out and enforced to ensure that the sanctioned amount do reach the canegrowers. The Committee recommend that the applications for loan from farmers be dealt with by a central agency and requisite amounts be finalised and sanctioned in respect of each sugar mill. Cheques should be sent in the name of farmers through the concerned sugar undertaking. The Committee also recommend that the farmers be given training of sugarcane production and good quality of seeds be made available to farmers on the basis of their agro-climatic zone consideration. The Government should also ensure that variation in recovery by different sugar mills be minimised. All efforts be made for higher recovery by all mills.

2.72 The SDF (Amendment) Rules, 1995 provide that the specific schemes for upgradation of technologies of any sugar undertaking sponsored by TIFAC under the scheme 'Mission Mode Project' on sugar production technology of Department of Science and Technology, shall normally be eligible for loan subject to financial appraisal of the project by the Financial Institution. The loan from SDF for upgradation of technology is provided to the extent of 30% of the project cost by the Financial Institution and 60% of the project cost by SDF. This is provided at a concessional rate of 6% simple interest per annum. Only a very small number of projects have been given loans under this scheme, even though a large number of plants are running much below their capacity.

The Committee recommend that all efforts be made to conduct a national survey for the purpose of identifying the projects that can come under this scheme *vis-a-vis* their viability and repayment capacity. This will enhance the capacity of the sugar units to match the international standards.

2.73 The Central Government sanction grants-in-aid to established institutions connected with the sugar industry for carrying out research aimed at promotion and development of any aspect of sugar industry. It has been noticed that during the period from 1988–89 to 1997–98, an amount of Rs. 30.76 crore was sanctioned for this purpose but only Rs. 16.54 crore representing just over 50% of the sanctioned amount were disbursed. The performance on this front is not at all satisfactory and requires to be improved. The scheme can have a direct bearing on cane production and improved quality of sugar produced in the country. The Committee recommend that R&D activities be streamlined. Research may also be conducted on Gur and Khandsari so that it may remain fit for human consumption even after quite some time.

2.74 The licensed capacity of sugar undertakings was 277.83 lakh tonnes on 30.09.97. However, the installed capacity is only 134.59 lakh tonnes. Thus, there is a gap of about 142.00 lakh tonnes between licensed capacity and installed capacity of sugar manufacturing units. Today, the demand of sugar is increasing at the rate of 6 lakh tonnes per year with increase in population and standard of living. The population of India was 86.32 crores in 1991–92, it has been projected at 93.42 crores in 1995–96. It may be about 100 crores in the next census. Though the installed capacity has been increasing since 1993–94, it is still not satisfactory especially in view of a much higher licensed capacity and the growth in population. The Committee, therefore, desire that all efforts be made to realise the licensed capacity of sugar industry so that the increasing demand for the product may be fully met by indigenous productions.

2.75 The National Sugar Institute (NSI), Kanpur is engaged in providing training and diploma courses for the personnel required in sugar industry. The physical and financial targets and their achievement set for the Institute in the 8th Five Year Plan was not satisfactory. Even in 1996–97 and 1997–98, the achievement was only 50% and 50% respectively. Such slow progress leads to cost over runs and necessitate increased budgetary support in subsequent years. This also frustrates the very objective of the scheme for improving sugar production. The Committee recommend that it should be converted into a Registered Society as per the recommendation of the Mahajan Committee. The Society should have a Governing Body with an eminent person as its

Chairman and members drawn from CSIR, ICAR and TIFAC including representatives from Apex organizations of Industry and nominee of Ministry of Food and Consumer Affairs. The main focus of activities of the Institute should be targeted on teaching and fundamental research and its courses be revised to cope up with the changes in technology trend in the industry.

Similarly, the NISST, Mau was to be completed within 3 years from 1993–94. The project has not been completed as yet. The Committee, therefore, desire that all such schemes/projects be completed within time.

2.76 Rs. 86.14 crore and Rs. 689.69 crore are outstanding as on 15.4.1998 as cane arrears for the year 1996–97 and 1997–98 respectively. The accumulation of dues of farmers may force the farmers to opt for other cash crops leading to shrinkage of area under cane cultivation and consequent shortage of sugar. The Committee, therefore, recommend that Mill owners be encouraged to take loans against their stock and pay the cane-arrears.

2.77 The Government has already spent a sum of Rs. 291 crore in the name of Buffer Subsidy. While this leads to an assumption that there is an actual Buffer Stock of 5 lakh tonnes of sugar. But this buffer is not like the Buffer Stock of wheat and rice maintained by the Government. Actually there is no buffer. What is being done is to help the mills in keeping their stock during the periods of surplus. The Government should, therefore, take such steps as to ensure that any assistance or subsidy given to mill owners in this regard is kept to the minimum.

2.78 The Mahajan Committee has recommended complete decontrol of sugar. It has given two years for phasing out control. It has further recommended that supply of sugar through PDS be discontinued when complete decontrol become effective. In this context, the Committee disagree with decontrol of sugar and desire that PDS must not be discontinued. The purpose of PDS which was meant to cater to the needs of weaker sections of people, must be kept in mind and they must not be deprived of this facility as there are still 32 crores of people living below the poverty line who will not be able to buy this essential commodity at open market prices.

2.79 In 1996–97, 8.49 lakh tonnes of sugar valued at Rs. 1108.03 crore was exported. In 1997–98, on the other hand, only about 1.75 lakh tonnes of sugar, valued at Rs. 240.60 crore was exported. The Committee recommend that sustained efforts must be made to ensure the continued presence of good quality Indian sugar in the International Market.

2.80 The Sugar Inspection Section of the Directorate of Sugar is concerned with the quality control of sugar produced by Vacuum Pan Sugar Factories. During the period 1.1.1997 to 30.9.1997, 86 sugar factories were checked. From January, 1996 to July 1997, 4213 factories furnished returns on sales and dispatch while 3633 factories did not furnish such returns. The Committee recommend that Enforcement and Vigilance activities should be increased so that on the one hand the factories file the returns in time and on the other they do not compromise on the quality of sugar.

2.81 A large number of sugar producing countries in the World produce different varieties of sugar. There is a considerable scope for improvement in sugar quality, particularly for those sections of industry which by virtue of the location are well placed to export to the world market. Domestic demand for high quality sugar may also increase. Presently, we have S–30 variety of sugar. A new quality of sugar called S–31 has also been developed. However, much is required to be done on this front. The sugar supplied through PDS is also of inferior quality. The Committee recommend that all efforts be made to improve the quality of sugar produced and sold in the country.

2.82 At present the statutory minimum price of sugarcane is Rs. 48.45 per quintal linked to basic recovery of 8.5% for 1997–98 without any consideration of its sucrose–content. On account of this, the farmers are not enthused to cultivate high sucrose yielding variety. The Committee, therefore, recommend that research activities be oriented towards increasing sucrose content of sugarcane and the result be passed on the farmers. As a follow up action sugar mills must also be encouraged to open testing laboratories at the centres.

2.83 The monthly allocation of levy sugar is 425 gram per capita at present on the basis of 1991 census and is effective from 01.01.96 and it should be raised to 500 grams per capita. However, there is pressing demand from the public that it is too meagre a quantity. Secondly, the population has increased substantially during the period since 1991. In view of the above fact, the Committee recommend that monthly allocation of levy sugar to States should be increased in tune with the growth in population. There is also the need to allocate 500 grams per capita. There is a widespread complaint by the Ration card-holders that Fair Price Shops are not providing full quota of 425 grams to them. The Committee, therefore, desire that State Govts./UTs be asked to ensure that atleast the present quota of 425 grams per capita reach the Ration card-holders.

CHAPTER III

DIRECTORATE OF VANASPATI, VEGETABLE OILS & FATS

3.1 The Directorate of Vanspati Vegetable Oils & Fats of the Department of Sugar & Edible Oils assists the Ministry of Food & Consumer Affairs (Department of Sugar & Edible Oils) in the coordinated management of the vegetable oils economy, including production, quality control, supply and distribution, prices, internal trade and commerce of vanaspati, vegetable oils, oilcakes and meals, and administration of industries. The Directorate is the only specialised organisation in the field of Vanaspati and Vegetable Oils & Fat both at the Central and State Government level, as also in the public sector. The directorate is the repository of all information and maintains statistics on imports, production, capacity utilisation and prices of vanaspati, expeller oils, solvent extracted oils and extraction of other edible oils. The functions of the Directorate could be categorised under three broad heads : (A) Regulatory; (B) Developmental; and (C) Advisory.

A. Regulatory Functions

(a) Edible oils

3.2 The regulatory functions are performed basically through the four Control Orders, namely–Vegetable Oil Products (VOP) Control Order, 1947; Vegetable Oil Products (Standards of Quality) Order, 1975; Solvent Extracted Oils, De-oiled Meal and Edible Flour (Control Order), 1967 and Pulses, Edible Oilseeds and Edible Oils (Storage Control) Order, 1977. The Control Orders provide the "in-process" surveillance in respect of the quality, packaging, labelling, production, oils used in vanaspati, etc. through regular inspection of the manufacturing processes, factory records, drawal of samples, etc.

> 'As a part of the Govt. Policy of Liberalisation with emphasis moving from 'control; to 'development' the VOP Control Orders have been reviewed and amalgamated into one single Order in a simplified form, namely VOP (Development) Order, 1998. The basic objective is to exercise supervision including quality control at the manufacturing stage only. Efforts have also been made to remove multiplicity of controls. While reviewing these Control Orders, all non-quantifiable and non-verifiable requirements form the Schedules attached to the Quality Order have been removed.

3.3 A major step, which is likely to have salutory effect on the future prospect of the industry, has been the exemption of oilseeds and edible oils from the purview of the Pulses, Edible Oilseeds and Edible Oils (Storage Control) Order, 1977. In the context of the Government's policy of liberalisation, and having regard to the edible oil scenario which has emerged today, the Oil Usage Policy in Vanaspati has been reviewed. In order to improve the marketability of edible oils and to ensure better, remunerative prices to the farmers for their produce, as also to stimulate growth and development of the vanaspati industry, Government has allowed use of indigenous expeller mustard/rapeseed/groundnut/sesame oils in the manufacture of vanaspati upto 30% w.e.f. 27th October, 1997. This is in addition to the oilmix which is already allowed. Similarly, as a measure of consumer protection through quality assurance, *vide* order dated 27.10.1997 Government has now made if compulsory to use only ISI-marked tin containers for the packing of vanaspati. The date of effective implementation is 1st January, 1998.

3.4 A well-equipped laboratory is available with the Directorate for analytical testing of samples. The samples drawn by the Field Officers, or referred by STC/HVOC, are analysed in this laboratory. Appropriate action is taken against erring units.

3.5 The number of samples received/analysed during 1996–97 and 1997–98 (April 97 – March 1998) are as below :–

	1996–97	1997–98
VOP	3638	3704
SEO	156	104
Special	44	40
Total	3838	3848
Failed	3 VOP	11 VOP
		05 GNO
		7 VOP From Nepal

(b) Vanaspati

3.6 There are 186 vanaspati units, with an annual capacity of 30.7 lakh tonnes, as on 28.2.98. Out of these, 79 units are closed. The production of vanaspati is hovering in the range of 9.5 – 10.5 lakhs MT. The capacity utilisation is in the range of 35 – 37%.

(c) Solvent Extracted Oils (SEO) Units

3.7 There are 836 solvent extraction plants, with an annual capacity of 340.3 lakh tonnes in terms of oil bearing material as on 28.2.98. The capacity utilisation is in the range of 30 – 35%.

3.8 During the year 1995–96, the production of Solvent Extracted Oils, including oils from other secondary sources, was 19.5 lakh MTs and the production of the said oils during the year 1996–97 is estimated to be 19.7 lakh MTs.

Developmental Functions :

3.8A The Directorate has been playing a key role in the development of vegetable oil industry. Some of the areas of activity are :–

(i) Promoting Research & Development Activities

3.9 The Directorate provides financial assistance to various Government/autonomous organisations for research and development activities for improving the acceptability of different oils, ensuring efficiency of operations, promoting quality development of the various products of the oilseed processing industry and enhancing efficiency of operations.

(ii) Harnessing Technology for Improvement in Quality of various Products of Vegetable Oil Industry

3.10 The DVVOF has focussed on the need for modernisation of equipment and technological upgradation of processes so as to enable optimal use of available sources, improved efficiency of operation, improvement in the quality of various products etc. Towards this end, the DVVOF has been playing a pivotal role in identifying and propagating the new process technologies, such as extruder-expander technology, interesterification, physical refining, RBHWD soyabean with improved stability etc. The DVVOF has also been instrumental in the revision of technical parameters without compromising with the quality, so as to create an environment more conducive to the growth and development of the industry.

3.11 On being asked what are the achievement of Directorate in R&D programme, modernisation of laboratory during 8th plan, including speedy achievement in quality control, the Ministry in their reply stated as under :–

"The 'R&D Programme for Development of Vegetable Oils' assists in coordinating and concentrating research efforts for development of technology for increased production of oils from oil-bearing materials and optimum utilisation of these materials.

The plan Schemes are basically aimed at improved recovery of oil, both qualitatively and quantitatively from oil bearing materials. It is not possible to single out any individual factor which contributes to the increased production of these oils. A combination of factors, including the Plan efforts, contribute to the increased availability of domestic production of edible oils particularly from the secondary/ non-conventional sources. The availability of oils from secondary/ non-conventional sources was risen to 19.5 lakh MTs in the year 1996–97 as against 17 lakh MTs in the year 1992–93. Total availability of edible oils from all domestic sources has been increased from 58.6 lakh MTs in the year 1992–93 to 72.6 lakh MTs (estimated) in the year 1996–97.

The modernisation of the Laboratory has helped the Directorate to acquire sophisticated equipment. Apart from routine analysis for ejection and determination of adulterants in oils and fats, some sophisticated and modern equipments such as High Pressure Liquid Chromatograph (HPLC), Atomic Absorption Spectrophotometer (AAS), Mercury Analyser, etc. have been acquired. As a result, analysis of edible oils in respect of parameters such as vitamin content, nickel content, fatty acid composition, etc. has become more precise and reliable. These could not be reliably assessed by the routine methods of analysis."

(iii) Maximising Recovery of Oils from Secondary/Non-Conventional Sources:

3.12 The DVVOF has been playing a major role in maximising the recovery of oils from secondary/non-conventional sources, such as rice bran, cottonseed, oilseeds of tree and forest origin, oilcakes, etc., through various policy measures, such as tailoring oil usage policy for vanaspati, incentive measures etc.

3.13 On being asked about the scheme being run to extract oil from secondary/non-conventional oilseeds, the Ministry in a note furnished as under :-

"Some of the R&D Schemes being run through academic institutes/ research institutions basically aimed at improved recovery of oils and co-products both quantitatively and qualitatively from secondary and non-conventional sources are :-

(i) Development of processed technologies for utilising non-edible oils into edible products;

(ii) Development of Technologies for oilseeds cakes and extractions for promoting consumption of edible oils and meals.

(iii) Project on Development of One TPD High Efficiency Oil Expeller.

(iv) Development of Economically Viable Protocols for dehulling of sesame, sunflower and mustard seeds.

(v) Study on shelf-life of RBD Palmolein.

Some of the Institutes which have been funded by the Directorate of Vanaspati, Vegetable Oils & Fats for the R&D work relating to edible oils are : Central Food Technological Research Institute, Mysore; Harcourt Butler Technological Institute, Kanpur; Department of Chemical Technology, Calcutta University; Ganesh Scientific Research Foundation, Delhi; Mechanical and Engineering Research and Development Organisation, Ludhiana, a CSIR Organisation."

(iv) Rationalised Development of the Soap Industry :

3.14 Being the Nodal Authority for Vegetable Oils, DVVOF is also involved in the growth & development of Soap industry whose major raw material is vegetable oil. Merger of the Oil Wing of the erstwhile DGTD with the DVVOF has devolved upon the DVVOF a major responsibility in this regard. Ministry of Commerce has also assigned to DVVOF the responsibility regarding formulation of import policy for industrial oils such as crude palm stearin (CPS), monitoring the proper utilisation of imported CPS, etc.

(v) Product Innovation :

3.15 Keeping in-view the consumer's changing needs and technological developments, a pragmatic approach has been adopted by the DVVOF for encouraging/allowing innovation such as that through the blending of two edible oils, fat-spread and margarine with added colour and flavour, interesterified fat with Improved stability and superior nutritive performance, etc.

3.15A The secondary sources of edible oils' production was of 13.25 lakh Mts in the year 1990–91 and has gone upto 20 lakh Mts in the year 1997–98. It constitutes around 25% of the total oil production. In the year 1991–92, the total earnings on account of export of oilmeal, oilseeds and minor oils and fat was Rs. 1031 crore which has gone upto around Rs. 3000 crore in the year 1996–97. Significant increase has been noted in the net domestic availability of edible oils which was 54 lakh MT in the year 1991 and has gone upto 72.83 lakh MT in the year 1996–97 and however, net domestic availability of edible oils is expected to be only 67 lakh MT in the 1997–98 oil year due to damage to the rabi mustard crop. The per capita consumption of edible oils (inclusive of imported edible oils) has also gone upto around 9 kg. per annum this year.

(vi) Net Availability of Vegetable Oils & Vanaspati

3.16 As a result of the sustained efforts of the Directorate, there has been significant increase in the production of oils from secondary sources like rice bran, cottonseed, oilseeds of tree and forest origin etc. There has been a significant improvement in the availability of oils, as also export of extractions of vegetable oils, as may be observed from the data given below for the last 5 years.

Year	Vanaspati (LMT)	Net Availability of Edible Oils from Domestic Sources (LMT)	Availability of Oils from Secondary Sources (LMT)	Per Capita Availability (Kg)/Annum	Export of Oil Meals in in '000MT
1992–93	8.9	58.10	17.0	6.8	3751.5
1993–94	9.4	61.70	18.0	7.1	4618.5
1994–95	9.5	62.54	19.0	7.3	3850.0
1995–96	9.9	64.26	19.5	8.2	4583.0
1996–97	10.0	66.51	19.7	9.0	4545.8
	(T)	(70.77)			

(vii) Export & Import

3.17 This Directorate has also recommend to the Ministry of Commerce for allowing the export of oilseed without any restriction. The export of edible oils was allowed in 5 kg. packs except groundnut oil but now the Directorate has recommended to export edible oils in bulk except groundnut oil without any licensing requirements. The imported oil has been allowed under OGL, and there is no restriction for usage of imported oil in the manufacture of vanaspati.

3.18 The expeller groundnut, sesame and mustard/rapeseed oil have been allowed upto a level of 30% in the manufacture of vanaspati due to rising mustard oil prices, the use of expeller mustard oil in Vanaspati has now been restricted to 10% w.e.f. 15.6.98. Some of the important developments are as under :-

(i) As a part of the Govt. Policy of Liberalisation, it has been decided to do away with the requirement of seeking permission from the Directorate for manufacture of industrial hard oil.

(ii) The general orders for seeking permission with regard to transportation of vegetable oil products in bulk as also permission in mass/volume have been issued.

(iii) The Directorate has been assigned the responsibility to monitor the trend of import of edible oils. A Public Notice in this regard has been issued by the Ministry of Commerce.

3.19 The following proposals of the Directorate of VVOF which have been broadly accepted for inclusion in the 9th Five Year Plan are as under :-

(a) R&D Programme for development of vegetable oils.

(b) Improvement of process technology.

(c) Technology propagation including demonstration of technology in respect of one TPD oil expeller capable of yielding pungent mustard oil in to ghani pressed oil.

(viii) Consumer Protection

3.20 A Consumer Service Cell run by the Directorate of Vanaspati, Vegetable Oils & Fats has been opened to the public in order to protect the consumer interest and create necessary awareness. The fee, per test, for detection of common adulterants in edible fats and oils including vanaspati, margarine, butter/ghee is Rs. 10/- only.

B. Import of Edible Oil

Steady rise in production of edible oil-demand supply gap

3.21 Production of oilseeds which are the major source of edible oils in the country has increased appreciably during the last five decades *i.e.* from 52 lakh tonnes during 1949-50 to an estimated 249.6 lakh tonnes during 1996-97. Production of edible oils has also increased accordingly from 25.5 lakh tonnes in 1980-81 to 70.00 lakh tonnes (Projected) for 1996-97. Potential of secondary sources of edible oils like cottonseed, copra, rice bran, oil bearing materials from tree and forest origin etc. has also been exploited moderately and these sources are now contributing about 20-25% of the total oils obtained from the indigenous sources. Despite this, supply of edible oils form indigenous sources falls short because demand of edible oils has also been growing at a faster pace due to growth in population and improvement in the standards of living of the people. The present per capital consumption level of oils and fats in India at around 7.5 kg. per annum is much below the world average of 15.00kg. per annum. In these circumstances the dependance of the country on imported edible oils is expected to continue in future. The net availability of edible oils from domestic sources during the oil year 1997-98 based on targeted production of 255 lakh M.Ts of cultivated oil seeds was initially estimated at 73.27 lakh M.Ts. against the estimated demand of 81.16 lakh M.Ts. However due to adverse climatic conditions during the cultivation period of Rabi Crops of oilseeds, the production of oilseeds during the oil year is now estimated (as on 6.2.98) at 238.27 lakh tonnes. Hence availability of oil will be reduced further and gap between demand and supply will increase accordingly.

3.22 On being asked what remedial action has been taken in view of expected low production of oilseeds, the Ministry in their reply stated :—

> The domestic deficit has been met by effecting imports. There have been progressive changes in the Import Policy in respect of edible oils during the past few years. The changes effected in the EXIM Policy from time to time are as under :—
>
> (i) Edible oil, which was in the negative list of imports, was partially docanalised in April, 1994 with permission to import edible vegetable palmolein under OGL at 65% duty.
>
> (ii) The basket of oils was enlarged under OGL import in March, 1995 when all edible oils (except coconut oil, palm kernel oil, RBD palm oil and palm stearin) were included; also, the import duty was reduced to 30%.
>
> (iii) The import duty was further reduced to 20% plus 2% surcharge in the regular budget for the year 1996-97.

(iv) In September, 1997 a 3% surcharge was imposed on all imports. As such, currently, OGL import of all varieties of edible oils (except the few named above) is allowed at 25% duty.

Apart from private imports under OGL, Government has also been authorising STC to import RBD Palmolein on Government Account for Supply through the PDS This is to cater to the requirement of providing reasonably priced edible oils during the lean/festival seasons, especially for the weaker sections For the 1998 festival season, a decision in this regard is expected shortly.

3.23 On being asked, what steps are being taken to bridge the gap between demand and supply of edible oils, the Ministry in their reply stated as under:—

As per Agriculture Ministry the production of oilseed in 1997-98 is likely to decline to 236.7 lakh MTs from 249.6 lakh MTs in the year 1996-97. This is against the oilseed production target of 255 lakh MTs for the year 1997098. As a consequence the net availability of edible oils in the current year is expected to be around 67 lakh MTs as against 72 lakh MTs in the previous year *i.e.* 1996-97. The demand for edible oils in the current year is expected to be about 82 lakh MT. Therefore the deficult is expected to be about 14-15 lakh MT.

Under the EXIM Policy import of edible oils is under OGL since April, 1994. The import duty on edible oils has been progressively reduced from 65% in 1994 to the current level of 25%. Availing of this Import Window required quantities of edible oils have been imported from time to time to supplement domestic availability.

Apart from private imports under OGL, Government has also been authorising STC to import RBD Palmolein on Government Account for supply through the PDS. This is to cater to the requirement of providing reasonably priced edible oils during the lean/festival seasons, especially for the weaker sections.

Government of India has also drawn up a detailed strategy for increasing the area for cultivation, improving the yield of oilseeds and covering 80,000 hectares under oil palm cultivation during the 8th Five Year Plan. The various measures taken by the Government for augmenting production of oilseeds and hence, of oils are :-

(a) Two Centrally sponsored schemes, namely, National Oilseeds Development Project (NODP) and Oilseeds Production Thrust Projects (OPTP) which were operating till 1989-90 have been merged during 1990-91 into a single scheme, namely Oilseeds Production Programmes (OPP). This scheme provides essential assistance to the States for production and distribution of quality seeds, plant protection measures including supply of plant protection chemicals and equipments and organising demonstration of advanced technology, with particular reference to mustard, groundnut, soyabean and sunflower.

(b) Supporting oilseeds projects of the NDDB.

(c) A technology mission on oilseeds was established in May, 1986 for harnessing the best production, processing and management technology.

(d) Intensification of research efforts for increasing production of oilseeds.

(e) Increasing the areas under non-traditional oilseeds crops like soyabean and sunflower. Exploitation of oilseeds of tree and forest origin, ricebran etc.

(f) Setting up of necessary processing and infrastructural facilities to keep pace with the production programme of oilseeds.

(g) Assistance for oil palm development.

(h) Better incentive to producers through fixation of minimum support prices of major oilseeds."

3.24 Since there has been a gap between the demand and supply continuously for a number of years, import of edible oils has been resorted to for making this item of mass consumption easily available to consumers at reasonable prices. Edible oils remained a strictly canalised item till April, 1994 When it was partially decanalised with permission to import RBD palmolein under OGL at 65% duty. Import of edible oils was further liberalised in March, 1995 with the permission to import all edible oils (Except coconut oil palm kernel oil RD palm oil and palm stearin) under OGL at 30% duty. Presenetly, the duty is leviable at 25%.

3.25 Though production of oils from indigenous sources has increased substantially during the recent years and good quantities of edible oils are also being imported under OGL, STC continue to import RBD Palmolein on Government Account exclusively for distribution through the Public Distribution System (PDS). However, considering the availability of oil from indigenous sources and imported under OGL, a limited quantity is now imported and distributed through the PDS during the period of lean supply and festivals so as to augment the availability of oil and thereby to contained the prices in the open market.

Import of edible oil under OGL

3.26 Edible oils remained a canalised item in the list of imports till 1993-94 with STC as the only agency authorised to import at concessional rate of duty. Of the stocks imported by STC, edible oils were also supplied for manufacture of vanaspati under a voluntary price control arrangement with the manufacturers of vanaspati till 1988-89.

3.27 The Government in its policy of liberalisation initiated decanalising of edible oils with permission to import RBD Palmolein only under OGL at 65% duty on 20th April, 94. This was followed by permission for import of all edible oils except coconut oil, palm kernel oil, RBD palm oil and RBD palm stearin, under OGL at 30% duty in March 95. All this while the STC continued to import edible oil for the PDS at concessional duty of 20%. Subsequently the Government introduced uniform duty of 20% plus 2% surcharge in the budget of the year 1996-97 which was applicable to all edible oil imports whether for PDS or under OGL. The import duty for edible oils has been further incrased to 25% in September,1997. With decanalisation, sizeable quantities of edible oils have been imported under OGL by private parties. This has made the availability of edible oils quite comfortable and prices maintained at a reasonable level. However, in the last four months due to fall in rabi oilseed production and hardening of international oil prices there has been a steep increase in edible oil prices.

Supply of imported palmolein through network of PDS

3.28 Despite decanalisation, import of edible oil (RBD Palmolein) by STC has so far been continued for distribution through PDS. However, considering the fact that substantial quantity of edible oil is now being imported under OGL, and production of edible oils from indigenous sources has also increased, distributon of edible oils under PDS has been drastically, reduced and is now restricted to the festival months of the year. The imports of edible oil for the PDS has reduced from 19.67 lakh MTs valued at Rs. 947.77 crores during the finanical year 1987-88 to 0.89 lakh MTs during 1997-98.

3.29 The State Trading Corporation (STC) is the sole canalising agency for import of edible oil for the PDS. Distribution of RBD Palmolein imported from Malaysia/Indonesia is made through the PDS.

3.30 The edible oil imported by the STC arrives at the Ports of Calcutta, Vizag, Chennai, Mangalore, Mumbai and Kandia. The STC has the following storage capacity at ports : —

Ports	Capacity (MT)	
Mumbai	41,700	own
Calcutta	11,615	hired
Vizag	12,100	-do-
Kandla	12,490	-do-
Mangalore	7,500	-do-
Channai	6,500	-do-

3.31 For the year 1997-98, it was decided to import 1.32 lakh MTs of RBD Palmolein for distribution through PDS during August-November, 1997. However, import beyond 89000 MTs as made till 1997 has been suspended since lifting of oil by the States/U.Ts. is poor and STC is still carrying a substantial unlifted stock (Over 52,000 MTs, as on 15th January 1998). Considering the present pace of lifting there is hardly any possibility of further import of RBD Palmonein for PDS till the end of the current year.

3.32 The imported palmolein is made available through PDS at subsidised rates. With a view to reduce the element of subsidy involved the Central Issue Prices (CIP) of RBD Palmolein which were last revised in July, 1994 have been revised *w.e.f.* 1.8.1998 as under : —

	C.I.P. *w.e.f.* 21.7.1994 Rs./PMT	Revised CIP *w.e.f.* 1.8.1997 Rs./PMT
Oil supplied in bulk *i.e.* loose	24,000	26,000
Oil supplied in 15 kg. tines	27,000	27,000

3.33 CIP in respect of oil supplied in 15 kg. tins has not been increased since supply in 15 kg. tins is mainly made to the NE States and other hilly States.

3.34 On being asked the amount of edible oils imported since 1992-93 and their CIP in subsequent years, the Ministry informed as below : —

> The amount of edible oil RBD Palmolein imported by STC on Government Account during the 8th Five Year Plan and 1997-98 indicating the Central Issue Prices of the supply of imported RBD Palmolein to the States/UTs for the Public Distribution System are given as under:—

Year	Quantity of oil imported (lakh MTs)	Central Issue Price (PMT)	
1	2	3	
1992-93	0.3	1.4.92 to 31.3.93	(i) Supply in 15 kg. tins- Rs 25,000 (ii) Supply in bulk-Rs 22,000
1993-94	0.42	1.4.93 to 31.3.94	-do-

1	2	3		
1994-95	1.07	1.4.94 to 20.7.94	-do-	
		21.7.94 (i) Supply in 15 kg tins-		Rs 27,000
		31.3.95 (ii) Supply in bulk-		Rs 24,000
1995-96	2.02	1.4.95 to 31.3.96	-do-	
1996-97	1.49	1.4.96 to 31.3.97	-do-	
1997-98	0.89	1.4.97 to(i) Supply in 15 kg tins-		Rs 27,000
		31.7.97(ii) Supply in bulk-		Rs 24,000
		1.8.97 to(i) Supply in 15 kg tins-		Rs 27,000
		31.3.98 (ii) Supply in bulk-		Rs 26,000

3.35 The allocation and lifting of imported edible oil under the PDS during the last three years as well as the present year is indicated below:—

(Quantity in Mts.)

Financial year	Allocation	Lifting	% of Lifting
1994-95	1,37,929	1,18,364	85.81
1995-96	2,22,006	1,48,255	66.78
1996-97	1,92,835	1,79,848	93.27
1997-98	1,36,104	62,269	45.75

3.36 While elaborating the steps taken to reduce import of edible oils, the Ministry in a written reply sent to the Secretariat stated as under :—

> There has been a substantial increase in production of cultivated oilseeds, which is the main source of edible oils in the country, during the post-independence period, *i.e.* from 52 lakhs MT in 1949-50 to 249.6 lakh MT in 1996-97 However, there still exists a gap between demand and supply since the demand has also increased in proportion to the growth of population and improvement in the standard of living of the people. Therefore, in order to bridge the gap between demand and supply to make this item of mass consumption easily available to consumers, there is no option but to import edible oils, in the foreseeable future.
>
> For achieving self-sufficiency in edible oils, it is necessary that productivity of oilseeds, which is low in comparison with the world's average, is increased and potential of non-conventional sources of vegetable oils is exploited to the maximum extent. In order to achieve

the above objectives the Technology Mission on Oilseeds and Pulses (TMOP) set up in 1986 (under the Department of Agriculture & Cooperation) is making coordinated and concerted efforts to increase production of edible oils by increasing production of cultivated oilseeds and tapping the sources of non-conventional sources of edible oils.

Under its liberalised policy, the Government has already allowed import of all edible oils (except Coconut oil, Palm Kernel oil, RBD Palm oil, RBD Palm stearin) under OGL and bulk of import is now made under OGL. This has reduced the pressure of import of edible oils on Government Account form the level of 1-2 million MT in eighties to 0.1-0.2 million MT in the current decade."

3.37 When the Committee desired to know the reason for sudden increase in prices of Mustard oil and Dhara (double filtered mustard oil), the Ministry in the reply furnished the following information:—

The prices of edible oils in 1996 and 1997 have been markedly depressed as compared to those in 1995. However, in April and May, 1998 these prices have risen sharply. The ruling prices in the period January-May for the years 1995, 1996, 1997 and 1998 are given in the annexed statements the recent like in prices is on account of the following significant factors:-

(i) A moderate drop in domestic oilseed production in the current oil year.

(ii) Marked hardening of international oil prices, mainly on account of financial instability and civil unrest in Indonesia, a major supplier of international edible oil.

(iii) Hardening of the Dollar value against the rupee."

Packing arrangements for palmolein under PDS in tins and pouches

3.38 At present imported palmolein is supplied to States/UTs in bulk, 15 kg tins and small packs (1 litre/kg). Packing of the entire allocation of imported edible oil to States/UTs in 15 kg tins is being done by the Hindustan Vegetable Oils Corporation (HVOC). As regards small packs in addition to the HVOC the State Agencies like Civil Supplies Corporations and Cooperative Organisations are also engaged in this work. Packing of imported palmolein for PDS is being done at HVOC's units located at Calcutta, Mumbai, Delhi, Amritsar, Bangalore and Chennai.

3.38A Imported edible oils is suplied to certain States/UTs in 15 Kg tins primarily to increase the shelf life of the oil and convenience in transportation over long distances through rail/road, in remote areas. The oil supplied in 15 Kg tins is ultimately sold to the consumer in loose form by the FPS owners. All States/UTs were requested to explore the possibility of distributing imported palmolein through the PDS in small pouches of 1 Kg/1 litre. The response recieved indicates that, while small packs are favoured in metropolitan areas, distribution of the same in rural and tribal areas is not feasible in view of limited purchasing power of the consumers in such regions. Government has emphasised to the States/UTs the need for supply of imported edible oil through PDS in small packs to check malpractices like adulteration, pilferage and diversion.

3.38B Imported palmolein in 15 kg. tins is being made available to the N.E. States, Sikkim, Orissa, Goa, Daman, Diu, Dadra & Nagar Haveli, Himachal Pradesh and Jammu & Kashmir.

3.38C The State of Andhra Pradesh and Gujarat, whose quota of edible oil constitutes more than 80% of the total bulk allocation from the Central Pool, are taking their entire allocation of palmolein in bulk form. On the other hand Karnataka, Maharashtra and NCT Delhi are getting almost their entire PDS edible oil quota packed in small pouches. The States of Himachal Pradesh, Orissa, Tamil Nadu, West Bengal and Pondicherry are getting a part of their allocations packed its small pouches.

C. Hindustan Vegetable Oils Corporation Ltd.

3.39 The Hindustan Vegetable Oils Corporation Ltd., (HVOC) a PSU under the administrative control of the Ministry of Food & Consumer Affairs was set up by taking over the management of two undertakings, namely, the Ganesh Flour Mills Company Ltd. and the Amritsar Oil Works Ltd. under the Industries Development & 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 the Public Distribution System. As a consequence of the nationalisation of these two undertakings, the HVOC was incorporated under the Companies Act, 1956 on 31.3.1984 as a Public Limited Company fully owned by the Government of India with equity capital of Rs. 5.00 crores. Presently its authorised capital is Rs. 10.00 crores and paid up capital is Rs. 7.71 crores.

3.40 The Corporation has been assisting the Government of India in the supply of refined imported edible oils under the Public Distribution System. Besides, HVOC also manufacture vanaspati, breakfast food items like corn flakes and white oats. At present the corporation has two vanaspati manufacturing units at Kanpur and Amritsar apart from packing units at Delhi, Mumbai, Calcutta, Chennai and Bangalore and a Breakfast unit at Delhi.

3.41 Statement giving targeted and actual production during the past two years and the current financial year and also showing financial performance for the previous year and the current year are given at Annexure 'A & 'B".

3.42 The HVOC has been incurring cash lossed since 1991-92 due to stoppage of import of crude oil, reduction in the import of refined edible oil, obsolete technology in the vanaspati manufacturing units, non-availability of sales tax exemption being given to the new vanaspati units and also the excess manpower.

3.43 To revive HVOC by modernising vanaspati manufacturing units at Kanpur and Amritsar, a modernisation plan duly apprised by the ICICI was sent to Ministry of Finance for bridge loan. The Ministry have questioned some of the assumptions in the appraisal report of ICICI and also asked that the matter may be reviewed in the light of the 6th report of Disinvestment Commission.

3.44 On being asked what follow up action has been taken in implementation of recommendations of Disinvestment Commission, the Ministry furnished written reply as under :-

> "The Disinvestment Commission has also recommended that the Government should implement Hon'ble Supreme Court decision in respect of closure of HVOC's units at Subzi Mandi Delhi and Calcutta, toto, and compensation paid as per the Court directives.
>
> A proposal of making the required fund available for implementation of the Supreme Court's decisions in respect of the Delhi Vanaspati Units through raising a bridge loan from Syndicate Bank which will be repaid subsequently from the sale proceeds of the land to be utilised by HVOC, is under active consideration of the Government and a decision in the matter is likely to be taken shortly.
>
> The vanaspati units of HVOC are almost closed down since there is no production activity at all at these units. The packing units were, however, functioning during the year 1997-98 to the extent of availability of oil for packing under PDS.
>
> There are about 1400 employees in the units of HVOC except the Breakfast Food Unit at New Delhi which has 191 employees. Finance Minister, in his 1998 Budget Speech, has announced an improved Voluntary Retirement Scheme. In the light of these developments, the whole matter is still under consideration of this Department."

3.45 Implementation of VRS in HVOC since it was introduced *w.e.f.* 1990-91 is as under : —

Year	No. of employees who have availed of VRS	
1990-91	043	from the internal funds of HVOC
1991-92	083	
1992-93	132	
1993-93	506	from the assistance of Rs. 722 lakhs
1994-93	20	made available through the budgetary
1995-93	11	provision of this Ministry
1996-93	45	
1997-93	06	
Total	732	

3.46 During the year HVOC has further been able to bring down its cash losses. The Calcutta, Bangalore, Mumbai and Chennai Units as well as the Delhi Breakfast Food Unit are in profits since 1994-95. For 1996-97 against the targeted loss of Rs. 6.00 crore the actual loss was Rs. 1.72 crore whereas the Calcutta unit has made a profit of Rs. 154.83 lakhs. Bangalore unit of Rs. 143.82 lakhs, Mumbai unit of Rs. 107.18 lakhs, Chennai unit of Rs. 42.08 lakhs and the Breakfast Foods units at Delhi made a profit of Rs. 40.51 lakhs.

The actual profit loss incurred by HOVOC during 1997-98 unitwise is as follows :—

(Rs. in lakhs)

Delhi Vanaspati Unit	(-) 243.00
Kanpur	(-) 339.55
Amritsar	(-) 256.00
Mumbai	(-) 8.61
Calcutta	(+) 3.02
Madras	(+) 21.28
Bangalore	(+) 9.04
BFF	(-) 158.47
Total	(-) 1000.00

This loss includes about Rs. 8 crore incurred on payment of salary and other expenses in respect of 3 closed vanaspati units at Amritsar. Kanpur and Delhi.

3.47. The Subzi Mandi Unit, engaged in production of Vanaspati has been closed as per the orders of the Honorable Supreme Court since November, 1996. Due to the financial and other constraints, the unit could not be shifted to some other place.

3.48 The production of oilseeds during 1997-98 was estimated at 250 lakh tonnes. However, the actual production was only of 237 lakh tonnes. This yields only 68 lakh tonnes of edible oil while our anticipated demand of edible oil will be around 82 lakh tonnes. Thus, the Committee envisage a deficit of 14-15 lakh tonnes of edible oils. The per capita consumption of edible oils has also gone up to around 9 kg. per annum and there is all possibility of further increase in the demand for edible oils. The Committee, therefore, strongly recommend that the Ministry of Food and Consumer Affairs should coordinate their activities with the Ministry of Agriculture so that the country may obtain self-sufficiency in oilseeds production. In this regard adequate incentives and inputs should be provided to farmers and they should be encouraged to cultivate oilseeds. TMO (Technology Mission on Oilseeds) may also be requested to discover new high yielding varieties of oilseeds. TMO may be assisted/co-ordinated in this regard.

3.49 Today, there are 836 solvent extraction plants with an annual capacity of 340.3 lakh tonnes, but the capacity utilisation is only in the range of 30-35%. During 1995-96, the production of solvent extracted oils including oils from other secondary sources was 19.5 lakh tonnes. To augment this capacity, it would be desirable that the Government may import oilseeds instead of edible oil. This will provide not only employment to labour but solvent extraction units will also be able to achieve full capacity utilisation and will thus be able to reduce their losses. The Government, too, will have to spend only less foreign exchange. The Committee, therefore, recommend that the Government should streamline their activity towards import of oilseeds instead of oil. In this regard, the Ministry of Finance may be contacted for exemption of import duty on oilseeds.

3.50 Edible oil production from secondary sources has raised upto 20 lakh tonnes in 1997-98 from the level of 13.25 lakh tonnes in 1990-91. This amounts to 25% of the total domestic vegetable oil production. Still there lies considerable scope to raise the potential of extracting edible oils from secondary/non-traditional sources. Rice-bran, cottonseeds, mangoseeds, neemseeds, oilseeds of tree and forest origin, oilcakes are the secondary/non-conventional sources. The Committee desire that for oilseeds of tree and forest origin including mangoseeds and neemseeds, an incentive which may range from Re. 1 to Rs. 2 per kg. may be announced so that the collection of such seeds may be encouraged.

3.51 The production of edible oils from all sources was about 67 lakh tonnes during 1997-98 while the expected demand is of about 82 lakh tonnes. Thus, there is a gap of 14-15 lakh tonnes of edible oils. The demand of edible oil is growing at a faster pace due to growth in population and improvement in the standard of living of the people. The present per capita consumption of oils and fats in India is at around 7.5 kg. per annum which is much below the world average of 15.00 kg. per annum. To maintain the availability of edible oils on comfortable level, the Government has included import of edible oil under OGL with 25% import duty. A small quantity of Edible Oil is also imported by STC on Government account for supply to States/UTs for Public Distribution System. In 1995-96 and 1997-98, the lifting of allocated edible oils has been 66.78% and 24.17% only. The Committee, therefore, recommend that Government should strive the decrease the import duty on edible oils on Government account from 25% to 15% and should also ensure total lifting of edible oils once allotted. Failure to lift the quota should entail the curtailment of the quota of respective States/UTs.

3.52 The HVOC has been incurring cash losses since 1991-92. The vanaspati units of Amritsar, Kanpur and Delhi are closed. In 1997-98 the number of loss making units of HVOC has increased in comparison to their number in 1996-97. The management of these closed units are giving wages to their idle staff and workers. The loss has been increasing day by day and no concrete steps have been taken to solve the problem. The modernisation plans chalked out by ICICI could not be implemented so far. The Ministry of Finance has also branded the figure in this modernization planas unrealistic and has not granted any loan. Now, the only way of revival/modernisation of these units is to sell the scraps and excess land at different units of HVOC particularly at the Kanpur and Amritsar Units. The Committee, therefore, recommend that all efforts should be made to make the units of HVOC viable so that workers may not remain idle and a profit margin at least equivalent to their wages bill be obtained. If possible the preparation of soap, cornflake, white oat and other consumable items be taken up by units of HVOC, including the closed one's at Amritsar, Kanpur and Delhi. If this is not possible the units may be disposed of as recommended by Disinvestment Commission.

NEW DELHI;
July 2, 1998
Asadha 11, 1920 (Saka)

RAGHUVANSH PRASAD SINGH,
Chairman,
Standing Committee on Food,
Civil Supplies and Public Distribution.

ANNEXURE -'A'

(*Vide* Para 3.41 of Chapter III)

STATEMENT SHOWING PERFORMANCE -CUM-ACHIEVEMENT OF HINDUSTAN VEGETABLE OILS CORPORATION LTD.

(Figures in MT)

Sl. No.	Particulars	Installed Capacity Per annum	Target 1996-97	Actual 1996-97	Target 1995-96	Actual 1995-96	Target 1997-98	Actual upto Dec '97	Target (Prov.) 1998-99
1.	**Physical Achievement**								
	a. Vanaspati	1,05,000		423	10,000	3767	Nil	Nil	10000
	b. Refined Oil (Incl. Bulk Packing)	3,45,000	25,000	18,628	18,000	22,520	15000	7401	2000
	c. Small Packs (In pouches)	1,20,000	30,000	31,886	21,900	23,055	35,00	11224	3000
	d. Breakfast Food Products	2,000	1,200	662	1,200	754	1,200	481	1200

ANNEXURE -'B'

(*Vide* Para 3.41 of Chapter III)

FINANCIAL PERFORMANCE

(Rs. in crores)

		Actual 1996-97	Original Estiaments 1997-98	Actual Dec. 97	Estmate for 1998-99
	Physical Performance				
A.	Domestic Sales	11.95	115.46	34.81	45.87
B.	Profit Before Tax	(1-72)	(3.60)	(3.33)	6.31
C.	Profit After Tax	(1-72)	(3.60)	(3.33)	6.31
D.	Divitent	-	-	-	-
E.	Equits	7.71	7.71	7.71	7.71
F.	Reserves	14.76	11.16	0.43	0.30
G.	Net Worth	19.92	16.32	11.59	5.46

PART- II

MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION HELD ON THURSDAY, THE 19TH JUNE, 1998

The Committee sat from 11.00 hrs. to 14.15 hours.

PRESENT

Shri Raghuvansh Prasad Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Kariya Munda
3. Shri Gangaram Koli
4. Shri Shyam Bihari Mishra
5. Shri Bhanu Pratap Singh
6. Shri Sadashivrao Dadoba Mandlik
7. Shri Ram Raghunath Chaudhary
8. Shri Madhab Rajbangshi
9. Shri C.P. Mudala Giriyappa
10. Shri P. Sankaran
11. Shri Rama Chandra Mallick
12. Shri Baju Ban Riyan
13. Shrimati A.K. Premajam
14. Shri R. Muthiah

Rajya Sabha

15. Smt. Urmilaben Chimanbhai Patel
16. Shri Shivajirao Giridhar Patil
17. Shri Mohindar Singh Kalyan
18. Shri Lajpat Rai
19. Shri Khagen Das
20. Shri Mohd. Masud Khan

SECRETARIAT

1.	Shri G.C. Malhotra	—	*Additional Secretary*
2.	Shri John Joseph	—	*Joint Secretary*
3.	Shri Krishan Lal	—	*Deputy Secretary*
4.	Shri A.S. Chera	—	*Under Secretary*

WITNESSES

Ministry of Food and Consumer Affairs
(Department of Sugar and Edible Oils)

1. Shri J.A. Chowdhury, Secretary (S & EO)
2. Shri C.S. Rao, Additional Secretary & FA
3. Shri Surendra Kumar, Joint Secretary (Sugar)
4. Smt. Sushama Nath, Joint Secretary (Edible Oils)

2. At the outset, the Chairman welcomed the representatives of the Ministry of Food and Consumer Affairs (Department of Sugar and Edible Oils). Thereafter the representatives of the Ministry introduced themselves to the Committee.

3. The Committee, then, proceeded to discuss with the representatives of the Ministry the various points arising out of List of points. Clarifications sought by Members were replied to by the witnesses.

4. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION HELD ON FRIDAY THE 26TH JUNE, 1998

The Committee sat from 15.00 hrs. to 17.25 hours.

PRESENT

Shri Raghuvansh Prasad Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Shyam Bihari Mishra
3. Shri Bhanu Pratap Singh
4. Shri Ramesh Chandra Dwivedi
5. Shri Madhab Rajbangshi
6. Shri C.P. Mudala Giriyappa
7. Shri P. Sankaran
8. Shri Rama Chandra Mallick
9. Shri Baju Ban Riyan
10. Smt. A.K. Premajam
11. Shri R. Muthiah
12. Shri Akbar Ahmad Dampy
13. Shri Prakash Yashwant Ambedkar
14. Shri Satnam Singh Kainth

Rajya Sabha

15. Smt. Urmilaben Chimanbhai Patel
16. Shri Shivajirao Giridhar Patil
17. Shri Mohindar Singh Kalyan
18. Shri Manohar Kant Dhyani
19. Shri Lajpat Rai
20. Shri Khagen Das
21. Shri Wasim Ahmad

SECRETARIAT

1.	Shri Johan Joseph	—	*Joint Secretary*
2.	Shri Krishan lal	—	*Deputy Secretary*
3.	*Shri A.S. Chera*	—	*Under Secretary*

(I) Consideration and adoption of Draft First Report.

2. *** *** ***

(II) Consideration and adoption of Draft Second Report.

3. The Committee considered the Draft Second Report on Demands for Grants (1998-99) relating to Department of Sugar and Edible Oils, Ministry of Food and Consumer Affairs. The Committee adopted the report with a few amendments as shown as the Appendix.

4. The Committee authorised the Chairman to make consequential changes arising out of the factual verification of the report by the Department of Sugar and Edible Oils, Minstry of Food and Consumer Affairs and present/lay the same in the both the Houses of Parliament.

The Committee then adjourned.

*** Not related to this Report.

APPENDIX

[*See* Para 3 of the Minutes of the Fifth sitting of the Standing Committee on Food, Civil Supplies and Public Distribution (1998-99)]

Modifications/Amendments made by the Committee on Food, Civil Supplies and Public Distribution in the Second Report on Demands for Grants (1998-99) relating to Department of Sugar and Edible Oils, Ministry of Food and Consumer Affairs.

Para	Line(s)	Modifications/Amendments
2.71	11	Delete "If possible"
2.78	5	Delete "desire that"
	5	Add after 'Committee':— "disagree with the decontrol of sugar and desire that PDS must not be discontinued".
2.78	11	Delete "The well-off section of society may be excluded from PDS facility".
2.83	7	Delete "from 425 grams to 500 grams for capita".
	7	Add after 'increased' "in tune with the growth in population. There is also the need to allocate 500 grams per capita"