

tions, and recognised that they should and could grow in a balanced manner to our mutual advantage. Trade teams of the two countries are to meet shortly to review the Trade Agreement of 1975, and to study how two-way trade can develop.

The two sides also had discussions on the need to facilitate a freer flow of people and information between the two countries. In this context, the Government of India are happy to note that there has been some exchange of artists, scholars and sportsmen. We were also happy to welcome Dr. Amir Mohammad, Adviser on Agriculture, Government of Pakistan on February 20, 1978. He is visiting a number of our projects during his stay in India. We hope that his visit will mark the beginning of exchanges in the field of science and technology, so that experts in both countries can learn from each other's experience.

During my discussions, it was also agreed that we should complete the process of exchanging detenus held in either country with utmost expedition. This is a humanitarian problem and we are interested in seeing it resolved, as soon as possible.

Another point of agreement was that we would resume talks on the Salal dam project from where they were left off in October, 1976. A delegation from Pakistan is expected to come here for this purpose shortly. Dates will be fixed according to our mutual convenience.

On behalf of our Prime Minister, I transmitted a letter to the Chief Martial Law Administrator, formally inviting him to visit India. He accepted the invitation in principle.

Sir, there was widespread speculation in the press about my visit before it took place. My own belief is that public opinion in both countries has welcomed the normalisation of our relations and the restoration of the severed links. It is also my belief that there is a recognition in both countries

that the pace in the development of our relations can and should be accelerated. We on our part are ready to go ahead. However, we recognise that such acceleration and further cooperation can be possible only with the consent of both the countries.

In conclusion, I would like to state that I am convinced that good relations between the two countries of the sub-continent are in our separate and common interest, and in the interest of the region as a whole. My visit to Pakistan was based on this conviction. I do not think I would be wrong if I say that the discussions I had with Pakistani leaders have led to a better understanding and have helped in the task of removing misapprehensions, promoting greater goodwill and better understanding between the two countries. With greater contact between the two peoples and the established Governments, there can grow a climate of trust and confidence in which problems can be solved and good-neighbourliness can be patiently fostered. India stands ready to cooperate in the growth of such relations to the extent Pakistan is willing to go.

13.07 hrs.

STATEMENT RE: SUGAR POLICY

THE MINISTER OF AGRICULTURE AND IRRIGATION (SHRI SURJIT SINGH BARNALA): The House will recollect that at the beginning of the sugar season 1977-78 Government had decided that the dual pricing policy for sugar should continue and that the State Governments be requested to ensure that the cane producers got at least the same price for cane as was being paid to them last year. The production of cane during this season has been an all-time record being about 10 million tonnes over that of 1976-77. Due to the consequent higher availability of sweetening agents and also for other reasons there has been a fall in the price of gur, khandsari and free-sale sugar. This has led to a situation

[Shri Surjit Singh Barnala]

where the sugar industry has felt that within the present price parameters it would not be economic for them to continue to pay the same cane prices to the growers as they had agreed to initially. In addition, because of the expected large production this year and the carryover from last year the sugar industry was also feeling severely the burden of having to carry substantially larger stocks than last year. It thus became necessary to ensure that as much as possible of the additional production of cane this year was absorbed to avoid loss to the producers. The Government have taken note of these changed circumstances and keeping in mind the need to ensure a remunerative price to the cane producer and at the same time to enable the industry to function in a viable manner, have evolved new elements of sugar policy which are as follows:—

I. The weighted average ex-factory price for levy sugar on an all-India basis shall be fixed at Rs. 187.50 per qtl. The prices applicable for the different zones will be worked out and notified separately. These prices will take effect from 1st March, 1978.

II. Consequent on the fixation of the ex-factory prices for levy sugar, the retail price of levy sugar to the consumer would have had to be raised from the present level of Rs. 2.15 per kg. to Rs. 2.35 per kg. However, this price would be kept at Rs. 2.30 per kg.

III. Excise rebate will be given to encourage the factories to continue late crushing beyond 30th April, 1978 to absorb as much of the additional cane production as possible this year. Details of the scheme will be announced shortly.

IV. Export of 6.5 lakh tonnes of sugar (which is the quota in effect for 1977-78 under the International Sugar Agreement) will be permitted. This will help the sugar factories by reducing the stocks which they will otherwise have had to carry.

V. Since with the additional production the factories will have to carry larger stocks than last year, arrangements will be made to suitably increase the credit limit of the factories to cover the additional credit needs.

2. Government have taken these decisions in order to help to make the industry function in a viable manner and to ensure that the cane growers continue to get the same price, that they have been getting. Government will also take steps to ensure that the prices of levy-free sugar in the open market are allowed to rule at the desired level. With all these steps and with the fixation of the ex-factory prices for levy sugar as announced, Government expect the factories to do their part by continuing to pay to the cane growers the same prices as were agreed to initially and maximising the drawal of cane by extending the crushing season.

13.10 hrs.

STATEMENT RE. SANCTION OF AN ADDITIONAL INSTALMENT OF DEARNESS ALLOWANCE TO CENTRAL GOVERNMENT EMPLOYEES

MR. SPEAKER: The Finance Minister.

SHRI JYOTIRMOY BOSU (Diamond Harbour): On a point of order, Sir. I have written to you stating that they have given it to the press first. It is bypassing the House. The House is in session. They should not treat the House like this.

MR. SPEAKER: This matter has been decided by the Speaker much earlier. He has come to the conclusion that it is improper to issue a statement to the press first, but it does not amount to a breach of privilege.

SHRI JYOTIRMOY BOSU: I am only saying that they should not treat the Parliament casually. I welcome the