

Central Control of all Public Service Commissions in the Country
Co-operative Sugar Factories in Andhra

Shri S. M. Banerjee withdraws. Shri Sarju Pandey.

The amendments were, by leave withdrawn.

The Resolution was, by leave, withdrawn.

17.17 hrs.

CENTRAL CONTROL OF ALL PUBLIC SERVICE COMMISSIONS IN THE COUNTRY

Shri Subiman Ghose (Burdwan): Mr. Speaker, I beg to move the following Resolution.

"This House is of opinion that all the Public Service Commissions, whether Union or State, should be under the Government of India holding analogous position like that of the Supreme Court and High Courts and suitable legislation be brought forward to amend the Constitution accordingly"

Mr. Speaker: There is no time. Hereafter, at the end of a session, I do not want any work in that session to be taken over. This will be the normal practice during the session. Let us not tie our hands. Many things may happen. More important things may happen. In this session I have made an exception. This will be the rule. Whatever happens, a similar opportunity will be given only during the session: not to carry over to the next session.

• Shri T. B. Vittal Rao (Khammam) Am I to understand that Resolutions of this nature, half discussed, will not be discussed in the coming session?

Mr. Speaker: As far as possible, let them finish in the session.

Shri T. B. Vittal Rao: Sometimes it is most possible.

Mr. Speaker: Sometimes, it will go over to the next session. Normally I would not like to give an opportunity of this kind merely to keep it alive. I do not want to stand in the way of the ballot.

This matter, the hon. Member may continue next session.

17.18 hrs.

*CO-OPERATIVE SUGAR FACTORIES IN ANDHRA

Shri Viswanatha Reddy: (Rajampet) Sir, permit me, at the very outset, to express my pleasure and sense of gratitude to the Ministry of Food and Agriculture, and particularly to the hon. Minister, Shri A. P. Jain, who took such a lot of interest in the progress of the Andhra Sugar factories and but for whose very sympathetic and understanding attitude, I think, the progress would not have been even this much.

Having said this, I am sorry that I am not able to say the same thing about other connected Ministries.

Mr. Speaker: I would urge that hon. Members, whoever has a half-an-hour discussion, may appraise the situation. All hon. Members do not know what exactly is this. Therefore, he may place the points that he wants to place before the House which require elucidation and then he may develop his argument. What is it that he wants to place before the House?

Shri Viswanatha Reddy: This is only a preliminary remark that I was trying to make.

I would like to trace briefly the progress of the four Andhra sugar factories which are sponsored in the co-operative sector. These sugar factories were formed, at least the societies were formed, as early as 1955. Ever since their formation, any num-

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ber of obstacles have come in the way of their progress

First of all, the Central Government asked Andhra State to collect Rs 10 lakhs for each sugar factory by way of share capital from the agriculturists before approaching the Central Government for the issue of licence. After a great deal of difficulty, this amount was collected, some of it from very backward regions, and an approach was made to the Central Government for the issue of the licence.

At the outset there was inordinate delay in the issue of this licence but ultimately the licence was issued. Having issued the licence, we thought it was only a matter of time before the Central Government would also sanction the sum of Rs 60 lakhs set apart in the Plan for share participation of the Andhra Government in these co-operative sugar factories. This amount did not come until the Andhra Government took a very strong attitude and put a great deal of pressure on the Central Government. After a lapse of nearly eight months or so, this amount was made available to the Andhra Government. We all thought that the actual setting up of these four factories would be a matter of time, a few weeks or a few months. That was not to be.

Again, we had to go before the Industrial Finance Corporation for a loan accommodation. When the Andhra sugar factories came here they were told that all the amount set apart for the sugar factories had been exhausted. Nearly 90 per cent of this amount was taken away by one State in which 17 sugar factories were set up. They are welcome to it, and I do congratulate Bombay State on their being able to set up 17 sugar factories in the co-operative sector. We in Andhra are also entitled to get some loan accommodation from these financial institutions, but we were asked to go to commercial banks for our needs in this respect. Even that was

agreed to by the Andhra Government. We approached certain commercial banks, and we were able to raise some loans, at least get the promise of loans provided the import licences were issued to these sugar factories.

The whole thing was set in motion and we approached the Central Government for actual issue of the import licences. While not definitely promising the issue of import licences, we were asked to go ahead and call for tenders. The Andhra Government called for tenders and the tenders were scrutinised. Again, in the matter of scrutiny more than six months elapsed before final technical sanction of the lowest tender was approved by the Centre. I do not see why six months should elapse before this sanction is given.

By this time it was roundⁿ about 1957 or so when the difficulties of foreign exchange were already being felt. Then we made a special approach to the lowest tenderer, namely, the Polish Government or the export company which is sponsored by the Government of Poland. That company offered us three plants on rupee payment, and not only rupee payment it was non-convertible rupee payment i.e. the amount due to them is to be paid in our banks here in India, and that amount will not be utilised except for purchasing goods in our country and taking them to their country. So long as they are not able to purchase goods in our country, that amount will lie in the banks in their name in our country. That was the arrangement that was made with this Polish firm.

Shri Ranga (Tenali): Most favourable arrangement.

Shri Viswanatha Reddy: When this proposal went before the Government of India for final sanction, I do not know what happened.

**Expunged, as ordered by the Chair

If only rupee payment had been accepted for these three sugar factories at that stage, the sugar factories would have been erected, and one crushing season would probably have been over. Instead of that being done, these three plants that were readily available at that stage were pooled along with the other waiting co-operative sugar factories in the country, and on certain other principles priorities were tried to be struck. That is a very unfortunate situation. Therefore, it is that today Andhra Pradesh is deprived of the co-operative sugar factories. Otherwise, they would have been set up nearly two years ago, or at least one and a half years ago.

At this stage, a theory was evolved, apparently in the Finance Ministry, under which rupee payment cannot be accepted as a matter of principle, because if we accept rupee payment as a principle, the goods that are purchased by these countries on this rupee account will have a competitive market in our country for exports to hard currency areas. That is to say, those very goods will have to participate in trade with the hard currency areas. Therefore, what we would get from the hard currency areas would be taken away by the rupee areas. That was the theory that was evolved. But I may submit to the House that this theory has no validity. At any rate, this is not the occasion for me to go at length into this theory of rupee account and the various foreign exchange difficulties. I am only mentioning this in passing, and I hope on some other occasion the House will appreciate the point that I am trying to make now.

Having said this by way of historical background to the Andhra Pradesh sugar factories, I would like to place before the House the main points that arise out of the question raised by my hon. friends Shri Nagi Reddy and Shrimati Parvathi Krishnan the other day with regard to this subject.

The first point that I would like the House to consider is the striking of priorities as between the eleven co-operative sugar factories that are being considered all over the country. As I have already submitted, the co-operative sugar factories of Andhra Pradesh, at least the three co-operative sugar factories of Andhra Pradesh stand on a different footing. They should not have been mixed up with the eleven factories and priorities attempted to be struck between all of them. For, some ground work was done by the Andhra Pradesh Government. Participation in the tender for the three sugar factories was made by the Polish Government at the instance of the Andhra Pradesh Government. Then, the deferred payment arrangements were agreed to at the instance of the Andhra Pradesh Government, and finally, the Polish firm itself submitted, apparently to the Government of India, that it would be more convenient for them to erect two or three plants in one particular State instead of in different States, because that would facilitate supervision etc and they would not have to deal with the various State Governments concerned. It was at their express wish also that these three sugar factories should have been sanctioned then and there for the Andhra Pradesh Government. Unfortunately, this did not happen at that time. I would beg of the authorities concerned at the Centre that at least now these three sugar factories should be given to Andhra Pradesh by the next crushing season.

Mr Speaker: Does the contract stand now?

Shri Viswanatha Reddy: One party is quite ready. The only thing is that readiness from our side is wanting. If we agree to it even now, I think it is possible to go through with the contract.

The formation of a consortium has been talked about for the past 8 months. I quite acknowledge the

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sincere efforts made by Shri Marubhai Shah in regard to this. He tried his best to persuade the various manufacturers of sugar factory components to come round and try to manufacture sugar factory plants in this country. But all these 8 months his efforts have not yet borne any fruit. I do not know if still this consortium has come to bear fruit. Having spent nearly 8 months merely in preliminary talks. I have my own doubts when this consortium will be set up, and once having been set up, whether it will have the necessary cohesion to manufacture the plants at an early date. If it is possible to manufacture sugar manufacturing plants by this consortium, I will be the first person to feel happy about it.

Now granting that this consortium will be able to produce the sugar manufacturing plants, why should the four sugar factories in the co-operative sector in Andhra—there were only three at that time, but now the number is four—have to wait until the consortium is able to produce sugar factories? Is it possible that once the consortium starts functioning and production, it will have no market in our country? Is it because these factories have been mixed up with the 8 factories in our country that we are not able to make any headway? It is not so. I doubt very much whether this consortium will be able to produce even the spare parts required by the existing units in our country, not to speak of the whole factories. Even granting that it is able to produce whole factories, it will have orders for the production of 8 sugar manufacturing plants all at the same time, and if they can fulfil that contract, it will be more than they can hope to do.

Therefore, I again say that this consortium need not come in the way of importing polish plants under rupee payment and making them available to Andhra Pradesh to be operated under the co-operative sector.

Then again, as far as Andhra is concerned, any further delay in setting up these factories will deal a blow to the co-operative movement as such. Today we are talking of setting up co-operatives for everything, for agricultural production, for distribution of foodgrains through State trading, for distribution of fertilisers, for granting loans to peasants. For all these things, we hope to depend on the co-operative movement. Now, if we cold-shoulder this proposal which has been on the anvil for the past three years, I do not know how we can go back to the peasants and ask them to co-operate with us in starting a co-operative for any purpose in future. Therefore, I submit that there should be no further delay in setting up these factories as any such delay would be a death blow to the co-operative movement in Andhra Pradesh.

As you know, the co-operative movement is at its zenith in Andhra Pradesh. It is the primary State for co-operative movement in this country. If the co-operative movement receives a death blow in that State, I am sure it will be a death blow to the movement in the rest of the country as well. Therefore, from this consideration also I plead with the hon. Minister that these three factories should be made available to Andhra at an early date.

Lastly, I would like to submit very humbly to Government that Andhra can have industries based primarily on agriculture. We do not have any great natural resources which could be turned to account for the setting up of any big industry in our State. Therefore, only industries based on agriculture can thrive in Andhra, and I plead that Andhra has got a special claim for the sugar industry in the State, not only because of that but also because it has been admitted by various official pronouncements from time to time in this House that the recovery from sugarcane is the highest in Andhra. The production of sugar-

crop per acre is the highest in Andhra and the number of days a sugar factory can work in Andhra will, probably, be the highest in the country. From all these considerations I humbly submit that the sugar industry should be given a proper nucleus in the State and these co-operative sugar factories should be helped to come up at an early date in the State.

Shri Rajagopala Rao (Srikakulam)
Sir, at the outset I should thank you for giving me time to speak about co-operative sugar factories. I am the President of one of the co-operative sugar factories in Andhra and as such I have been deeply concerned with the co-operative sugar factories of Andhra. I would be failing in my duty if I do not congratulate my non-friend, Shri Viswanatha Reddy for his attempt to rivet the attention of the people.

Mr. Speaker: The hon. Members may come forward and conclude his speech in the form of one or two questions.

Shri Rajagopala Rao: Through this Parliament on the prohibitive delay in the implementation of sugar co-operatives, I should also congratulate the Minister in charge of Co-operation and Food and Agriculture, for he has taken much pains to see that our Andhra co-operatives should get priority. I need to make only a few observations in this connection.

Sir, those who are familiar with the chequered history of the ill-fated Andhra Co-operatives cannot but sympathise with the highly frustrated and embittered shareholders and our predicament, as elected representatives, in relation to a virtually belligerent electorate.

In the beginning our applications for import licences literally synchronised with the emergence of a crisis in foreign exchange. In view of shortage of foreign exchange, we were told by the Government that licences could be granted only on the basis of deferred payment. When we negotiated on the basis of deferred payment the issue of Rupee payment was raised

by the Government and when a deal was about to be finalised on the basis of rupee payment, the State Trading Corporation was ordered to stop further negotiations. Thus, Sir, we have been tossed from pillar to post while we could not control the rising tide of public discontent, manifesting itself in a demand for refund of shares.

Recently, in the Andhra Assembly also so many Members demanded the refund of shares because the Government could not press the Government of India for import licences. I would be highly obliged to the hon. Minister if he would appreciate the dilemma of a Member of the ruling party representing, perhaps, a most backward district of Andhra Pradesh, in which people who are afflicted with poverty, ignorance and a recurrence of floods and so on, were so successfully enthused into a co-operative venture even by borrowing at heavy interest to contribute the share capital, only to be given repeated assurances over a period of 3½ years, assurances, which anybody in their position, would not hesitate to dismiss as absolutely bogus.

I venture to submit, Sir, that all this pandemonium is due to the fact that we are simply nose-led by some of our, official friends, who can never understand the pulse of the rural people, torn by ignorance, poverty and narrow factions. If they have known the difficulties they could have met the Ministers and made them give the import licence long ago.

I am really at a loss to understand how the consortiums can be effective. They are bound to be monopolistic and would raise many complications. In the very nature of things, it is bound to be a long process and would only further antagonise the public. There will be so many difficulties.

One really wonders how Government justifies import of foreign liquors, foreign films, shoes and air-conditioners. So, I would request the

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Ministries to take note of this. Even now it is not too late. I request them to consider the grant of import licences and see that immediate steps are taken in this connection.

श्री रामम् (नरसापुर) . अध्यक्ष महोदय, आन्ध्र की शूगर फैक्टरी के बारे में मेरे दोस्त श्री विश्वनाथ रेड्डी ने बताया है कि अगर उनको वहा स्थापित नहीं किया गया, तो वहा को-आपरेटिव मूवमेंट को बड़ा धक्का लगेगा। मैं बताना चाहता हूँ कि मेरे दोस्त ने आन्ध्र की को-आपरेटिव मूवमेंट की हिस्ट्री के अच्छे भाग को सामने रखा है, लेकिन अध्यक्ष जी, आप जानते हैं कि अकाशम जी की मिनिस्ट्री के समय में करोड़ों रुपये से को-आपरेटिव सोसाइटीज़ ने उसको स्थापित किया। उसका नतीजा क्या हुआ ? उसको एक बड़ा धक्का लगा। उसके कारण हमको शोयज़ इंफ़टें करने में बड़ा नुकसान और तकलीफ़ उठानी पड़ी। मेरा ताल्लुक पालाकोल से है। दो साल की तकलीफ़ से हमने एक एक शूगर को-आपरेटिव सोसाइटी बनाई और १५५० मेम्बरज़ बनाये और ८,३०,००० रुपये की पूंजी इकट्ठी की। सभी दलों के लोगो ने, जिन में कांग्रेस के लोग भी थे और कम्युनिस्ट भी थे, और ऐसे लोगो ने भी, जिनका किसी दल से ताल्लुक नहीं था, किसानो को समझाने बुझाने के बाद लाखो रुपये की पूंजी इकट्ठी की। किसानो के पास पैसा नहीं होता है। वे कर्ज़ लाये। किसी किसी ने जमीन रख कर पैसा जमा किया और वह पैसा बैंक में रखा गया। किसान साधारणतया अपने घर और अपने खेत के लिये पैसे को तरसता है। ऐसी हालत में वह कितने साल तक इंतज़ार कर सकता है। जब तक हम देश में शूगर फैक्ट्री का उत्पादन करे, तब तक इंतज़ार करता रहे। लेकिन हम चाहते हैं कि हमको को-आपरेटिव तरीके से व्यापार करे, को-आपरेटिव तरीके से इंडस्ट्री चलाये। एक धक्का पहले लगा था। यह धक्का

कोई मामूली धक्का नहीं होगा, यदि हम आन्ध्र के चरित्र को सामने रखें। वह धक्का केवल को-आपरेटिव मूवमेंट पर नहीं लगेगा। हमारे प्लान पर भी किसानो का विश्वास नहीं रहेगा। उन्होंने पैसा क्यों दिया ? देश का भला होगा, तुम्हारा भला होगा, किसी न किसी तरह पैसा लाओ, इस तरह समझा बुझा कर पैसा इकट्ठा किया गया था। अगर यह फ़ैक्ट्री मंजूर नहीं हुई, तो मैं कहना चाहता हूँ कि कांग्रेस के लोग कोई भी प्रोग्राम ले कर वहा गांव में नहीं आ सकते हैं, उनको नहीं समझा सकते हैं। इससे देश में बड़ा नुकसान होगा, यह समझ कर इस विषय पर विचार करना चाहिये। अपने दोस्तों के साथ हम भी धन्यवाद देने के लिये तैयार हैं, लेकिन अगर काम हो जाय, तो हम धन्यवाद दे या न दे, देश का भला ही होगा। धन्यवाद की बात नहीं है, काम जरूर होना चाहिये। अगर काम हो जायेगा, तो हम भी खुशी से धन्यवाद देंगे। धन्यवाद में हमारा भी भाग होगा।

अध्यक्ष महोदय : उससे पहले धन्यवाद देने के लिए तैयार नहीं है ?

श्री रामम् : धन्यवाद देने का एक तरीका है।

अध्यक्ष महोदय : धन्यवाद को छोड़ दीजिए। मवाल क्या है ?

श्री रामम् : दूसरी बात यह है कि आन्ध्र के लोगो में एक दूसरी भावना बढ़ रही है। उस भावना का भी कुछ ब्याल रखना चाहिए, क्योंकि कोई भी इंडस्ट्री आन्ध्र में मंजूर नहीं हुई। जब आन्ध्र की तरफ से इलेक्ट्रिसिटी के लिए किसी प्राजेक्ट की मांग की गई, तो जवाब दिया गया कि पैसा नहीं है। इसी तरह मैन्थोर फ़ैक्ट्री, बगास फ़ैक्ट्री के बारे में भी बताया जाता है कि पैसा नहीं है। दिल्ली से कुछ भी मांगा जाता है,

सो वह मन्जूर नहीं होता है। हमारे ग्राम्य के किसानों से लेना चाहते हैं, इकट्ठा करना चाहते हैं, लेकिन दिल्ली सरकार हमको कुछ नहीं देना चाहती, ऐसी भावना के बढ़ने का खतरा है। इसको भी क्याल में रखना चाहिए। यही वास्तविक हाल है, जो कि मैं मंत्री महोदय को नम्रतापूर्वक बताना चाहता हूँ। मैं विनती करता हूँ कि इसको भी समझ लिया जाये। जब ग्राम्य के किसान मशीनरी के लिए रुपया देने के लिए तैयार हैं तो वे नहीं समझ सकते—कोई भी नहीं समझ सकता—कि दिल्ली सरकार के सामने क्या दिक्कत है और कोई शुगर फैक्टरी क्यों नहीं बनाई जाती है। वहाँ कोई दूसरी इंडस्ट्री भी नहीं है। इसलिए लोगों की तरफकी के लिए, ग्राम्य की इंडस्ट्रियल तरफकी के लिए, भारत की तरफकी के लिए, हमारे प्लान पर लोगों का विश्वास बढ़ाने के लिए इसको जरूर मन्जूर किया जायगा, यह विनती करने हुए मैं खत्म करता हूँ।

Shri Nagi Reddy (Anantapur) Sir, I want to put only one question. My question is, why at a time when our exports are much less than what we should expect, Government should refuse a rupee payment and that too a deferred payment that is now being asked for, especially from a place like Andhra which is industrially backward. Here it is not a question of foreign exchange difficulties, because we are not going to give any foreign exchange in that way. Already the consideration has been that an agreement has been arrived at with the Polish Republic. I would only request Government to see that, this being a deferred payment and that too on the basis of rupee payment in exchange of boots and such other commodities that will be taken by them at a time when our exports are under difficulties, the Government consider this question and accept the programme of

the co-operative societies to conclude their agreement with the Polish Government—or whatever Government it is—on the basis of deferred rupee payment

Shri Ranga: Sir, it is not my intention or anybody's intention to stand in the way of any other State in regard to this question of licence involving foreign exchange, but I would like Government to consider this matter in an impartial manner, in an objective manner. If they have any doubts in regard to what has been advanced by hon. Members, I would like to make a sporting offer to them. That is, whether they are prepared to place this matter before a judge of the Supreme Court and see that the claim made by Andhra for the opportunity that they are asking to start three sugar factories is placed before him and accept his decision. Because, I am convinced that on every ground that we have advanced here, we have had the support of the Ministry of Food and Agriculture. I suppose that for their own reasons, the Ministry of Industry and Commerce has raised all sorts of bogys, the latest being this consortium. Why not confine this consortium and all its wonderful activities to the other factories which have got to be started in the co-operative sector along with these three Andhra co-operative concerns coming into existence?

डा० मेलकोटे (रायचूर) अध्यक्ष साहब, जब को-ऑपरेटिव शुगर फैक्ट्री के बारे में इस सदन में बात छिड़ी हुई है, तो मैं उचित समझना हूँ कि मैं भी इसके बारे में दो लफज कहूँ। मेरी कास्टीक्युएन्सी रायचूर जिस डिस्ट्रिक्ट में है, उसी डिस्ट्रिक्ट में तुंगभद्रा प्राजेक्ट तकरीबन साठ करोड़ रुपया खर्च करने के बाद तैयार हो गई है, जिससे पुराने हैदराबाद की तरफ दस लाख एकड़ और दूसरी तरफ तकरीबन पांच छः लाख एकड़ जमीन की सिंचाई होने वाली है। उधर काफ़ी बारिश न होने की वजह से वहाँ की

[श्री० नेलकोटे]

आग्राही कम हैं, लोग विकल गए हैं। इतना खर्च करने के बाद लोगों को फिर बसाने के लिए इस तरह की को-ऑपरेटिव शूगर फैक्ट्रीज कायम नहीं की गई और वहाँ लोगों को नौकरी नहीं मिली, तो वहाँ लोग नहीं आयेंगे और वहाँ की खाद भी नहीं बचेगी। इसलिए मैसूर गवर्नमेंट और सेंट्रल गवर्नमेंट ने जो को-ऑपरेटिव शूगर फैक्ट्री कायम करने के लिए निर्णय किया तो वहाँ के लोगों ने तकरीबन एक लाख रुपए से ज्यादा जमा किया और जमा करके बैंक में रखा। उसको तीन साल हो गए हैं, लेकिन आज भी वहाँ को-ऑपरेटिव शूगर फैक्ट्री कायम करने के लिए गवर्नमेंट आक्र इंडिया ने इंप्रॉवेंस नहीं मिला है।

इस समय आन्ध्र की बात दिखी है। मैं श्री विस्वनाथ रेड्डी को मुबारकबाद देता हूँ। लेकिन उसमें ज्यादा तुलना प्रोजेक्ट के लिए और उसमें नीचे गंगावती ने भी कायम करने की बहुत जरूरत है। वहाँ को-ऑपरेटिव शूगर फैक्ट्री शुरू करने के लिए हर कस्टम लेना चाहिए। आन्ध्र की तो मिलना चाहिए, लेकिन तुलना के नीचे गंगावती की भी मिलना चाहिए। मैं मिनिस्टर साहब से यह आश्वासन चाहता हूँ।

The Minister of Co-operation (Dr. P. S. Deshmukh): I must thank my friend, Shri Viswanatha Reddy, for the compliment he has paid not only to the Ministry but to my senior colleague, Shri A. P. Jain, and for his telling the House that so far as our Ministry is concerned, we have never spared any pains in pressing the claims of these various factories. He had also to admit, I think, that even my friend, Shri M. M. Shah, for, he has also supported the case of these factories since he also came up for his compli-

ments. And it is now only the Ministry of Finance which may have to answer.

The Deputy Minister of Food and Agriculture (Shri A. M. Thomas): Dr. B. Gopala Reddi is there.

The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi): Let them compliment or condemn it!

Dr. P. S. Deshmukh: I quite fully realize the difficulties of the people who sponsor such factories and ask the poor cultivators to contribute their share money. In fact, I am surprised that in spite of the delay, the Members of Parliament and the M.L.As. representing those areas are still alive, for, having told the people to sacrifice their money and to collect it and so on, I am glad to see that none of them has yet even been molested.

Mr Speaker: Does the hon. Minister want to wait, perhaps, till such a time?

Dr. P. S. Deshmukh: I am merely trying to place before the House the difficulties of the poor ryots to contribute their share-money and to wait for such a long time before their endeavour fructifies. I fully realize the situation it creates.

Much has been said about the rupee payment and the tenders of the Polish Government or firms. There is one thing which, I am sure, the Finance Minister will probably refer to. I would like to point out that even here you cannot get something for nothing. The rupee note is no currency which can be accepted even by the Polish Government. Even there, we have got to part with some goods before the payment can be regarded as having been made. Actually it has been now fully realised that there is very little difference between foreign exchange as such and the rupee payment.

Mr. Speaker: Does the hon. Minister feel that any of the hon. Members

who have spoken want charity? I am not able to understand the reasoning of the hon Minister. Even if it is rupee payment, we will have to give some goods.

Dr. F. S. Deshmukh: So, in the Polish Government coming forward to accept the rupee payment, there is not such a world of difference between the two, as is being sought to be made out.

Mr. Speaker: Hon Members want to know from the Government how there is so much of difficulty in getting foreign exchange by export of commodities, while commodities are not having their market elsewhere. You can choose some commodities with the Polish Government and get the things done. There is a lot of difference.

The Minister of Industry (Shri Manobhai Shah): What my hon colleague was trying to say was that rupee payment is also payment in terms of exchange. Rupee payment is not something which is available without any limit. So, when we have to import so many important things, we have got to be choosy in utilising the barter agreement with the East European countries. So, we have to buy from them on a priority basis. So, it is not an un-limited agreement. Whatever we have to pay out of the exports is limited to what they are prepared to send out from there. So, the balance does not leave us any freedom to expand either the import or the export beyond a particular point. So, now the rupee payment has lost all its significance.

Mr. Speaker: Does the hon Minister mean that from Poland we are getting such essential commodities whose place ought not to be taken by the sugar mills?

Shri Manobhai Shah: That is so, Sir. It is not a matter which can be dealt with in questions and answers. After my hon colleague finishes, in five minutes, I shall try to explain it.

Shri Rajagopala Rao: Is it not a fact that recently Government have allowed permission for import of a cigarette factory on rupee payment basis?

Mr. Speaker: Cigarette is more important than sugar!

Shri Maanubhai Shah: It is not correct for me to enter into questions and answers. I will try to explain how the rupee payment has a limitation of its own and how beyond a point, even rupee payment cannot be utilised for anything and everything, excepting on a priority basis.

Dr. P. S. Deshmukh: The second point which hon Members should bear in mind in respect of these deferred payments is that the whole cost of the sugar factory increases very considerably. You know that all these sugar factories are being established with tremendous help from the Central and the State Governments. Of course, I have every sympathy with the cultivators. I do not mind even if the Central Government or State Government give more help. But with this deferred payment the whole cost of the factory increases tremendously from about Rs 80 lakhs to Rs 115 lakhs because of the interest and so on. I want hon Members to appreciate the Government's point of view. But this does not mean that we are not anxious about this. Not only my Ministry, but I think the Government as a whole have been anxious about these factories. But the foreign exchange difficulty came in the way.

Shri Nagi Reddy: Every difficulty comes in the way wherever Andhra is concerned.

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Dr. F. S. Deshmukh: That is absolutely wrong. At least so far as my Ministry is concerned and also so far as the Planning Commission is concerned, there has been no partiality towards any State, I refute such a

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charge. If you please analyse the 11 factories which have been granted licences and yet not given import licences, you will find that there is one factory even from the State of Bombay which was licensed as early as 21st January, 1955. Then another factory from Mysore was licensed on the 5th January, 1955, whereas the licences to the four Andhra factories were given on the 8th October 1956, 15th October, 1956 and 1st March, 1957.

Shri Viswanatha Reddy: My contention is that the issue of licences was delayed in the case of Andhra

Dr. P. S. Deshmukh: There are many factors. But I can tell you and the House that we have always extended help in favour of Andhra, and not against it, because Andhra sugarcane production is good and their average yield is good also. According to my information, it stands highest in India

Secondly, one of the reasons why we chose Andhra for a little more emphasis and a little better consideration was that they have not had any co-operative sugar factory so far whereas some other States have got them. So far as myself, my colleague and my Ministry are concerned, I can assure my friends that we are never trying to be unjust or unfair to Andhra. I would like to inform my friends that there is absolutely no truth in that. We have not tried to keep back from the Andhra factories or deny to them the help that we can extend to them.

So far as the consortium and other matters are concerned, my hon. friend is going to deal with them. I can only say that as a result of our efforts and support of the Planning Commission, the consummation of this idea will not be delayed for a longer period. We thought that it will probably be decided to manufacture only about 8 factories till 1961-62 and the remaining three will have to be held over till the year after. But I have just been told that according to the present

programme it is of course impossible to erect a factory in 8 or 9 months' time—not more than one season would be lost. So far as this factory by the consortium is concerned, it is not going to take long to come into being. I may say that the whole difficulty has arisen as a result of the shortage of foreign exchange.

I think we have now advanced considerably. The Planning Commission has agreed to give us Rs. 2 crores of foreign exchange for giving Rs. 25 lakhs of foreign exchange to every factory that will be established. I can assure the hon. Members that Andhra will be given every consideration, probably better consideration than other States which might already have co-operative sugar factories. So, I hope that this reply of mine may satisfy my hon. friend. We are quite anxious that the ryots should not have to wait very long and this consortium should come into being very soon.

Shri Dasappa (Bangalore): When are we getting it?

Dr. P. S. Deshmukh: I am told it is already registered.

Shri Thirumala Rao (Kakinada): Shall I put one question?

Mr. Speaker: Let him conclude.

Dr. P. S. Deshmukh: I do not think there is any other point for me to reply to.

Shri Thirumala Rao: We are told that there are certain mills which are not running in northern India and the sale of some of them is being negotiated with the parties. Will the Government facilitate it and lend any assistance to them, if suitable machinery at reasonable cost is found by some of these parties, and others recommended by the Andhra Government for transplanting these factories in the South, particularly in Andhra Pradesh?

Dr. P. S. Deshmukh: We would have no objection. In fact, we are trying to encourage it unless the State Government from where the factory is to be taken away objects. Then we are helpless. But wherever possible, if there is a factory which could be transferred to another State we have always encouraged. As a matter of fact some of the co-operative factories have had such old factories, for which they have gone, as a result of which they have been able to make better progress.

Shri P. G. Sen (Purnea): I want to know the position of the Purnea Co-operative Factory. It has collected about Rs 10 lakhs.

Mr. Speaker: Is it in Andhra?

Shri P. G. Sen: No, this is in Bihar.

Mr. Speaker: Bihar has got sufficient number of co-operative factories

Dr. Melkote rose—

Shri P. G. Sen: But I want to know the position

Mr. Speaker: How many times? Hon Members are exceeding all the rules and limitation of this half-an-hour discussion

Dr P. S. Deshmukh: Bihar does not figure in these eleven factories. So, it must be lower down.

Mr. Speaker: Hon. Member will ask a separate question later on

Shri Manbhai Shah: Sir, I am really happy to see that in spite of the fact that this particular question has been agitating the minds of several hon Members not only from Andhra, but from practically five to six States in this country, the level of the debate here has been so high and gratifying I can assure the hon House and all the hon. Members that not only the Food and Agriculture Ministry, which has rightly received the handsome tribute through the speeches of all the hon. Members here, but the Ministry

of Finance and the Planning Commission have taken a very sympathetic and favourable view towards the whole question right from the beginning.

I am speaking from very, very personal knowledge of the whole matter because between the two Ministries of Food and Agriculture and Commerce and Industry we have worked in complete unison in this matter. We have at all stages fully appreciated the circumstances which made this difficulty arise.

If I may trace the history, at the end of the First Five Year Plan about 147 sugar factories were functioning in this country. Almost 54 to 55 new licences for different sugar factories in different areas were approved, as a result of the great promotion given by the Ministry of Food and Agriculture to the sugar industry. In accordance with the policy of Planning Commission and the Government that the co-operative sector be given a higher preference, 38 sugar factories in the co-operative sector had been licensed as against only 14 in the private sector. Therefore the House will appreciate that the aims and objectives placed by this House before the Government have been completely fulfilled as far as the execution of the policy is concerned.

Unfortunately, as the House is fully aware, in early 1957 we were faced with a critical foreign exchange situation. It is true, as one of the hon. Members rightly suggested here, that some States—I would not go into the details of those States—have been perhaps more lucky, due perhaps to their agitating the matter or processing the matter or following the matter more quickly, in that a few more factories got licences in those States and some other factories somewhat lagged behind. I have been a witness practically to every factory of this nature having been licensed for import as well as for industrial expansion.

I am glad that my hon. friend, Shri Viswanatha Reddy, thought it fit to

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withdraw what he had at one stage suggested. As a matter of fact we are all very sorry. We would have been all very happy if all these co-operative sugar factories could have been licensed for the complete import at an appropriate stage. But all of a sudden the Government had to take a decision. It is not only these eleven co-operative sugar factories and one other sugar factory, whose building is completely ready in Naini Tal, that are suffering, but I am a witness to about 200 industries in this country other than the sugar factories having been dead frozen at a stage not only of merely—industrial licensing but of land having been purchased, machinery having been partially ordered, various types of technicians having come forward and technical collaboration having been entered into as a result of the gravity of the foreign exchange situation that we have had to face.

An Hon Member: In Andhra

Shri Manubhai Shah: Throughout the country

Shri Dasappa: Unfortunate planning

Shri Manubhai Shah: I am not going into the larger question. But, it was due to the wisdom of the Planning Commission and the Government that this foreign exchange situation, even though it has caused so much distress and duress to so many entrepreneurs including co-operative societies is now being retrieved, because of the firm decision of the Government as a whole, in all the Ministries, to see that the basic principles of foreign exchange allotment are rigidly adhered to. Therefore, it is not as my hon friend just now was mentioning, that sugar is an item which is exported and that deferred payments could be made later on. Deferred payment is payment after all. We have already piled up considerable debts to be repaid in 1960, 1961, 1962, 1963, 1964 and 1965 and the country can ill-afford to eat out of current revenue in order to

build up debts in future. No posterity can forgive us for piling up such a debt which the country cannot bear. The progress which should come in future gets completely bogged down by a few liberalisations at this juncture.

Therefore, while we have the fullest sympathy with all these factories, as a matter of fact, when I see the formidable list, which I have seen several times,—there are 4 in Andhra, 2 in the Bombay State, 1 in Mysore, 1 in Orissa, 2 in Punjab, 1 in the U.P., another in U.P.—we have collected almost Rs 15 to 20 lakhs—Rs 30 lakhs in one instance, Batala in Gurdaspur district—I feel that these co-operative sugar enterprises should have come to this fate in this particular situation of foreign exchange.

Therefore, what we tried was to see how this co-operative movement may not get any set back as was suggested. There was the idea of consortium.

Shri D. C. Sharma (Gurdaspur): What is the fate of the factory in Batala in Gurdaspur district?

Shri Manubhai Shah: I will cover the whole thing. Practically questions and answers cannot go on in the course of replying to the debate.

What I was saying was, we applied our minds in all the Ministries and tried to see what can be done to retrieve the situation.

It is not right to suggest that this country does not manufacture sugar machinery plants. Already we have licensed in the last 3 years, 6 big projects which are making many many parts of sugar machinery. There are 13 in the small-scale industries and medium-scale industries which make considerable parts. Even those sugar factories which in the past have been licensed have had to buy more than half or nearly half of their machinery fabricated locally. We prepared a compendium and went to the Planning

Commission, all the Ministries together and wanted to see that the situation gets as easy as possible. It has been possible with the technical collaboration which the six machinery manufacturers have got, with the distribution of orders in the different heavy engineering projects of the country, to formulate two consortia. One, I am glad to inform the House has already been registered, and I am informed that within the next week, the Madras consortium is also going to be registered.

Having arrived at complete negotiations and discussions with the machinery manufacturers and their foreign collaborators, on the 5th and 6th of the next month all the Registrars of Co-operative Societies of all the States concerned, and the Chairmen and Secretaries of the Co-operative sugar factories have been invited here for a joint conference in the Food and Agriculture Ministry, Ministries of Commerce and Industry and Finance and the Planning Commission in order to formulate a complete programme with penalty clauses delivery clauses. We hope that with the sum of Rs 25 lakhs per factory that the Planning Commission has been pleased to sanction for this idea we will be able to deliver many of the plants. Out of the 12— I won't at this stage be able to say what exact number will be delivered—in the later part of 1960 so that we may not lose more than one season and perhaps the remainder season in the year 1961.

Shri Nagi Reddy: 1960-61, that means that the peasants who have paid the share should go on waiting for another five years.

Shri Manubhai Shah: 1960 is another one year.

Shri Nagi Reddy: In 1955 they have collected, in 1960-61 they are going to get.

Shri Manubhai Shah: That is not a matter, again, of argument. We have traced the history.

Mr. Speaker: This is a simple matter of arithmetic.

Shri Manubhai Shah: There are many other industries in a worse position than this, if we take up the whole narration of what has happened to industrial production in the country because of the foreign exchange crisis, but what I suggested was this that these industries in engineering which are going to manufacture sugar machinery have been already in production for a long time. The quality of their production has been first class, many of the old licencees have been asked to purchase from them and they have purchased various components and parts and equipment manufactured by these industries. We had considered into a complete arrangement with them so that most of the plants will go into production by the end of 1960 or the early part of 1961 and the present situation could be retrieved. I request the hon. Members and the House to forbear with us for whatever has happened in the past, and I can assure them that neither in the Ministry nor in the Planning Commission has there been any less awareness, particularly the Finance Ministry has been very kind to us in allocating this large amount which at this critical juncture we are all afraid and nervous it will not be easy to afford. I am trying to place all the facts.

About rupee payment, there has been a misunderstanding in many quarters that rupee payment is no payment at all.

Shri Nagi Reddy: Nobody said that.

Shri Manubhai Shah: In our experience what has happened is that actually rupee payment is as good or as expensive as the normal free resources of foreign exchange, because the payment has to be made, and it is not as if something is going out of the country which the other country does not want. It is only what they want that they buy, and they want to sell all that they have got as surplus, and we cannot afford at this juncture to

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buy from them all that we may need on a priority basis

Mr. Speaker: Have any of these countries agreed to take the surplus sugar that is produced?

Shri Manubhai Shah: That is not yet decided. We know how with the sugar ordinance we are trying to export

Mr. Speaker: We are putting up factories. In regard to whatever surplus sugar is produced, if the other countries which are prepared to enter into a rupee agreement are prepared to take that sugar, what is the difficulty?

Shri Manubhai Shah: Here, the question is to have additional exports. If it is just merely diversion from one country to another, it does not add to the net earnings of the country in export promotion; it does not really help the foreign exchange position.

Mr. Speaker: No, no. If they are prepared to take the additional sugar that is produced in these factories and supply this machinery, how does it divert the other trade?

Shri Manubhai Shah: I can assure you that all these aspects have been very carefully gone into in the Ministry of Economic Affairs, the Planning Commission and all the Ministries concerned. This is a situation confronting

all industries, all economic development, all power plants throughout the country, in every part of the country, and a very careful watch and vigilance is being kept on every rupee to be spent and every rupee to be used for import of machinery, plant and equipment.

The consortium idea was all that I had to contribute to this debate.

Shri C. K. Nair (Outer Delhi): How many years will the consortium take to supply the machinery?

Shri Manubhai Shah: Two years.

Shri C. K. Nair: For the 38 mills?

Shri Manubhai Shah: Out of the 38, 27 have already been covered. There are only 11 left.

Shri C. K. Nair: How many years will it take to supply the machinery?

Shri Manubhai Shah: Two years. I can assure you that nobody in the world can supply heavy engineering machinery of this type in less than 18 to 24 months.

Shri Ranga: It will go for four years.

18 20 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Saturday, the 20th December, 1958.