

[श्रीमती सुभद्रा जोशी]

क्या मैं खत्म करूँ ?

उपाध्यक्ष महोदय : अगर आप दो चार मिनट में खत्म कर सकती हैं तो कह लें।

श्रीमती सुभद्रा जोशी : नहीं मुझे ज्यादा वक्त लगेगा।

उपाध्यक्ष महोदय : तो फिर आप इसके बाद जारी रखें।

17.01 hrs.

CO-OPERATIVE SUGAR* FACTORIES IN MADRAS

Shri N. R. Muniswamy (Vellore): Mr. Deputy-Speaker, I am raising this half-an-hour discussion to focus the attention of the Government with regard to certain problems which have come to stay as a result of the inaction of the Government. If they had taken proper steps, the present crisis in the sugar trade would not have happened. The question I asked on 17th December, 1958 was:

"Will the Minister of Food and Agriculture be pleased to state:

- (a) the amount of foreign exchange that has to be provided for all the applications for setting up of cooperative sugar factories in Madras State;
- (b) how much has so far been sanctioned;
- (c) whether the sugar factory in North Arcot District made any progress as per schedule indicated to the Central Government;
- (d) if not, the reasons for the delay;

(e) whether the amount expected of the shares was subscribed to the full; and

(f) whether any permits have been granted for import of equipment and machinery?"

The answer was as follows:

"The Minister of Food and Agriculture (Shri A. P. Jain): (a), (b) and (f). The requisite foreign exchange to the extent of Rs. 1.5 crores has been provided to the three co-operative sugar factories.

(c) and (d). The factory was expected to complete the project by 31st December, 1958 but due to the delay in securing plant and machinery the factory is now expected to go into operation during the 1959-60 season.

(e) Out of the subscribed capital of Rs. 11.83 lakhs for the North Arcot District Co-operative Sugar Factory the shareholders have paid Rs. 10.13 lakhs. In addition the State Government has contributed Rs. 10 lakhs towards the share capital."

As early as 1954, Shri Kidwai made an announcement in this House with a view to make India self-sufficient in sugar. He wanted to extend the existing units and also to establish new co-operative units. He thought that the co-operative enterprises should come to the forefront and that Government should render all possible help. We are aware that the sugar industry is one of the most important industries in the country from the point of view of employment because it employs as many as 20 million cultivators for growing cane and

about 150,000 skilled and unskilled labourers and about 35,000 university-educated men in this trade. So, after it was announced in 1954 by the hon. Minister of Food and Agriculture, the Ministry has not taken proper steps to get the necessary foreign exchange by persuading the Finance Ministry and also the Commerce and Industry Ministry to get the import licence to get the plant and machinery. It has taken as long as four years from 1954 till 1958 to get the necessary foreign exchange. As a result of it, the production in our country has suffered a lot. If only the Ministry had taken steps as soon as this policy was announced or at least in 1955, we would have achieved the expected production target. The price of plant and machinery had shot up by 100 per cent. by that time. Luckily, in 1954, the production of sugar was marvellous. There was production of a large quantity of sugar, more than what we had expected, the consumption had gone below estimation and the excise duty had also risen by 50 per cent. That may be a good feature so far as the 1954-1955 period was concerned, but subsequent to that we have not had enough of encouragement.

When these co-operative sugar factories were thought of, encouragement was given by the Government in two or three ways. Even from 1955, I remember, there had been a great deal of interest to start factories on a co-operative basis because they wanted to promote co-operative activities in place of corporate activities in pursuance of the socialistic policy. The sugar industry lends itself to such procedure. Therefore, the Industrial Finance Corporation also had advanced money to the extent of—a huge amount—Rs. 5 crores to Rs. 6 crores, so that people could start sugar industry on a co-operative basis. Even in the Five Year Plan it has been indicated that out of the total licences for the starting of industries 50 per cent would be given to those who want to start them on

a co-operative basis, and that Government would certainly give money to them.

The object of starting cooperative factories is only to see that the cane growers are given a proper price for the cane. Moreover, when the cane is converted into sugar they will have some profit also. That was the object with which it was started. But what happened actually was that though the proposal was made in 1954, only in 1958 the Madras Government had sanctioned proposals for starting three factories: one in North Arcot District, one in Chingleput District and one in Coimbatore District. Another one is expected to be started in Salem. There has been a good deal of response from other centres in Madras and there are proposals to start three more such factories.

Therefore, it seems that the response from the people is encouraging, but the one defect is that there has not been so much of impetus given to the people to subscribe to the capital. The Co-operative Registrars and Deputy Registrars have done yeoman service in Madras State, but the service they have rendered in the formation of co-operative sugar factories has been very slow as a result of which we never got in time what we wanted to have earlier. The Government, therefore, did not take proper steps to an early stage with the result that price shot up to a stage almost hundred per cent of what it was originally obtaining in the market.

In the month of July and even as recently as end of last month some memoranda have been submitted by the sugarcane industries and sugarcane mill-owners to the Minister of Food and Agriculture requesting him to allot as much as 35,000 tons of sugar for these four areas of Madras, Mysore, Kerala and Andhra. So far as Madras is concerned, I would respectfully submit, even the Madras

[Shri N. R. Muniswamy]

Government has asked for 15,000 tons of sugar for this period of three to four months before the setting in of the crushing period. If it is not done, people who are now selling sugar in the market will take a large amount of profit by creating something like an artificial scarcity in that area even though enough of sugar is available in the country.

If only we had taken proper steps before 1956-1957, I would say, these things would never have come, I may be permitted, Sir, to put some salient questions so that the hon. Minister can pointedly give an answer to them. I would like to know whether it is a fact that the Madras Government has requested the Central Government to supply sugar to the extent of 15,000 tons for the period of these two or three months before the setting in of the crushing period; if so, what action do Government propose to take in this matter? Secondly, whether it is a fact that the South Indian Sugar Mills Association had submitted a memorandum towards the last week of August, 1959, to the hon. Minister requesting the Government for a total quota of 35,000 tons per month for three months. Ordinarily, 28,000 tons are allotted for these four States, and the extra quota of 7,000 tons is obviously because of the festivals which are coming next month or the month after next. For this purpose, they might have asked for this extra quota to come especially from North India. My next question is, how many fair price shops have been opened, so far in Madras in respect of the distribution of sugar. How many bags per week are allotted to the fair price shops and how many bags to the hotels, restaurants, bakeries, etc.? That would be my third question. Fourthly, whether it is a fact that the wholesalers in Andhra get more quota and divert part of their quota to Madras at a high price. The point is, Andhra is getting more quota. It is a surplus area. It gives something

to Madras also. But, after all, the *per capita* consumption of sugar in Andhra is much below that of Madras. In Madras, it is about 8 lb. or 9 lb. In Andhra it is just 4 lb. Not that the people in Andhra do not resort to sweets but evidently their food habit and taste incline more towards other things than towards sugar. Some of that quota comes to Madras, Kerala and also Mysore. Mysore is self-sufficient. The merchants in Andhra take a greater quota with a view to sell the sugar in their own area, but as a matter of fact, they divert part of the quota to Madras with a view to make profits.

Now, the price of sugar is Rs. 2 per *vis*s. I would request the Government to look into the matter and see that such a contingency as has been explained by me never arises in the southern States.

More than once there has been a discussion here as regards sugar, but I am raising this point especially with regard to Madras so that I could invite the attention of the Government to this problem and try to see that any feelings of "Dravidism" may be allayed in the matter of deficiency in the supply of sugar, and thus ensure that the people in Madras get sugar in proper quantities.

Even in the markets, I find that though sugar is distributed through the retail shops, the allotment to the retail shops is much below their demand. Therefore, I would suggest that greater quantities are allotted to the retail shops for distribution especially when the wholesalers have got larger number of bags allotted to them, so that they could maintain the prices and see that no scarcity condition is brought to the forefront.

As late as 30th August, 1959, a memorandum was submitted to the Minister. I have already brought it to the notice of the House. In that memorandum, the association has

asked for a total quota of 31,000 tons per month, 28,000 tons from local production and 3,000 tons from North India. The members met Shri A. P. Jain—he is not a Minister now—and also Shri S. K. Patil who is now the Minister of Food and Agriculture, but the reply given by the Ministers were not very encouraging. Now, in relation to the co-operative sugar factories, I do not know the line of demarcation between the Minister of Food and Agriculture and the Minister of Community Development and Co-operation, and I do not know who is really responsible for sugar factories as well as for the supply of sugar. We are not aware of it. But until 30th August last, we have been looking only to the Minister of Food and Agriculture in regard to these matters. Now that a new Minister has taken charge, I am afraid whether he has been fully posted with all the facts. But still I hope he will do his best and give me proper replies to the satisfaction of the people so far as the Madras State is concerned.

Some Hon. Members rose—

Mr. Deputy-Speaker: No hon. Member has given advance notice under rule 55(5). Anyhow I shall allow a few questions to be put.

Shri Tangamani (Madurai): May I know what is the annual requirement of Madras State? The hon. Minister stated that it was 10,000 tons. May I know how much is the deficit and how much has been made available from Andhra? My second question is: Is it true that the retail price of sugar in Madras State now is Rs 2-4 per viss and the price per bag is more than Rs. 140? What steps have Government taken to reduce the price to Rs. 1-2-0 which used to be the normal price and also the price per bag of sugar to Rs. 100? Lastly, the hon. Minister stated that for the entire region 28,000 tons will be required. May I know whether the estimated production for this year will be able to meet that demand of 28,000 tons?

Shri Warior (Trichur): May I know whether demands have been made by the Kerala trade associations and traders for the import of sugar from U.P., whether Government have sanctioned it and if not, what is the objection of Government in not allowing supplies from U.P. to Kerala?

Shri Sinhasan Singh (Gorakhpur): I want to know what is the present price of sugar prevailing in the wholesale trade; whether the price is Rs. 145 per bag; whether the price has gone up since the sugar debate in this House; whether there is any scheme before Government to get this extra profit that the sugar magnates have made and share it with the cane-growers; whether Government has fixed the cane price for 1960-61 and if so what is that price.....

Mr. Deputy-Speaker: The hon. Member should restrict himself to the scope of the discussion and not widen the scope of the discussion. The discussion is about co-operative sugar factories in Madras. There has been a demand from Kerala for sugar from U.P.

Shri Sinhasan Singh: U.P. has got a greater production of sugar. My last question is whether Government have considered the increase in the sugarcane price demanded by the cane-growers?

Shri Heda (Nizamabad): The price of machinery to manufacture sugar i.e. of sugar factories is increasing in the foreign markets. May I know how much foreign exchange we would be losing because of this delay in granting licences to co-operative sugar factories in Madras and other States, since in the interim period the price of the machinery is increasing in the foreign markets?

Shri Subbiah Ambalam (Ramana-thapuram): I want to know the ex-factory price of sugar from the southern sugar mills prior to the introduction of sugar control and the present

(Shri Subbiah Ambalam)

ex-factory price in the South Indian sugar mills. Then, I want to know the number of mills that are likely to be started in the co-operative sector during the rest of the Second Five Year Plan in the North Indian States and the number of co-operative sugar mills that are likely to be started in the South Indian States.

Shri Viswanatha Reddy (Rajampet): There has been a great demand from the Madras State for granting of licences for sugar factories in the co-operative sector. In view of the changing policy of Government, viz to sanction more sugar factories in the country, may I know whether Government will be prepared to sanction as many licences particularly to Madras State as would be demanded by that State?

Shri Narasimhan (Krishnagiri): Regarding the assessment of the need of the Madras State, one paper has reported that the requirement would be 35,000 tons. I want to have the correct assessment. Then, I want to know the quantity asked for by Madras and how far the Centre will fulfil their demand. The Dasara and Diwali festivals are coming quickly and before that some quantity is needed. I want to know how far they are going to fulfil that demand. Lastly from Salem district demands have come for the co-operative sugar factories. What action has the Government taken about it?

Shri V. P. Nayar (Quilon): Is it not a fact that Kerala has a chronic deficit of sugar? If so, what is Government's estimate of the deficit in Kerala? I also want to know whether in view of the national festival, Onam, more sugar was allotted as this is the time in the whole year when we want more sugar.

The Deputy Minister of Community Development and Co-operation (Shri B. S. Murthy): Mr. Deputy-Speaker, as you have rightly pointed out, I

think the discussion, and much more so the volley of questions, have strayed far away from the scope of the discussion this evening. The discussion today, as Shri Muniswamy has rightly stated, has arisen out of the question put on the 17th December, 1958. He read out the answers given on that date, and there is nothing to add to the answers already given. Shri Muniswamy also said that the late Shri Kidwai assured that there was plenty of foreign exchange available for the establishment of sugar factories. This answer was given in 1954. From 1954 to 1957 much water has flowed under the bridge. Now this question relates to the period from the middle of 1956 to the middle of 1957.

Before I answer this question, I would like to point out that the answers for the questions put by Shri Muniswamy as to the supply of sugar, the quantity of sugar supplied to the Madras State, the number of fair price shops established, whether Andhra has got more quota and also several other questions, including the one about Onam by Shri V. P. Nayar, are beside the point.

Therefore, I would first deal with the question whether there was delay or not, and if there was delay, why was there delay. My humble submission is that there was no delay in respect of the applications from these three factories or associations. The application from the North Arcot Co-operative Sugar Factory Limited, Panchakuppam, Vellor Taluk, North Arcot district was received in two instalments—the first one was dated 31st October, 1956 and the second 7th November, 1956 and the licence was granted to them on 22nd July, 1957. In the case of the Amravathi Co-operative Sugar Mills Limited, Udumalpet Taluk, Coimbatore district, the dates are more or less the same as in the case of the first one. This factory was also issued a licence on 22nd July, 1957. As regards the Maduranthakam co-operative Sugar Mills

Limited, Vandalur, Maduranthakam, Chinglepet district, the application was received here on 11th October, 1956 and the bulk licence for about 37 lakhs for import of machinery was granted on 30th June 1957. Another licence for about Rs 67,435 was issued on 3rd December, 1957. Roughly speaking, the delay in issuing licences was 7 to 8 months.

I hope the hon Members are aware that there is a lot of procedure to be followed before any licence is issued, and 2, 3 or 4 months may be the ordinary time required.

But there is some delay here of three or four months more because of a new situation that has arisen in the economic field. That is due to lack of sufficient foreign exchange. Shri Muniswamy has made a point about this. In spite of all steps being taken by the Central Government, specially by the Ministry of Commerce and Industry, somehow or other India had a very tight time as far as foreign exchange was concerned. Therefore a system called the deferred payment system was inaugurated. These organisers were requested to negotiate with the suppliers in foreign countries to come to terms on deferred payment, which specially the Madras factories were not able to do. Then the hon Minister of Industry, Shri Manubhai Shah, convened a meeting of the suppliers from West Germany and the representatives of these factories somewhere in June, 1957 and the matter was finalised. Then immediately, as has been stated, in the month of July, 1957 licences were issued.

But the unfortunate thing about these Madras factories is—the delay is not because the licences were granted late—that the promoters of these factories did not take other necessary steps to have their final plans for the erection of these factories. I may tell the hon Members of this House that almost at the same time six factories in Bombay have also been given

licences and whereas the Madras factories, even today, are under erection and are reaching the final stage, the Bombay factories have gone into production in the 1958 season.

Shri Narasimhan: They were more businesslike.

Shri B S Murthy: I thought the other way.

Therefore I would humbly state that there is no delay whatsoever on the part of the Central Government to issue licences.

Shri Muniswamy has also said that there was no impetus given by the Government. I think these are his exact words. 'Proper impetus' are the words he has used. He has said that proper impetus was not given by the Government to the people. For his information, may I say that when he North Arcot District Co-operative sugar factory—I think, Shri Muniswamy Pillay, hails from North Arcot.

An Hon. Member: Pillay?

Shri B. S. Murthy: I am sorry.

When that factory was not able to get the necessary share capital the State Government had to give Rs 10 lakhs towards its share capital. Therefore all said and done, the Government is trying to do its best to promote co-operative sugar factories and the fault is not to be placed at the doors of the Government. There is something wrong with the promoters, specially I think in one factory at least there was inordinate delay in coming to terms because there was a sort of a rift between the promoters and finally they have been asked to compose their differences. They also have been given the necessary impetus.

Shri Heda asked whether any estimate has been made as regards the foreign exchange required and the extra cost on account of the delay in imports. For his information, I may

[Shri B. S. Murthy]

state that, for the time being, import of complete machinery for sugar factories is being stopped and consortiums are being formed in several places for the manufacture of machinery necessary for sugar factories. Therefore, the question of foreign exchange, as far as import of machinery for sugar factories is concerned, will become less important. Soon we may be having Indian machinery for erecting co-operative sugar factories.

One more point. All encouragement is to be given to co-operative effort. Especially sugar factories are being given all help they need. Therefore, I am hopeful that soon there will be many sugar factories rising in several places all over the country and the problem of sugar will be solved. I have nothing more to add except this. The other questions regarding the quantity of sugar required, the amount sent, the amount distributed to the wholesalers or coffee hotels or tea saloons are all outside the question. I think Shri N. R. Muniswamy and others will bear in mind that the Government is not trying to delay. If at all there is any delay, the delay primarily is because of the promoters being not careful in finalising their plan.

Shri Subbiah Ambalam: My question has not been answered about the number of co-operative mills . . .

Mr. Deputy-Speaker: That question can be settled mutually when they are on the same Bench. Shri Nagi Reddy to raise the next discussion. That is about Fertiliser factory in Andhra Pradesh.

Shri Simhasan Singh: I raised a question . . .

Mr. Deputy-Speaker: They were not relevant to the discussion today. They need not be answered.

Ch. Ranbir Singh (Rohtak): That is very important: price.

Mr. Deputy-Speaker: Undoubtedly: not at this moment.

17.32 hrs.

FERTILISER FACTORY IN ANDHRA PRADESH*

Shri Nagi Reddy (Anantapur): Sir, the question that I had asked on the 11th August, 1959 regarding the fertiliser factory in Andhra Pradesh was almost evaded by the Minister when he gave the reply. This question has been on the agenda, I should say, from 1955. Even to this day, we have not had any clear idea from the Government when this factory is going to be established and when we are going to see fertilisers coming out of the factory.

As a matter of fact, if we go a little into the history of this project, we will see that even the report of the Fertiliser Promotion Committee of 1955 had been of the opinion that the factory that is to be established in Neyveli in the Second Five Year Plan may not come off in the Plan period and therefore, they had, at every stage, been saying . . .

Shri N. R. Muniswamy (Vellore): The Minister is not here to give a reply.

Some Hon. Members: Here is the Minister in charge.

Shri Nagi Reddy: . . . saying in the report that if the factory at Neyveli cannot be established in the Second Five Year Plan period, the chance should be given to Andhra Pradesh. They had been very clear when they said, now that "confirmatory data about the extent of lignite reserves and underground conditions have still to be obtained and the suggested solution of the artesian water problem has to be satisfactorily proved", "it is not possible to arrive at any completely

*Half-an-hour Discussion.