

22

STANDING COMMITTEE
ON PETROLEUM &
CHEMICALS
(1995-96)

TENTH LOK SABHA

MOLASSES—DISTRIBUTION AND PRICING

[MINISTRY OF CHEMICALS & FERTILISERS]
(DEPARTMENT OF CHEMICALS AND
PETROCHEMICALS)

TWENTY-SECOND REPORT



सत्यमेव जयते

AUTHENTICATED

[Signature]
Chairman,
Standing Committee on
Petroleum and Chemicals

LOK SABHA SECRETARIAT
NEW DELHI

November, 1995/Agrahayana, 1917 (Saka)

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TWENTY-SECOND REPORT

STANDING COMMITTEE ON PETROLEUM AND CHEMICALS (1995-96)

(TENTH LOK SABHA)

Molasses—Distribution & Pricing

[MINISTRY OF CHEMICALS & FERTILISERS]
(DEPARTMENT OF CHEMICALS AND
PETROCHEMICALS)

*(Action taken by Government on the recommendations contained in the
11th Report of the Standing Committee on Petroleum & Chemicals)*



सत्यमेव जयते

15 DEC 1995

Presented to Lok Sabha on—~~13 DEC 1995~~
Laid in Rajya Sabha on—

LOK SABHA SECRETARIAT
NEW DELHI

November, 1995 / Agrahayana, 1917 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON
PETROLEUM & CHEMICALS (1995-96)

CHAIRMAN

Shri Sriballav Panigrahi

MEMBERS

Lok Sabha

2. Shri Barclal Jatav
3. Dr. Ravi Mallu
4. Shri Surinder Singh Kairon
5. Shri Sant Ram Singla
6. Shri A.G.S. Rambabu
7. Shri R. Prabhu
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9. Shri V.S. Vijayaraghavan
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11. Smt. Suryakanta Patil
12. Shri M. Krishnaswamy
13. Shri Gopi Nath Gajapathi
14. Shri K. Ramamurthi Tindivanam
15. Dr. Laxminarain Pandey
16. Shri Janardan Prasad Misra
17. Shri Kashiram Rana
18. Shri Rameshwar Patidar
19. Shri Ratilal Kalidas Varma
20. Shri Somabhai Patel
21. Shri Hari Kishore Singh
22. Shri Devendra Prasad Yadav
23. Shri Ramnihore Rai
24. Shri Uddhab Barman
25. Dr. Asim Bala
26. Shri Surya Narayan Singh
27. Shri Simon Marandi
28. Shri Pius Tirkey
29. Shri Muhiram Saikia
30. Dr. Jayanta Rongpi

Rajya Sabha

31. Shri Lakkhiram Agarwal
32. Shri E. Balanandan
33. Shri Mohd. Masud Khan
34. Shri Pasumpon Tha. Kiruttanan
- *35. Shri G.Y. Krishnan
36. Shri Bhagaban Majhi
- *37. Shri Suresh Pachouri
38. Shri Jagdish Prasad Mathur
39. Shri V. Narayanasamy
40. Shri Yerra Narayanaswamy
41. Shri Ramji Lal
42. Shri Chimanbhai Haribhai Shukla
43. Shri Balbir Singh
44. Shri S.S. Surjewala
45. Shri Dineshbhai Trivedi

SECRETARIAT

1. Shri S.N. Mishra — *Additional Secretary*
2. Shri G.C. Malhotra — *Joint Secretary*
3. Shri G.R. Juncja — *Deputy Secretary*
4. Shri Brahm Dutt — *Under Secretary*
5. Shri S.N. Dargan — *Asstt. Director*

*Ceased to be Members of the Committee consequent upon their appointment as Ministers in the Councils of Ministers w.e.f. 19th September, 1995.

INTRODUCTION

I, the Chairman, Standing Committee on Petroleum and Chemicals (1995-96) having been authorised by the Committee to submit the Report on their behalf, present this Twenty Second Report on Action Taken by Government on the recommendations contained in the Eleventh Report of the Standing Committee on Petroleum and Chemicals (1994-95) (Tenth Lok Sabha) on 'Molasses—Distribution and Pricing'.


2. The Eleventh Report of the Committee was presented to Lok Sabha on 22nd March, 1995. Replies of Government to all the recommendations contained in the Report were received on 13th September, 1995.

3. The replies of the Government were considered by the Committee on 30th October, 1995. The Committee considered and adopted the Report at their sitting held on 30th October, 1995.

4. An analysis of action taken by Government on the recommendations contained in the Eleventh Report (1994—95) of the Committee is given in Appendix II.

NEW DELHI;
November 27, 1995

Agrahayana 6, 1917 (Saka)


SRIBALLAV PANIGRAHI,
Chairman,
Standing Committee on
Petroleum & Chemicals.

CHAPTER I

REPORT

The Report of the Committee deals with the action taken by the Government on the recommendations contained in the Eleventh Report (1994—95) (Tenth Lok Sabha) of the Standing Committee on Petroleum and Chemicals on 'Molasses—Distribution and Pricing' relating to Ministry of Chemicals & Fertilizers [Department of Chemicals and Petrochemicals] presented to Lok Sabha on 22nd March, 1995.

2. Action Taken notes have been received from the Government in respect of all the 7 recommendations contained in the Report. These have been categorised as follows:—

- (i) Recommendations/observations which have been *accepted by the Government* :
Sl. Nos. 1 and 2
- (ii) Recommendations/observations which the Committee do not desire to pursue in view of the *Government reply* :
Sl. No. NIL
- (iii) Recommendations/observations respect of which replies of the Government have not been *accepted by the Committee* :
Sl. Nos. 3, 4 and 5
- (iv) Recommendations/observations in respect of which *final replies of the Government are still awaited*:
Sl. Nos. 6 and 7

3. The Committee desire that final replies in respect of the recommendations for which only interim replies have been given by the Government should be furnished to the Committee expeditiously.

4. The Committee will now deal with the action taken by the Government on some of their recommendations.

A. Decontrol of Molasses

Recommendation Sl. Nos. 3, 4 and 5

5. The Committee had examined the issue relating to decontrol of molasses for which orders were issued by the Government in June, 1993. Examination of the subject by the Committee had brought out several

disquieting features in regard to issuance and implementation of the decontrol order. The important lacunae brought out by the Committee were:—

- (i) Even though the Central Government was in possession of a legal opinion that they were competent to control or decontrol molasses, major sugar producing States did not implement the Central Government order and instead each State was following different policy.
- (ii) Even though the matter regarding decontrol of molasses was under study/consideration of the Government for almost 2 years (1991—93), the Government did not consult the State Government before issuance of the decontrol order.
- (iii) Due to decontrol of molasses, its prices increased from Rs.144/- per tonne to over Rs.1000/- per tonne and in Committee's view Government did not examine the pros and cons of the decontrol decision before issuance of the orders.
- (iv) Ministry's contention that Supreme Court did not allow time to have consultations with the State Governments was not acceptable to the Committee as Supreme Court considered the matter over 2 years and during the period there was enough time to consult the State Governments.

6. The Ministry in their reply have stated that all possible steps were taken by the Government to implement the policy of decontrol. Following the rescinding of the Molasses Control Order 1961 and the Ethyl Alcohol (Price Control) Order, 1971 on 10th June, 1993, the steps taken by the Government in implementing the decontrol order were as under:—

- (i) Secretary, Chemicals, letter dated 11.6.1993 issued to Chief Secretaries of States/U.Ts. informing about decontrol order.
- (ii) Correspondence with U.P. Government to convince them about utility of the decision.
- (iii) Meeting of Secretary, Chemicals on 5.10.1993 with Excise Secretaries/Excise Commissioners of States emphasising the need to implement the decontrol decision.
- (iv) Meeting of State Excise Secretaries was followed by discussion with the representatives of industry on 18.10.1993.
- (v) Meeting of Excise Ministers on 4.11.1993 where a Sub-committee under the Chairmanship of Chief Minister, Karnataka was constituted. The Working Group submitted its Report in June, 1994.
- (vi) Consideration of Working Group Report on 22.6.1995 in a meeting of Excise Ministers.

7. As regards the spurt in prices after decontrol decision the Ministry have stated that the prices of Molasses and alcohol were not increased due to the policy of decontrol but it was due to the different policies adopted by the State Governments. None of the major sugar producing States have given a fair trial to the policy of decontrol. They continue their practice to regulate the distribution of molasses and put barriers in its movement thus creating a shortage like situation and hence the prices went up. Another important contributing factor for the steep increase in the prices was the lower production of molasses owing to less production of sugar during 1993-94.

8. In regard to the Committee's recommendation about consultation with the State Governments, the Ministry have stated:

"The review of the policy of molasses and alcohol was not complete during this period in view of detailed consultation required with other Departments/Ministries, particularly the Deptt. of Legal Affairs who, in turn sought opinion of Attorney General, first in April 1992 and again in April, 1993. It was only in month of January, 1993 that the view of decontrol crystallised in a meeting of the Committee of Secretaries. However, the Hon'ble Supreme Court was not inclined to allow more time to the Government for taking a final decision. Although the policy on molasses and alcohol which was under review for about two years the final view for decontrolling molasses was taken by the Committee of Secretaries in its meeting on 8.1.1993 and from that period onward, there was not sufficient time for consultation with the States and as the Hon'ble Supreme Court was not inclined to allow further time, there was no option but to take the final decision without consulting the States."

9. The Committee are not at all impressed by the belaboured reply given by the Ministry. All the facts furnished by the Ministry now, were placed before the Committee during the evidence last year. The Committee still hold the view that even though the Ministry had been examining the decontrol issue for about 2 years, it neither consulted the State Governments nor did it examine the pros and cons of implications of the decontrol order. To cap it all the Ministry did not have the requisite grit to implement it fully in spite of being legally competent to do so. While regretting over the failure of a Central Government scheme/order, the Committee recommend that in future the Ministry should take utmost care in the matters concerning both the Centre as well as State Governments to avoid unhappy events at a later stage.

B. Review of Molasses Decontrol Policy

Recommendation Sl. Nos. 6 and 7

10. The Committee had noted that a meeting of Excise Ministers of the States and Union Territories was held in November, 1993 under the Chairmanship of the Union Minister for State for Chemicals & Fertilisers

to discuss the situation prevailing after decontrol of Molasses and ethyl alcohol by Government of India. As a result of discussion a Sub-Committee was appointed under the Chairmanship of Chief Minister of Karnataka to look into the whole issue relating to molasses and alcohol to have a uniform molasses policy all over the country. The Sub-committee submitted its Report on the subject to the Central Government in June, 1994. The Secretary, C&PC informed the Committee that with a view to have uniform policy, they must have views of State Governments before taking a decision in the matter to form a uniform molasses policy all over the country. After that the Report would be placed before Excise Minister's Conference, scheduled to be held in December, 1994. The matter was also being examined by the Ministry of Law. In this context the Committee had *inter-alia* observed:—

“Since the matter has considerably been delayed and there is urgent need to review the policy, the Committee recommend that whole exercise for consultation with the States, examination of the Report of Sub-committee (Molly Committee) including obtaining legal opinion on the matter and taking a final decision should be completed as early as possible but not later than three months time from the date of presentation of this Report. The Committee would also like to be informed of the Government decision in the matter.”

11. The Ministry in their reply have stated that as recommended by the Standing Committee, it was proposed to hold the meeting of Excise Ministers in December, 1994 but due to the announcement of elections in some States and some other pre-occupations, the meeting had to be postponed. The meeting was held on the 22nd June, 1995 under the Chairmanship of Union Minister for Chemicals and Fertilisers. In the meeting, the representatives of the States and U.T. Administrations expressed divergent views and no consensus could emerge. The views of the State Govt. of Uttar Pradesh which is the largest producer of molasses in the country were not available in the conference as the representative of the State Government stated that they needed time to formulate their views in view of the recent change of the Government in the State and assured that the views of the State Government of Uttar Pradesh would be sent later. Their views have been received recently in August, 1995. The views of all the State Governments and U.T. Administrations on the recommendations of the Working Group are being examined alongwith their legal implications.

12. The Committee regret to note that even though the Molly Report on Review of Molasses Policy was received as early as June 1994, the decision on the Report is still eluding. It has taken more than a year in having

consultations with the State Governments/legal department. Since the matter has already been unduly delayed, the Committee strongly recommend that the Ministry should now act fast so as to take a final decision in the matter at the earliest. Needless to emphasise that the Government will take all steps to implement their order.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation Serial No. 1

Molasses is a by-product in the manufacture of sugar and its production is directly related to sugar production. Molasses constitute about 42% of the sugar produced. About 90% of Molasses go into production of alcohol (Rectified Spirit) and the remaining 10% go into manufacture of Cattle feed, fodder and chemicals like Citric Acid. Molasses is also used in foundries. At present, in States where there is no prohibition on production and consumption of alcoholic beverages, roughly 50% of the alcohol goes for potable use and the remaining 50% for industrial purposes. The industrial use of alcohol is for production of various chemicals like Acetic Acid, Acetic Anhydride, Ethyl Acetic, Acetone, etc. Prices and distribution of Molasses and prices of alcohol were being regulated by the Central Government under the Molasses Control Order, 1961 and Ethyl Alcohol Order, 1971 respectively upto 10th June, 1993 when the pricing and distribution of Molasses was decontrolled.

Reply of Government

The above observations of the Standing Committee are factual.

[Ministry of Chemicals & Fertilizers (Deptt. of Chemicals and Petrochemicals) O.M. No. 15021/33/94-US(M) Dated: 13th September, 1995]

Recommendation Serial No. 2

Explaining the rationale for decontrolling the prices and distribution of molasses, in June 1993, the Secretary (C&PC) informed the Committee during his evidence that policy relating to Molasses and Alcohol was under review for some time and it was felt that excessive regulation of their allocation and prices were the main constraints impeding the dynamic growth of the sector. There was no incentive for the sugar industry, which was producing Molasses. Besides that, the system of inter-State allocation was not functioning properly. On account of this, huge quantities of molasses used to go waste. Earlier a Report prepared by the BICP (Bureau of Industrial Costs and Prices) also favoured decontrol of molasses. The witness further informed that they used to do the inter-State allocation, but within the States it was all dependent upon the Molasses Controllers and sometime the allocations were not done properly.

Admittedly the Ministry did not have any machinery to monitor the various agencies. Besides in the context of new policies of economic liberalisation of the government there was consensus among various Ministries and Departments on removal of control. During 1991 to April 1993, a lot of exercise was done to examine the legal aspects of decontrol of Molasses in consultation with the Ministries of Law and Industry.

Reply of Government

The above observation of the Committee is factual.

[Ministry of Chemicals & Fertilizers) (Deptt. of Chemicals and Petrochemicals) O.M. No. 15021/33/94-US(M) Dated: 13th September, 1995]

CHAPTER III

**RECOMMENDATIONS IN RESPECT OF WHICH THE COMMITTEE
DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S
REPLIES**

-NIL-

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation Serial No. 3

The Committee regret to note that even though the administrative Ministry viz. Deptt. of Chemicals & Petrochemicals was in possession of legal opinion that they were competent to control or decontrol the pricing and distribution of Molasses, the major sugar/molasses producing States did not implement the decision of the Central Govt. for decontrolling the pricing and distribution of molasses. In fact after decontrol of molasses by Central Government in June 1993, States have been pursuing different policies of their own making the mockery of the Central Government order. The Committee feel that after issuance of the Central Government order for decontrol, the government should have ensured the implementation of their orders by the concerned States rather watching as silent spectator of the events.

Reply of Government

All possible actions were taken by the Government to implement the policy of decontrol. Following the rescinding of the Molasses Control Order 1961 and the Ethyl Alcohol (Price Control) Order 1971 on the 10th June, 1993, the steps taken by the Government for implementation of the policy of decontrol were as follows:

- (i) On the 11th June, 1993 Secretary (Chemicals & Petrochemicals) wrote to the Chief Secretaries of all States and U.T. Administrations informing them about the decision of decontrol for its implementation and requesting them to check undue diversion of molasses for potable alcohol.
- (ii) State Government of Uttar Pradesh was the only State, which had informed about their difficulties in the implementation of the policy of total decontrol. Therefore, the points raised by them were looked into in detail and efforts were made to allay their apprehensions. Through exchange of communications and discussions at different levels, attempts were made to convince them to adopt the policy of decontrol.

- (iii) A meeting was taken by Secretary (Chemicals and Petrochemicals) with Excise Secys./Excise Commissioners of States/U.T. Administrations on 5.10.93 in which they were impressed upon to look into the advantages of the policy of decontrol and implement it in their States.
- (iv) The meeting of State Excise Secretaries was followed by discussions on 18.10.93 with the representatives of the concerned industry Associations (Indian Sugar Mills Association, National Federation of Cooperative Sugar Factories, All India Alcohol Based Chemical Industries Associations, All India Distillers Association). The main objective of the meeting was to understand their problems with a view to solve them and seek their cooperations in the implementation of the policy of decontrol.
- (v) As the price of molasses and alcohol showed a rising tendency a meeting of Excise Ministers of all States and U.T. Administrations was arranged on the 4th November, 1993 to discuss the various issues arising out of decontrol of molasses and alcohol. The Conference could not come to a definite conclusion and set up a Working Group consisting of Excise Ministers of Uttar Pradesh, Maharashtra, Andhra Pradesh, Kerala, West Bengal, Madhya Pradesh with Shri Veerappa Moily, the then Chief Minister, Karnataka as Chairman. The main term of reference of the Group was to find ways to harmonise the State policies with the policy of decontrol. The Working Group submitted its Report in June, 1994. The main recommendations of the Working Group are to earmark not exceeding 70% of the molasses and alcohol for being allocated by the State Governments to alcohol based chemical industries, the country liquor and the cattle and the poultry feed manufacturers and that the balance 30% should be available to sugar factories and distilleries for sale to any approved/licensed users of these materials including manufacturers of potable alcohol. The Group accordingly recommended control on distribution of molasses and alcohol without any price control. According to the Group, earmarking of 70% of the molasses and alcohol for selected sectors will in itself have moderating influence on the prices. The Working Group has also recommended that a policy consensus among different States would be adequate to tackle the problems arising after decontrol of molasses and alcohol and that based on such consensus, individual States may take appropriate measures to either abolish or to reduce the restrictive rigour of the controls imposed by them in their Act and rules.

The report of the Working Group was placed before the Excise Ministers in a meeting held on 22nd June, 1995. There was no consensus in the meeting and the States expressed different views on the

recommendations of the Working Group. These views on the recommendations of the Working Group are being examined alongwith the legal implications.

[Ministry of Chemicals & Fertilizers (Deptt. of Chemicals and Petrochemicals) O.M. No. 15021/33/94-US(M) Dated: 13th September, 1995]

Comments of the Committee

Please see Para 9 of Chapter I of the Report.

Recommendation Serial No. 4

The Committee are further dismayed to learn that after the decontrol order there was almost ten fold increase in the prices of molasses. For instance the prices which were about Rs. 144/- per tonne in controlled regime went up suddenly to as high as Rs. 1000—1500 per tonne. The Secretary, C&PC was candid in his admission before the Committee that as result of manifold increase in the prices of molasses, prices of end products where molasses is used as raw material like alcohol, chemicals also went up considerably. In Committee's view the Government did not examine the pros and cons of the implications before taking the decontrol decision.

Reply of Government

The prices of molasses and alcohol increased considerably after the announcement of the policy of decontrol. This was not due to the policy of decontrol but was due to the different policies adopted by the State Governments. None of the major sugar producing States have given a fair trial to the policy of decontrol. They continued regulating the distribution of molasses and put barriers in its movement, thus creating a shortage like situation and hence the prices went up. Another important contributing factor for the steep increase in the prices was the lower production of molasses owing to less production of sugar during 1993-94. If the State Governments had adopted the policy of decontrol and allowed free movement of molasses and the market forces were allowed to play their role, the price increase on account of lower production would not have been as steep as witnessed in that season. This is borne out by the fact that with increased production of sugar and molasses in the subsequent year the prices have eased considerably.

[Ministry of Chemicals & Fertilizers) (Deptt. of Chemicals and Petrochemicals) O.M. No. 15021/33/94-US(M) Dated: 13th September, 1995]

Comments of the Committee

Please see Para 9 of Chapter I of the Report.

Recommendation Serial No. 5

The Committee regret to note that the Central Government did not consult the concerned State Governments before taking a decision in the matter. The Committee feel that had the respective States been consulted and taken into confidence before issuing the orders, the prevailing confused state of affairs where all States are pursuing different policies could have been avoided. The Department has argued that in view of the Supreme Court direction to expedite the decision, there was no time left for having consultations with the States. The Committee are not convinced with this argument particularly when the Supreme Court considered the matter for almost 2 years and in between there was enough time to consult the concerned States.

Reply of Government

The review of the policy of molasses and alcohol was not complete during this period in view of detailed consultation required with other Departments/Ministries, particularly the Deptt. of Legal Affairs who, in turn sought opinion of Attorney General, first in April 1992 and again in April, 1993. It was only in the month of January, 1993 that the view of decontrol crystallised in a meeting of the Committee of Secretaries. However, the Hon'ble Supreme Court was not inclined to allow more time to the Government for taking a final decision. Although the policy on molasses and alcohol which was under review for about two years the final view for decontrolling molasses was taken by the Committee of Secretaries in its meeting on 8.1.93 and from that period onward, there was not sufficient time for consultation with the States and as the Hon'ble Supreme Court was not inclined to allow further time, there was no option but to take the final decision without consulting the States.

[Ministry of Chemicals & Fertilizers (Deptt. of Chemicals & Petrochemicals) O.M.No. 15021/33/94-US(M) Dated : 13th September, 1995]

Comments of the Committee

Please see para 9 of Chapter I of the Report.

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation Serial No. 6

The Committee have been informed that a meeting of Excise Ministers of the States and Union Territories was held in November, 1993 under the Chairmanship of the Union Minister for State for Chemicals and Fertilizers to discuss the situation prevailing after decontrol of molasses and ethyl alcohol by Govt. of India. As a result of discussion in the meeting, a Sub-committee under the Chairmanship of Chief Minister of Karnataka was appointed to look into the whole issue relating to molasses and alcohol with a view to have a uniform molasses policy all over the country. The Sub-committee submitted their Report on the subject to the Central Govt. in June, 1994. The Secretary, C&PC informed the Committee that the Report will be placed before Excise Minister's Conference likely to be held in December, 1994 so as to have views of State Governments before taking a decision in the matter with a view to have uniform molasses policy all over the country. This re-inforce the Committee's contention that the States should have been consulted before taking to decontrol decision in June, 1993.

Reply of Government

As recommended by the Standing Committee, it was proposed to hold the meeting of Excise Ministers in December, 1994 but due to the announcement of elections in some States and some other pre-occupations, the meeting had to be postponed. The meeting was held on the 22nd June, 1995 under the Chairmanship of Union Minister for Chemicals and Fertilizers. In the meeting, the representatives of the States and U.T. Administrations expressed divergent views and no consensus could emerge. The views of the State Govt. of Uttar Pradesh which is the largest producer of molasses in the country were not available in the conference as the representative of the State Govt. stated that they needed time to formulate their views in view of the recent change of the Govt. in the State and ensured that the views of the State Govt. of Uttar Pradesh will be sent later. Their views have been received recently in August, 1995. The views of all the State

Governments and U.T. Administrations on the recommendations of the Working Group are being examined alongwith their legal implications.

[Ministry of Chemicals & Fertilizers) (Deptt. of Chemicals & Petrochemicals) O.M.No. 15021/33/94-US(M) Dated : 13th September, 1995]

Comments of the Committee

Please see para 12 of Chapter I of the Report.

Recommendation Serial No. 7

As regards the latest position in the matter the Committee have been informed that proposed meeting could not be held as certain recommendations of Moily Committee involved legal issue and the matter was pending with the Ministry of Law. Since the matter has considerably delayed and there is urgent need to review the policy, the Committee recommended that whole exercise for consultation with the States, examination of the Report of Sub-committee (Moily Committee) including obtaining legal opinion on the matter and taking a final decision should be completed as early as possible but not later than three months time from the date of presentation of this Report. The Committee would also like to be informed of the Government decision in the matter.

Reply of Government

The report of the Working Group was placed before the State Excise Ministers in a meeting on 22.6.1995 but no consensus on the recommendations of the Working Group could be reached in the meeting as there were divergent views of the States and U.Ts particularly surplus and deficit states. Uttar Pradesh which is one of the major sugar producing States was represented by the Excise Commissioner who informed the Committee that the views of the States Government would be sent later in writing. The views of the State Government of Uttar Pradesh have been received recently in August, 1995. The views of the State Governments and Union Territories Administrations on the recommendations of the Working Group are being examined and the Deptt. of Legal Affairs is also being consulted with reference to their legal implications.

[Ministry of Chemicals & Fertilizers (Deptt. of Chemicals & Petrochemicals) O.M.No. 15021/33/94-US(M) Dated : 13th September, 1995]

Comments of the Committee

Please see para 12 of the Chapter I of the Report.



NEW DELHI;
November 27, 1995

Agrahayana 6, 1917(Saka)

SRIBALLAV PANIGRAHI,
Chairman,
Standing Committee on
Petroleum & Chemicals.

APPENDIX I

MINUTES

Standing Committee on Petroleum & Chemicals
(1995-96)

FIFTEENTH SITTING
(30.10.1995)

The Committee sat from 1500 to 1540 hrs.

PRESENT

Shri Sriballav Panigrahi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Barelal Jatav
3. Dr. Ravi Mallu
4. Shri Surinder Singh Kairon
5. Shri Sant Ram Singla
6. Shri C.P. Mudalagriyappa
7. Shri V.S. Vijayaraghavan
8. Shri M. Krishnaswamy
9. Shri Gopi Nath Gajapathi
10. Shri K. Ramamurthec Tindivanam
11. Shri Janardan Prasad Misra
12. Shri Kashiram Rana
13. Shri Ratilal Kalidas Varma
14. Shri Somabhai Patel
15. Shri Hari Kishore Singh
16. Shri Devendra Prasad Yadav
17. Shri Ramnihore Rai
18. Shri Jayanta Rongpi

Rajya Sabha

19. Shri Mohd. Masud Khan
20. Shri Jagdish Prasad Mathur
21. Shri V. Narayanasamy
22. Shri Yerra Narayanaswamy
23. Shri Ramji Lal
24. Shri S.S. Surjewala
25. Shri Dineshbhai Trivedi

SECRETARIAT

1. Shri G.C. Malhotra — *Joint Secretary*
2. Shri G.R. Juncja — *Deputy Secretary*
3. Shri Brahm Dutt — *Under Secretary*

The Committee considered the Draft Reports on action taken by Government on the recommendations contained in (i) 13th Report of the Committee on 'Indian Farmers Fertilisers Cooperative Ltd. (IFFCO) and Krishak Bharati Cooperative Ltd. (KRIBHCO)' and (ii) 11th Report of the Committee on 'Molasses Pricing and Distribution'. After some discussion the Committee adopted the draft Reports.

2. The Committee also authorised the Chairman to finalise the reports after factual verification by the concerned Ministries and present the same to Parliament.

The Committee then adjourned.

APPENDIX II

(Vide Para 4 of the Introduction)

Analysis of the Action Taken by Government on the recommendations contained in the eleventh Report of the Standing Committee on Petroleum and Chemicals (Tenth Lok Sabha) on 'Molasses Distribution and Pricing'

| | | |
|-----|---|-------|
| I | Total number of recommendations | - 7 |
| II | Recommendations that have been accepted by the Government (Vide Recommendation at Sl. Nos. 1 & 2) | 2 |
| | Percentage to total | 28.6% |
| III | Recommendation which the Committee do not desire to pursue in view of Government's reply. NIL | NIL |
| IV | Recommendations in respect of which reply of Government has not been accepted by the Committee (Vide Recommendation at Sl. Nos. 3, 4 and 5) | 3 |
| | Percentage to total | 42.8% |
| V | Recommendations in respect of which final replies of Government are still awaited (Vide Recommendation at Sl. Nos. 6 and 7) | 2 |
| | Percentage to total | 28.6% |