

ESTIMATES COMMITTEE (1974-75)

(FIFTH LOK SABHA)

SEVENTY-FIRST REPORT

MINISTRY OF INDUSTRY & CIVIL SUPPLIES

(Department of Civil Supplies & Cooperation)

[Action taken by Government on the Recommendations contained in the 61st Report of the Estimates Committee (Fifth Lok Sabha) on the Ministry of Commerce (Department of Internal Trade—Civil Supplies Organisation)]



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 1975/Phalguna, 1896 (Saka)

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CORRIGENDA

To

Seventy-First Report of Estimates Committee
(Fifth Lok Sabha) on the Ministry of Indus-
try and Civil Supplies (Department of
Civil Supplies and Cooperation).

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3	8	'reads'	'needs'
13	8	'Wheet'	'Wheat'
15	24	'olia'	'alia'
24	11	'Legislatives'	'Legislative'
43	8 from bottom	'balances'	'balanced'
72	1	'bread'	'broad'
79	15	'recommndation'	'recommendation'

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(1974-75)

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(1974-75)

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11. Shri Ebrahim Sulaiman Sait
12. Shri M. G. Uikey
13. Shri K. P. Unnikrishnan
14. Shri Phool Chand Verma

INTRODUCTION

1. the Chairman of the Estimates Committee having been authorised by the Committee, present this Report of the Estimates Committee on action taken by Government on the recommendations contained in the Sixty-first Report of Estimates Committee (Fifth Lok Sabha) on the Ministry of Commerce (Department of Internal Trade)—Civil Supplies Organisation.

2. The Sixty-first Report was presented to Lok Sabha on the 29-3-1974. Government furnished their replies indicating action taken or proposed to be taken on the recommendations contained in that Report on the 15th January, 1975. The replies were examined by Study Group 'F' of Estimates Committee (1974-75) at their sitting held on 28th February, 1975.

3. The draft Report was adopted by the Estimates Committee (1974-75) on the 25th February, 1975.

4. The Report has been divided into the following Chapters

I—Report

II—Recommendations which have been accepted by Government.

III—Recommendations which the Committee do not desire to pursue in view of the Government's replies.

IV—Recommendations in respect of which replies of Government have not been accepted by the Committee.

V—Recommendations in respect of which final replies of Government are still awaited.

5. An analysis of the action taken by Government on the recommendations contained in the Sixty-first Report of the Estimates Committee (Fifth Lok Sabha) is given in Appendix. It would be observed therefrom that out of the 83 recommendations made in the Report 61 *i.e.*, 73 per cent have been accepted by the Government; the Committee do not desire to pursue 14 recommendations *i.e.*, 17 per cent in view of Government's replies; the replies of the Government to 4 recommendations *i.e.*, 5 per

(viii)

cent, have not been accepted by the Committee; and in respect of 4 recommendations, i.e., 5 per cent, final replies of Government are still awaited.

NEW DELHI-110001;

March 12, 1975.

Phalguna 21, 1896 (Saka).

R. K. SINHA,

*Chairman,
Estimates Committee.*

CHAPTER I

REPORT

Assessment of Demand for Foodgrains

Recommendation (S. No. 2, Para No. 2.6)

In paragraph 2.6 of their 61st Report (Fifth Lok Sabha) on the Civil Supplies Organisation (hereinafter referred to as Original Report), the Estimates Committee had observed that the requirement of foodgrains in the country are being determined in an arbitrary manner from season to season on the basis of reports from States regarding availability of foodgrains which according to Government themselves, are neither available in time nor are very reliable and had strongly recommended that the Central Government should, without any further delay, devise suitable methodology for assessing every year the overall demand of foodgrains in the country on the basis of the minimum consumption requirement, so that the total availability of foodgrains could be planned in a more systematic manner.

2. In their reply furnished to the Estimates Committee in January, 1975, the Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) have stated :

“It may be stated that since minimum consumption requirements in terms of nutritional levels can be met by the consumption of not only cereals and pulses but also of other foodstuffs such as sugar, fruits, vegetables, tuber crops like, tapioca, potatoes and sweet potatoes, meat, fish and eggs, milk and milk products, etc., it is difficult to estimate the demand for foodgrains without considering the availability of other foodstuffs. Since the *per capita* availability of other foodstuffs is not of the same level in different States, the demand for foodgrains for different States also cannot be taken to be equal. Further the consumption of foodgrains is also considerably influenced by the purchasing power of the people. Therefore, while the concept of the minimum consumption requirements representing a balanced nutritional level of diet has to be kept in view as an underlying objective of policy, the year to year estimates of requirements of foodgrains have to take into account the existing consumption levels and the purchasing power of the people. It is in this context that *per capita* availability of foodgrains in a normal period (average of three recent years) which represents the existing level of consumption, is taken

as a basis for the estimation of demand. The increase in demand resulting from the planned expected growth in income or purchasing power and changes in its distribution and growth in population is also taken into account while estimating overall demand, for human consumption."

3. The Committee consider that the assessment of demand for foodgrains in the country which is necessary for need-based planning of production should be made with reference to the minimum consumption requirements. The Committee reiterate their earlier recommendation and urge that the existing methods of assessment of overall demand for foodgrains in the country should be kept under constant review so as to evolve a most suitable mechanism for the projection of demand on a realistic basis.

Distribution of Foodgrains

Recommendation (Sl. No. 16, Para No. 2.75)

4. In paragraph 2.75 of the Original Report, the Estimates Committee had recommended that in order to avoid any criticism of the distribution of available stocks of foodgrains as between different States *inter-se* being arbitrary, Government should evolve certain definite criteria for examining the demand from States and for making allotments, say, the assessed requirement of the States in terms of population covered by the public distribution system, production of foodgrains within the States, the stocks with the State Government and the Central Government stock position, the prices obtaining in the open market, etc. The Committee also desired that Government should evolve the criteria in the light of experience gathered over the years and in consultation with State Governments and that a copy of the criteria should be laid on the Table of Houses of Parliament and widely publicised to obviate any misunderstanding and gain public support.

5. In reply to the recommendation, the Ministry of Industry and Civil Supplies, have, while noting the recommendation, indicated the existing factors which are taken into account in assessing the relative needs of the States and the Union Territories, namely:

- (i) Central Government stock position.
- (ii) The estimates of demand received from the State Government.
- (iii) Seasonal conditions.
- (iv) Assessment of crops.

- (v) Availability of stocks in the States and the prevailing market conditions.
- (vi) The prices obtaining in the open market.
- (vii) The level of distribution and the actual offtake against the allocations made by the Centre in the past.

6. The Committee do not consider the reply of the Government to be satisfactory as the factors which are at present taken into account in assessing the relative needs of the States for foodgrains were already known to them. The Committee reiterate their earlier recommendation and desire that Government should re-consider the various suggestions made in the recommendation, that is, evolving definite criteria for examining the demands from the States in consultation with the State Governments, laying them on the Table of Houses of Parliament and giving them wide publicity to avoid any misunderstanding and gain public support.

Assessment of Demand for Sugar

Recommendation (Sl. No. 20, Para No. 3.4)

7. In paragraph 3.4 of the Original Report, the Committee had observed that at present no systematic method was being followed for assessing the requirements of sugar for the country. They had recommended that a suitable method for assessing the requirements of sugar in the country, not only for consumption in the urban and rural areas but also for export, should be introduced so as to facilitate meaningful planning for making the requisite quantity of sugar available to the consumers and also for exports.

8. In reply, Government have noted the observations of the Committee and stated that until the production of sugar in the country picks up sufficiently to enable removal of controls on sugar, the Government feel that the method for assessing the requirements already adopted by them is the best in the circumstances prevailing.

9. The Committee consider that the present state of production of sugar and control thereon should not deter the Government from assessing the demand for that commodity in a realistic manner. They, therefore, reiterate that Government should evolve a suitable method for assessing the demand of sugar in the country so as to facilitate meaningful planning of production of the commodity.

Targets for creation of industrial capacity and Production of Sugar

Recommendation (Sl. No. 21, Para No. 3.13)

10. In paragraph 3.13 of the Original Report, the Committee had *inter alia* recommended that year-wise targets for licensed capacity.

installed capacity and production in respect of sugar industry might be laid down, as was being done in the case of other industries, and desired that Government should ensure that these targets were actually fulfilled.

11. In reply, Government have stated that the Fifth Plan target of licensing up to 70 lakh tonnes capacity has already been almost covered, in the context of the large number of licence applications received in 1973-74 and that, in view of the fact that the policy of the Government is to dispose of the applications within a period of 90 days as far as possible, there is hardly any scope at this stage for fixing year-wise targets as proposed by the Committee. Another difficulty pointed out by Government is that the cost of setting up a new sugar factory of 1,250 tonnes capacity has risen steadily. Consequently, the Ministry of Agriculture is stated to have set up a Committee to examine the position and make recommendations for rendering the new units economically viable. This Committee has, it is stated, submitted its report which is under examination of the Government.

12. The Committee are unable to appreciate that there is no scope for fixing year-wise targets for licensed capacity, installed capacity and production in respect of sugar industry. The Committee consider that laying down of year-wise targets and instituting an effective machinery and procedures to keep a watch on implementation of licenses issued are measures of self-discipline which should be followed by the Ministry of Agriculture as is being done by other Ministries in respect of industries dealt with by them. The Committee, therefore, reiterate that the Ministry of Agriculture should lay down year-wise targets for creation of licensed capacity and installed capacity and for production of sugar during the Fifth Plan period and keep constant watch to ensure the achievement of targets.

Distribution of Sugar

(Recommendations (Sl. Nos. 27 & 28, Paras 3.54 and 3.55))

13. In paragraph 3.54 of the Original Report, the Committee had observed that weightage given to past consumption while allotting basic quotas of sugar to the States had no rational basis. They had recommended that Government might set up an Advisory Board consisting of representatives of the States for evolving a rational and scientific criterion for fixing the basic quota of levy sugar for each State which took into account *inter alia* the population of the State, the rising income in rural areas, the pattern of current consumption etc. In paragraph 3.55 of the Original Report, the Committee noted that there were wide differences in the *per capita* availability of levy sugar as between different States ranging between 1 Kg and 226 grams per month, and recommended that these differences should be reduced to the minimum.

14. Replying to the recommendation contained in paragraph 3.54, Government have, while noting the observations of the Committee, stated that they feel that an advisory board consisting of representatives of the States, as suggested by the Estimates Committee, may not be able to come to any useful conclusions as each State will press its own case for higher allotments regardless of other relevant and balancing considerations. It is further stated that the Government can, however, consider what the best way of evolving a rational and scientific criterion for fixing the basic quotas of levy sugar for the different States could be and take necessary action as early as possible. In regard to the recommendation contained in paragraph 3.55, it has been stated that it will be kept in view while taking action as proposed in reply to the previous recommendation.

15. The Committee urge that Government should evolve a rational, scientific and equitable criteria for fixing basic quotas of levy sugar for the different States expeditiously and ensure that there are no wide differences in the *per capita* availability of levy sugar in different States. They desire that action taken in the matter may be intimated to the Committee at an early date.

16. The Committee would like to emphasize that they attach the greatest importance to the implementation of the recommendations accepted by Government. They would, therefore, urge that Government should keep a close watch so as to ensure expeditious implementation of the recommendations accepted by them. In cases where it is not possible to implement any accepted recommendations in letter and spirit for any reason, the matter should be reported to the Committee in time with reasons for non implementation.

17. The Committee also desire that final replies to the relevant recommendations included in Chapters II, III and V may be communicated to them expeditiously.

CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Sl. No. 1, Para No. 1.11)

The Committee regret that the various proposals for amendments to the Essential Commodities Act, made with a view to make the statute a fool proof deterrent for (unscrupulous elements, are being examined by Government in a leisurely manner. This is evident from the fact that between June, 1973 and February, 1974 when information on the subject was made available to the Committee, none of the proposals had taken a concrete and final shape. In the context of large scale unfair trade practices and patent as well as latent violation of various regulatory order issued under the Act, the Committee need hardly underline the importance of bringing before Parliament without delay, a comprehensive amending legislation to overcome the difficulties being experienced in the administration of the Essential Commodities Act.

Reply of Government

In order to make the penal provisions under the Essential Commodities Act, 1955 more stringent and to make their implementation more effective, the Act has been amended, *vide* Essential Commodities (Amendment) Act, 1974 (Act No. 30 of 1974) which has come into force with effect from 29th August, 1974.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 5, Para 2.13)

As regards the Emergency Agricultural Production Programme, Government have themselves admitted that it was not able to make any notable contribution towards increased production. The Committee would like Government to critically evaluate the experience of Emergency Agricultural Production Programme and work out in advance well thought out schemes in consultation with State Governments which would make for creation of durable assets and would result in achieving targetted production in a short period to relieve the shortages.

Reply of Government

The Emergency Agricultural Production Programme which was undertaken during 1972-73 to meet the situation created by drought during the kharif season of the year, was based primarily on minor irrigation. Special allocations of financial assistance were made to State Governments to enable them to take up quick-maturing minor irrigation programmes so as to irrigate the rabi and summer crops of 1972-73. The total financial assistance released to State Governments for minor irrigation schemes under this programme amounted to Rs. 148 crores. Besides, a sum of Rs. 100 crores was released to State Governments as short-term loan for purchase and distribution of agricultural input like seeds, fertilisers and pesticides. The schemes implemented under the programme included energisation of tubewells/pumpsets, lift irrigation projects on rivers, tanks, canals, perennial streams etc. construction of State-owned tubewells, shallow tubewells, supply of pumpsets to farmers, extension and improvement of canals and distributories in the command of major and medium irrigation projects, besides other types of works capable of yielding immediate benefits.

During the short period of its implementation, the EAPP resulted in creation of additional irrigation potential through the following minor irrigation works reported to have been completed in the various States with the funds made available under the programme:

Scheme	Achievement (lakh Nos.)
Energisation of tubewells/pumpsets	1.59
Lift irrigation	0.52
Pumpsets	0.43
Construction of State tubewells	0.02
Construction of shallow tubewells	0.67

As regards production, the initial plan was to compensate for the apprehended loss of 15 million tonnes of foodgrains during the kharif season, due to drought. The achievement of this target was dependent on several factors, such as favourable weather during the remaining part of the season, availability of electric power for operating the lift irrigation facilities created, availability of water in the reservoirs and tanks for being released to canals and field channels for irrigation, and adequate water level in the dug wells and tubewells sunk, availability of fertilisers.

for deriving maximum benefit from irrigation, wherever it was possible, freedom from pests and diseases etc., Maximum efforts were made from the time the scheme was started in Aug.-Sep., 72 to save the standing kharif crops, wherever possible, by such emergency measures, and to increase the production of rabi crops. The kharif production turned out to be only 5.8 million tonnes less than in the previous year, as against the initially feared loss of 15 million tonnes. During the rabi season, the weather continued to be unfavourable. The output of wheat was adversely affected by hot winds in some parts of the Northern India during Feb.-Mar., 1973 and the occurrence of the rust disease. There was shortage of fertiliser, the reservoirs and tanks were dry, the water level in the dugwells and tubewells continued to be low because of the unprecedented unbroken drought, and there was shortage of electric power, partly because the reservoirs feeding the hydel generating stations were dry.

The review of the EAPP by the Ministry has shown that the minor irrigation programmes taken up under the programme did add to the irrigation potential of the country and thereby facilitated the use of agricultural inputs. It has also revealed that but for the additional irrigation facilities created under the EAPP, the extent of decline in food production during the rabi/summer season would have been still greater, and, secondly, the infrastructure built with this investment has proved very useful thereafter during the crop seasons of 1973-74 and will continue to benefit agriculture in the coming years as well.

The Government have taken note of the recommendation made by the Committee and would keep it in view while undertaking any such programme in future. It may be added that the Agricultural Production Programmes, including minor irrigation programmes, for 1973-74 and 1974-75 were formulated and finalised in consultation with the State Governments.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation: (S. No. 6, Para 2.45)

The Committee note that at present the cost of production data in respect of foodgrains is not sufficiently comprehensive as it does not reflect the higher cost of production in difficult and inaccessible areas e.g. Madhya Pradesh, Orissa etc. They recommend that the cost of production of principal crop should be studied systematically in typical areas and a compounded cost of production should be worked out so as to present a realistic picture.

Reply by Government

In this context, it may be mentioned that a comprehensive scheme for studying the cost of cultivation of principal crops has been launched on the recommendations of the Standing Technical Committee on Indices of Input Costs for the collection of data on costs of cultivation/production of the agricultural commodities on a comprehensive and continuing basis. So far, sanctions have been issued for the implementation of the scheme in 17 states including Madhya Pradesh and Orissa. Field work commenced at varying points of time in 1970-71 in four states including Madhya Pradesh and subsequently in 12 other states including Orissa. In Jammu & Kashmir, the field work is expected to be taken up in the near future. A special study on the cost of production of VFC Tobacco will also be taken in Andhra Pradesh shortly.

The implementation of the scheme in different States has been entrusted to Agricultural Universities except in (a) Gujarat, Himachal Pradesh and Kerala, where the implementation has been entrusted to the Sardar Patel University, Vallabh Vidyanagar, Himachal Pradesh University, Simla and Kerala University, Trivandrum respectively, and (b) in the States of Jammu & Kashmir where the scheme is to be implemented by the Directorate of Evaluation and Statistics, Government of J. & K. The Special Study on V.F.C. tobacco has been entrusted to the Directorate of Tobacco Development, Madras (The names of the various implementing agencies and the crops taken up for study in the different states during 1970-71 to 1973-74 and the programme of work during the 1974-75 agricultural year are given in Annex I.)

Under the Comprehensive scheme, studies on cost of cultivation of different principal crops are taken up by rotation; in each region, a detailed survey is carried out in respect of the selected principal crops for a period of one year followed by survey of a sub-sample (about 25 per cent of the main sample) in the following few years. Though, for a particular year, the sample for the study is selected with reference to the selected principal crops, data are collected for all the crops grown on the sample holdings.

The design of the study is a three stage stratified random sampling design, with tehsil as the primary sampling unit, a cluster of three villages as the secondary unit and an operational holding within the cluster as the third and ultimate stage sampling unit. For the purpose of the study, state is demarcated into a number of homogenous zones taking into account the cropping pattern, irrigation, rainfall, soil types etc. From each zone, a certain allotted number of tehsils are selected with probability proportional to the area under the principal crop taken up for study. In each selected tehsil after selecting one village with varying probability

as in the selection of tehsils, a cluster of three villages is formed as second stage unit. In each cluster a list of operational holdings growing the principal crop is prepared in an ascending order of their size and, after stratifying them into 5 size classes, in such a manner that the total operated areas falling in the different size classes are approximately equal, two holdings are randomly selected from each size class. In addition, two progressive farmers are also selected at random if possible otherwise purposively, for collection of data on newly developing technologies. The different stages of selection of sample are given in Annex II.

Cost accounting method has been adopted for the study which means that the data are collected by whole time field-men residing in the villages selected for enquiry on the basis of day to day observations and contact with selected cultivators as various agricultural operations take place. The work of the fieldmen is supervised by supervisors and the entire field work in a particular state is supervised by a field officer under the overall guidance of the officer-in-charge who is a senior officer of the institution implementing the scheme at the State level.

The cost concepts employed in the studies under the Comprehensive scheme for studying the cost of cultivation of principal crops are as follows:—

- Costs A—
- (i) Value of hired human labour.
 - (ii) Value of hired bullock labour.
 - (iii) Value of owned bullock labour.
 - (iv) Hired machinery charges.
 - (v) Value of owned machine labour.
 - (vi) Value of seed (both farm produced & purchased).
 - (vii) Value of insecticides and pesticides.
 - (viii) Value of manure (owned and purchased).
 - (ix) Value of fertilisers.
 - (x) Depreciation on implements and farm buildings.
 - (xi) Irrigation charges.
 - (xii) Land revenue, cesses and other taxes.
 - (xiii) Interest on working capital.
 - (xiv) Miscellaneous expenses (artisans, etc.).

Costs A-₁ = Cost A-₁ + rent paid for leased in land.

Cost B-₁ = Cost A-₁ + imputed rental value of owned land + imputed interest on owned fixed capital (excluding land).

Cost C - Cost B + imputed value of family labour.

The individual cost items included in total cost, that is Cost C, can also be grouped into operational and fixed costs as under:

Operational costs - Value of family labour + value of hired human labour + value of hired and owned bullock labour + value of hired and owned machine labour + value of seeds (farm grown and purchased) + value of manure and fertilisers—value of insecticides and pesticides + irrigation charges + interest on working capital + miscellaneous expenses (artisans etc.)

Fixed costs.—Cost C—operational costs.

It will thus be seen that all the operational and fixed cost items are included in the concept of total cost. Imputed costs of owned resources are included in total cost just as expenses incurred on other items.

It may be mentioned that a Central analytical unit has been set up in the Directorate of Economics and Statistics, Ministry of Agriculture to coordinate and supervise the field work being done by the various implementing agencies to process and analyse the cost data collected and compiled by them and to prepare reports on cost of production of principal crops in the different States. Analysis has so far been completed in respect of cost of production of wheat in Haryana, and Punjab during 1970-71 and 1971-72, in Punjab in 1972-73 and in Uttar Pradesh during 1971-72, Bajra in Rajasthan during 1970-71 and paddy in Andhra Pradesh in 1971-72. Analysis of the cost of production of jowar in 1971-72 in Maharashtra has been completed and the report thereon is under preparation. Analysis of the data on cost of production of paddy in Orissa during 1971-72 and 1972-73 is at an advanced stage and will be completed shortly. The analysis of the cost of production of paddy in respect of selected holdings in Punjab during the 1971-72 and 1972-73 crop seasons has also been completed and the note prepared thereon sent to the State Government and the Punjab Agricultural University for their information and appreciation the processing of the data received from the other States is currently in progress.

As regards Madhya Pradesh, holdingwise compiled data on the cost of production of wheat during the 1970-71 season sent by the Jawaharlal Nehru Krishi Viswavidyalaya, Jabalpur, have been scrutinised. Inconsistencies and discrepancies noticed therein are being ironed out in consultation with the implementing agency.

It may be added that after the Reports on cost of production of principal crops in the different states are finalised and approved, they are sent to the Agricultural Prices Commission for their use, while recommending price policy for the crops concerned. They are also kept in view by the Government while taking policy decisions.

ANNEX I (relating to para 2.45)

Comprehensive schemes for studying the cost of cultivation of principal crops.

Programme of work

State	Name of the Institution implementing the scheme	crops taken up for study				Programmes of work for 1974-75
		1970-71	1971-72	1972-73	1973-74	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Andhra Pradesh	Andhra Pradesh Agricultural University, Hyderabad.		Paddy	Paddy	Jowar	Jowar
2. Assam	Assam Agricultural University, Jorhat.		Paddy	Paddy	Jute	Jute
3. Bihar	Rajendra Agricultural University, Patna.		Paddy	Paddy	Jute	Jute
4. Gujarat	Sardar Patel University Vallabh Vidyanagar.		Bajra	Groundnut	Groundnut	Cotton
5. Haryana	Haryana Agricultural University, Hisar.	Wheat	Wheat	Bajra	Bajra	Cotton
6. Himachal Pradesh.	Himachal Pradesh University, Simla.				Wheat	Maize.
7. Jammu & Kashmir*	Directorate of Econ. & Stat. Govt. of J & K, Srinagar.				..	..
8. Karnataka	University of Agricultural Sciences, Bangalore.		Jowar	Jowar	Paddy	Cotton

9. Kerala	University of Kerala, Trivandrum	..	Paddy	Paddy	Paddy	Cocunut
10. Madhya Pradesh	J.L. Nehru Krishi Viswavidyalaya, Jabalpur.	Wheat	Wheat	Paddy	Cotton	Cotton
11. Maharashtra	Mahatma Phule Krishi Vidyapeeth, Poona.	..	Jowar	Jowar	Sugarcane	Sugarcane
12. Orissa	Orissa University of Agriculture & Tech., Bhubaneswar.	..	Paddy	Paddy	Jute	Jute
13. Punjab	Punjab Agricultural University, Ludhiana.	Wheat	Wheat	Cotton	Sugarcane	Paddy
14. Rajasthan	University of Udaipur, Udaipur.	Bajra	Bajra	Maize	Maize	Wheat
15. Tamil Nadu	Tamil Nadu Agricultural University, Coimbatore.	..	Paddy	Ground nut	Sugar cane.	Cotton
16. Uttar Pradesh	(i) G. B. Pant University of Agriculture and Technology, Pant Nagar. (ii) R. B. S. College, Agra (Since June 73)	..	Wheat	Wheat	Sugar cane.	Sugarcane
17. West Bengal	University of Kalyani, Kalyani.	..	Paddy	Paddy	Jute	Jute
18. Andhra Pradesh	Dir. of Tobacco Development, Madras.	..	..	..	VFC@ tobacco	VFC tobacco.
(Special Study)						

* The Implementation of the scheme in this state is awaiting the state Government's sanction.

@ The field work for the crop could not be started during 1973-74.

Annex II (relating to para 2.45)

Stages in the selection of sample for study

1. State.

2. Zone.—Each homogenous zone consists of a number of districts—demarcation of State into zones is done taking into account the cropping pattern, irrigation, rainfall, soil types, etc.

3. Tehsil.—Number of tehsile in the State already decided with a view to getting estimates with reasonable precision.

Each zone will have a number of tehsils depending on the percentage of area under the principal crop selected for study in that zone to total area under the crop in the State.

The tehsils selected with probability proportional to the area under the principal crop—this means that a tehsil with larger area under the crop has greater chance of being selected and, one with smaller area under the crop has less chance of being selected.

4. Village & cluster.—In each selected tehsil, one village is selected with probability proportional to area under the principal crop. Around this village, two more villages are selected to make a cluster of 3 villages.

5. Operational holdings.—All the holdings in a cluster of 3 villages are listed in ascending order of their size. Then these are divided into 5 size groups in such a way that each group has 20 per cent of the total cultivated area in the three villages. Then from each size group, 2 holdings are selected at random. Thus, in all, 10 holdings from a cluster of 3 villages are selected. In addition, two progressive farmers are also selected at random, if possible, otherwise purposively, for collection of data on newly developing technologies.

(Ministry of Industry and Civil Supplies Deptt. of Civil Supplies and Cooperation O.M. No. 9(18)/74-CSI dated 15-1-1975).

Recommendation (Serial No. 7(para 2-46).

The Committee note the announcement made by the Minister of Agriculture in the Lok Sabha on the 28th March, 1974 of the revised policy for procurement and pricing of wheat for the 1974-75 season. Food being the basic human necessity, it is of utmost importance that this essential commodity is easily available to the common man, particularly the weaker sections of society, at reasonable prices. The committee would therefore like to emphasise that whatever policy the Government decide to follow it should be sincerely implemented by all concerned. The new policy envisages an important role for the trader in the distribution of food. The Committee hope that the farmer, the trader and the public servant would imbibe a national outlook and extend their full co-operation in making the new policy a success and prevent the arising of a situation where the common man is engulfed in the spiral of rising prices. At the same time, the Committee would like Government to devise strict measures of control and regulation in respect of private trade in wheat, including a ceiling on prices and to take stringent measures against profiteers, hoarders and other anti-social elements so that the public does not suffer, by amending the existing law, if necessary.

Reply of Government

M(A) made a statement in Parliament on 28-3-74, on the new wheat policy (copy enclosed). Necessary instructions were issued to the State Governments for implementation of the new wheat policy which came into force w.e.f. 1st April, 1974. The State Governments were *inter-alia* advised to ensure the involvement of all those concerned with the procurement operations and to activate and strengthen the enforcement machinery and to exercise strict vigilance over un-licensed dealers, transactions outside the market, smuggling etc. A high level committee under the Chairmanship of Union Minister of State for Agriculture was also constituted for coordinating and reviewing the implementation of the new Rabi procurement scheme. This Committee had 5 meetings at which the progress of implementation of the scheme was reviewed and necessary action was taken where required.

With a view to check the rise in prices of wheat in the surplus States, the Government of India promulgated on 5th June, 1974 the wheat (Price Control order) 1974 fixing Rs. 150 per qtl. as the maximum price of wheat for inter-district transactions in the surplus States of Punjab, Haryana, Madhya Pradesh, Rajasthan and Uttar Pradesh and the Union Territory of Chandigarh. Subsequently, it was decided that the maximum wholesale and retail prices of wheat should be controlled in the various deficit States and accordingly, the deficit States were advised to issue necessary price control orders with the concurrence of the Central Government. A statement indicating the maximum wholesale and retail prices of wheat fixed in the various deficit States is attached.

The Essential Commodities Act, 1955 was amended further on 22 June, 1974 by means of an ordinance. The penal provisions of the Act have been made more stringent. All offences relating to foodstuffs are now triable summarily. The maximum term of imprisonment prescribed in the Act has been increased from 5 to 7 years. A minimum term of imprisonment has been prescribed for first and second/subsequent offences as three months and six months respectively. The District Collectors have been empowered to confiscate packages, coverings, receptacles, animals, vehicles, vessels etc., in addition to the essential commodities seized.

Statement made by the Minister of Agriculture in the Lok Sabha on 28-3-74 regarding the procurement and pricing policy of wheat for the 1974-75 season.

In the context of the present food situation the policy that should be adopted in regard to procurement and pricing of wheat has assumed considerable importance. Despite a good Kharif crop, the psychology of shortage prevailing in the country has unfortunately encouraged hoarding at all levels. The policy for 1974 in all aspects was considered in the National Food Advisory Council, the Consultative Committee of Parliament and the Conference of Chief Ministers.

2. After careful consideration, it has been decided to continue the procurement of wheat by the public agencies in all the States and, in addition, to allow wholesalers, both private and cooperative societies, to operate under a system of licensing and control. The existing single State zones will be continued. There will be no restrictions on the movement of wheat within the States on trade account.

3. In the surplus States of Punjab, Haryana, U.P., Madhya Pradesh and Rajasthan, 50% levy will be imposed on the foodgrain traders, including such cooperative societies on their daily purchases in the mandis/purchase centres to be given to Government at a fixed price of Rs. 105/- per quintal. After the levy obligation has been discharged, the traders including such cooperative societies will be permitted to sell the levy-free wheat within the State or outside the State on the basis of a permit. In the other wheat producing State Governments may undertake procurement by a graded levy on producers.

4. In view of the need to improve market arrivals and maximise procurement of wheat and to encourage the growers to obtain a sufficiently remunerative price which will not only provide them with an incentive to expand production but also bring out stocks. It has been decided to fix the Government purchase price of wheat for the 1974-75 marketing season

at Rs. 105/- per quintal for all varieties of wheat. Consequent upon the increase in the purchase price, the Central issue price of wheat will be revised to Rs. 125/- per quintal for all varieties of wheat.

5. The policy aims at giving the growers a good market price, improving availability of wheat particularly in the deficit States at the same time discouraging hoarding at all levels and reducing wide variations in the prices of foodgrains in various parts of the country. It is also expected to create conditions favourable for equitable distribution of foodgrains produced in the country and to enable the public distribution system to meet reasonable requirements.

6. The trade will operate under strict control and regulations including a ceiling on prices and stringent measures against violations. For successful implementation of this policy, while opportunity has been provided to cooperative societies, non-official committees will also be set up at different levels.

MAXIMUM WHOLESALE & RETAIL PRICES

Sl. No.	State/Union Territory	Maximum wholesale price approved by the Govt. of India	Maximum retail price of wheat approved by the Govt. of India	Date from which prices are effective
(1)	(2)	(3)	(4)	(5)
	(1a Rs. per quintal)	(in Rs. per quintal)		
1	Andhra Pradesh	170.00	177.00	
		(at railhead stations)		
		173.00	180.00	
		(at other places)		
2	Assam %	165.00	170.00	
		(at railhead stations)		
		175.00	180.00	
		(at other places)		
3	Bihar	170.00	175.00	6-7-74
4	Karnataka	170.00	180.00	16-7-74

% At places other than the railhead stations in Assam, the Deputy Commissioners will fix the prices within the ceilings approved.

1	2	3	4	5
5. Maharashtra*	165.00	170.00	22-7-74
		(at the terminals points of Bombay, Poona, Nagpur, Akola, Nasik, Solapur and Kolhapur)		
		170.00	180.00	
		(at other places)		
6 Orissa@	170.00	178.00	20-7-74
		(at the importing railhead station)		
7 Tamil Nadu	170.00	180.00	14-8-74
8 West Bengal	170.00	178.00	5-7-74
9 Delhi	158.00	161.00	24-6-74

*At places other than the 7 terminal points the District Collectors will fix the maximum prices. Powers for this purpose have been delegated to them under the Essential Commodities Act.

@At places other than the railhead stations the District Collectors will fix the maximum prices. Powers have been delegated to them under the Essential Commodities Act for this purpose.

N.B.—Intimation from the Governments of Andhra Pradesh and Assam about the fixation of maximum prices is awaited. In Maharashtra the maximum wholesale and retail prices have so far been fixed only at the 7 terminal points. It is not known whether at other points the Collectors have actually fixed the maximum prices. The Government of Maharashtra have intimated that they have instructed the collectors to do so. In Orissa only the maximum wholesale price at the railhead stations has been fixed.

NOTE.—The price control Order on wholesale and retail sale of wheat has since been rescinded in the following States :—

1. Maharashtra
2. Karnataka

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (S. No. 8—Para 2.47)

The Committee also recommend that the support and procurement prices of foodgrains should be extensively publicised immediately after announcement, so that the farmers in their villages become aware of these prices.

Reply of Government

After the decision regarding support and procurement prices of food-grains is taken usually a press briefing is given announcing these decisions. Sometimes a Press Note is also issued through the Director of Publicity in all the leading news-papers to give publicity to the announcement of the prices. When the Parliament is in Session, the Minister makes a policy statement on the price and procurement policy in both the Houses which is again given wide publicity through the press and various other publicity media like radio and television etc. The State Governments are telegraphically informed about the prices and they in their turn inform their field officers to give wide publicity to the announcement of the prices so that the villagers become fully aware of these prices. The network of food Corporation of India through their Zonal, Regional and District offices also gives publicity to the decisions of the Government regarding support and procurement prices, for the rabi and kharif seasons.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (S. No. 9—Para 2.48)

The Committee note that some States are surplus while others are chronically deficient in food production. Even the deficit States have some pockets of surplus areas. It is therefore imperative that realistic target of procurement of both rabi and kharif crops should be fixed in respect of each State and concerted efforts made to maximise procurement of foodgrains for delivery to the Central Pool. It is the responsibility of the surplus States to procure foodgrains to the maximum so that the deficit States can be supplied foodgrains to meet the needs of public distribution system. It is equally necessary that deficit States do not over-pitch their requirements of foodgrains but keep them to the minimum and make earnest efforts to procure foodgrains from the surplus areas in their respective States.

Reply of Government

The national food policy aims at maximising procurement in the surplus States to meet the reasonable requirements particularly of deficit States through the public distribution system. Procurement targets of both rabi and kharif crops in respect of each State are fixed after taking into account the recommendations of the Agricultural Prices Commission, the views of the State Governments, the condition of the crop and the requirements of the public distribution system. In fixing these targets, the production in the surplus pockets in the deficit States and the internal requirement of each State are also born in mind. While allocating the foodgrains from the Central Pool to the deficit States, every care is taken

to assess their requirements on a realistic basis and make ^{allocation} ~~allocation~~ of reasonable quantities keeping in view the overall stock position ^{and} ~~and~~ the requirements of other States.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74—CSI dated 15-1-1975.]

Recommendation (S. No. 10—Para No. 2.49)

The Committee consider that food problem is likely to remain with us for quite some time as a vast country like ours, is susceptible to floods, droughts, power failure etc., which affect food production. It is, therefore, very necessary to build up adequate buffer stocks of foodgrains in the country to meet unforeseen circumstances. The Committee realise that the main constraint in imports of foodgrains, is the difficult foreign exchange position as well as the high prices prevailing in the international market. The Committee would, however, like Government to seek suitable opportunity to import as much foodgrains as required not only to sustain the supplies through the public distribution system but also to build up gradually a comfortable buffer stock to influence effectively the market price for foodgrains.

Reply of Government

The recommendation has been noted.

The importance of building buffer stock of foodgrains to stabilize food economy has long been recognised. The present policy of having a buffer stock of 7 million tonnes of foodgrains continues. In order to replenish the buffer stocks which have been depleted considerably as a result of larger releases during 1972-73, sustained efforts are being made to maximise the internal procurement.

Regarding imports of foodgrains, the Government of India continues to review the position from time to time. Purchases are being made from abroad to the extent necessary to maintain the public distribution system and a minimum reserve within our limited foreign exchange resources. A watch is also being kept on international market trends and enquiries continue to be made about prices and availability of foodgrains in various countries.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74—CSI dated 15-1-1975.]

Recommendation (S. No. 11—Para 2.50)

The Committee would also like Government to undertake a review of the commitment on the public distribution system, keeping in view the stock

position and procurement prospects of foodgrains so as to keep the commitments to the extent which can be properly and efficiently met as any break down or delay in the distribution of foodgrains, apart from causing distress to the public, creates a scarce and a climate of scarcity leading to hoarding etc. The Committee would like to emphasise that while the needs of the metropolitan towns, State capitals, major industrial towns and chronically deficit areas in the various States are to be kept in view, the primary concern should be to meet the needs of the vulnerable and weaker sections of the Society through the public distribution system.

Reply of Government

The recommendations have been noted. The public distribution system is designed to serve Primarily to the vulnerable and weaker sections of the society. Time and again this has been imposed upon the State Governments who are responsible for meeting the needs of the public distribution system within the State. The State Governments have been asked to intensify procurement within the State so that with the stocks so procured and releases made from the Central Pool the needs of the vulnerable sections of the population are met through the public distribution system.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74—CSI dated 15-1-1975.]

Recommendation (S. No. 12—Para 2.57)

The Committee are informed that the average procurement incidentals and storage, movement and distribution cost incurred by the FCI amount to about Rs. 23 per quintal in the case of wheat while the average rate of Government subsidy to FCI in the case of wheat is estimated at Rs. 32.54 per quintal. The procurement price of ordinary wheat during 1973-74 having been fixed at Rs. 76 per quintal, the minimum issue price to break even would be Rs. 99 per quintal. The average landed cost of imported wheat is reported to be Rs. 107.50 per quintal. Thus, even after the issue price of wheat was raised from Rs. 78 to Rs. 90 per quintal, it remained highly subsidised by Government. The procurement and pricing policy for wheat for 1974-75 season announced by Government provides for a procurement and issue price of Rs. 105 and Rs. 125 per quintal respectively. Thus, a distributors margin of Rs. 20 per quintal is envisaged for the FCI which will still remain short of FCI's existing expenses by Rs. 3 per quintal. The amount of subsidy to the FCI during 1972-73 was Rs. 117.23 crores while during 1973-74 it is estimated to be around Rs. 251 crores. They note that the high level Committee appointed to probe into the high overheads and incidentals of the FCI, will shortly

finalise its recommendations. The Committee consider that if the present procurement and distribution policy in respect of foodgrains is not to remain a perennial burden on the public exchequer, the procurement incidentals and storages, movement and distribution costs of the FCI will have to be reduced to the minimum. The Committee therefore, recommend that Government should have the report of the aforesaid Committee expedited and thereafter ensure that necessary action is taken without any further delay to reduce the overheads of the FCI to the barest minimum. Government should in particular ensure that the distribution costs of the FCI in the case of wheat remain within the ceiling of Rs. 20 per quintal envisaged in the procurement and pricing policy announced by Government for wheat for the 1974-75 season.

Reply of Government

The Committee set up under the Chairmanship of the Union Food Secretary to emine the cost of handling of foodgrains by the Food Corporation of India has since submitted its report. The Food Corporation has already implemented some of the recommendations and is examining the mechanics of implementing the others. A standing Economy Committee has also been constituted and this Committee examines the various suggestions for effecting economy from time to time. A number of steps to effect economies have already been indicated on the basis of the findings of this Committee.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (S. No. 14—Para No. 2.64)

The Committee note the announcement made by the Minister of Agriculture in Lok Sabha on the 28th March, 1974 that the existing system of single State Zone is to be continued during the 1974-75 season. The objective of the policy should be, in the opinion of the Committee, to increase the availability of foodgrains in the open market at competitive prices, so as to reduce the burden on the public distribution system. They therefore recommend that the policy in this regard should be kept under constant review to see whether it really subserves the objective.

Reply of Government

The observations of the Committee in regard to the objective of the policy are noted.

The policy regarding restrictions on the movements of foodgrains is subjected to constant review and particularly by the time of the formula-

tion of the Rabi and Kharif procurement policies, and modifications to the extent necessary, if any are made.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74—CSI dated 15-1-1975.]

Recommendation (Sr. No. 18, Para No. 2.85)

The Committee are informed that at the retail distribution level certain malpractices are taking place regarding the quality of foodgrains issued to card holders. The Committee would like Governments to ensure that their distribution agencies insist upon taking from the Food Corporation of India foodgrains of "fair average quality" and promptly report to appropriate authorities if the supplies are of inferior quality. The inspection machinery should also be tightened to see that foodgrains are not adulterated in the course of distribution to the consumers.

The Committee also recommend that provision may be made in the Essential Commodities Act for a severe punishment for adulteration of essential commodities including foodgrains in the course of their distribution.

They would also like Central Government to take such other measures as may be required to prevent adulteration of foodgrains in the course of their distribution through the public distribution system and inform the Committee of the action taken by them in this regard in the course.

Reply of the Government

Foodgrains are allotted to the State Governments from the Central Pool for release from the FCI depots, for meeting requirements of their public distribution system. The distribution of foodgrains within the State is the responsibility of the State Governments. Foodgrains stocks are stored in the FCI depots and these godowns are rodent and damp-proof and adequate care and supervision is exercised by the qualified technical personnel to ensure storage in sound condition. After the stocks are released by the FCI, the State Governments distribute it through their own agencies and ultimately to the fair-price shops. Adequate care and precautions are being taken by the FCI to procure fair average quality foodgrains and to release the same to the State Governments.

In Delhi where Fair Price Shops owners are required to obtain supplies directly from the FCI depots in addition to a quality check exercised at the time of issue of grain, jointly drawn and sealed sample of the grain issued is handed over to the allottees. This sample is in a transparent plastic bag which can be readily and easily examined by the con-

sumer and the quality of grain issued to them compared with the sample. These samples are changed with every fresh issue.

For checking the quality of the foodgrains procured and supplied the Corporation has set up a Laboratory in Delhi Region. There are over 100 such laboratories in the country. These laboratories are manned by well trained and qualified staff. The methods standardised by the Indian Standard Institution are adopted in these laboratories. The Indian Standard Institution in consultation with the Department of Food, have laid down several standards and code of practices for improving storage practices so that the quality of the foodgrains is maintained.

Legislative Measures.—The Department of Food have also got a provision incorporated in the foodgrains dealers and control Licensing Order as well as licensing order governing the rice mills and roller flour mill's in various States which makes it obligatory on the part of the Licensees to protect foodgrains from insects, rodents, moisture and contamination etc.

Prevention of Food Adulteration Act.—Prevention of Food Adulteration Act is being implemented, by and large by the local bodies. Some of the State Governments have taken a lead in implementing the Act by establishing special deptt. and appointing whole time food inspectors, but due to financial stringencies, many of the local bodies have not been able to implement the Act effectively. The Act was last amended in 1964, so as to give concurrent powers to the Central Government to appoint Food Inspectors and Public Analyst. The penalties under the Act were made more deterrent.

The following suggestions have been made to the State Governments from time to time for better and effective implementation of the Act:—

- (i) The State Governments should constitute special cells in their Directorates so as to attend to the complaints immediately.
- (ii) Properly qualified and trained wholetime food-inspectors be appointed and the services of food inspectors be provincialised so as to make them transferable.
- (iii) Proper training to food inspectors and food analysts be given for better results.
- (iv) The laboratories undertaking analysis of foods in the States and local bodies should be properly and adequately equipped for expeditious and reliable analysis.
- (v) Educational publicity be given to focus the attention of the public for arousing consciousness amongst consumers against the menace.

- (vi) Advisory committees to constitute at all levels in a state for discussing the difficulties of traders, sellers and consumers.
- (vii) Legal assistance be given to the inspectorate staff for processing the cases in the courts.

With the amendment of the Act in 1964, a squad of 5 food inspectors has been established in the Directorate General of Health Services for checking adulteration at inter-state level and at manufacturers or wholesalers 'levels'. The squad has hired a special Post Box No. 5415 in New Delhi, where complaints are received in confidence and are scrutinised, investigated and action taken. The activities of this squad have so far been mostly confined to Union Territory of Delhi for lack of finances. A few important cases of adulteration of mustard oil in Kanpur and Bareilly have also been investigated and action taken. The squad has visited Jodhpur, Meerut, Agra, Patna, Buxer, Chandigarh, Ludhiana, Banga, Barh and helped the local authorities in tracking down the culprits.

Laboratories.—At present, there are nearly 71 food laboratories in the country working for the purpose of Prevention of Food Adulteration Act. Out of these, 48 are managed by the State Governments and 23 by the local bodies like municipal committees and corporations. Six state laboratories and one corporation laboratory are not functioning for want of properly qualified technical staff or equipment, etc. A sum of Rs. 4.25 Crores has been agreed to by the Planning Commission for giving financial assistance to the existing food laboratories in the States/local bodies for modern equipments and for establishment of 8 new combined Food and Drugs Laboratories. Another Food Research and Standardisation laboratory has been started by the Government of India at Ghaziabad. Provision has also been made for a strengthening the Central Food Laboratory, Calcutta.

Allocation during the fifth five year plan.—The following provisions have been tentatively agreed to by the Planning Commission during the Fifth Five Year Plan:

- (i) Development of Food Testing Laboratories in the States and local bodies—Rs. 75 lakhs.
- (ii) Establishment of 8 new combined Food & Drug Labs.—Rs. 3.5 Crores.
- (iii) Strengthening of Ghaziabad Lab. CFL, Calcutta, CPFA Unit and establishment of zonal offices in States—Rs. 35 lakhs.

Training of Analysts.—It was felt that food analysts working in State Labs. or in local bodies being not familiar with the latest techniques in

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food analysis, may be given appropriate training at Central Food Laboratory, Calcutta. So far nearly 41 chemists have been trained. In addition, scholarships of Rs. 250 p.m. per student for post-graduate studies in food analysis at Andhra University are also provided for the year 1973-74 and 1974-75.

Training of Food Inspectors.—Training of food inspectors are being conducted by the State Governments. However, the food inspectors from Union Territories, Railway Board, are being trained at Central Food Laboratory, Calcutta, where such facilities exist. So far 21 inspectors have been trained.

Mass Education.—Exhibitions have been arranged by Dte. General of Health Services to educate the masses about the evils of foods and drugs adulteration. The Citizen's Central Council has also been taking keen interest in creating awareness among the people against this menace. Officers of Department of Health/Directorate General of Health Services acting as associates with these voluntary organisations intensify their action against food and drug adulteration.

The recommendations of Central Council of Health.—The Central Council of Health at their meeting held in April, 1974 has urged the State Governments for taking effective steps, as suggested by Government of India from time to time for effective enforcement of the laws. The Council has also approved certain amendments in the P.F.A. Act.

Prevention of Food Adulteration (Amendment) Bill.—Apart from the various administrative measures for strengthening and tightening up the existing machinery for ensuring effective implementation it was felt necessary to amend the Prevention of Food Adulteration Act, 1954, with a view to plug the loopholes and lacuna. There has been widespread demand for making punishments under the Act more stringent.

The draft bill has been introduced in the Rajya Sabha on 12th August, 1974. The salient features of the bill are as under:—

- (i) Persons importing into India or manufacturing for sale or selling or distributing any article of food which is adulterated and injurious to health will be liable to imprisonment with a minimum of three years and a maximum of life term with fine which shall not be less than Rs. 5,000. In case of minor offences, there will be lower punishments.
- (ii) The offences under the P.F.A. Act are being made cognisable and non-bailable.
- (iii) Powers are being given to food inspectors to seize books of accounts wherever considered necessary.

- (iv) Powers are proposed to be given to health officers to destroy the food which is considered to be unfit for human consumption.
- (v) The sample is proposed to be divided into four parts instead of three so that one part can be sent to the person from whom the vendor purchased the said food.
- (vi) Time limit for making an application to the court, if the accused wants to get his sample analysed at the Central Food Laboratory, has been suggested.
- (vii) In case of food articles, where the court is satisfied that they are capable of being made to conform to the prescribed standards for human consumption after reprocessing, are proposed to be returned to the owner on his executing a bond with or without sureties for being sold after reprocessing under the supervision of such officers as may be specified.
- (viii) Provision for setting up more than one Central Food Laboratory for such local areas or areas as may be specified are also proposed.
- (ix) Inclusion of two representatives to represent the consumers interests and one more representative to represent the agricultural, industrial and commercial interests in the Central Committee for Food Standards is proposed.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Serial No. 19, Para No. 2.87)

The prime need at the moment is to maximise food production so that the requirements of ever growing population could be adequately met. The Committee feel that having regard to the experience of Punjab, Haryana and Western U.P. it should be possible to increase food production in other States also by concerted efforts which would make available in time certified seeds of high yielding varieties, requisite inputs like fertilizers, assure water supply to meet the crop requirements etc. The Committee would urge upon the authorities responsible for development of agriculture to study in detail the methods employed for achieving food production in the "Wheat Belt of India" and help create similar facilities in other States so that farmers could maximise food production in their own as well as in the larger interest of the Country.

Reply of the Government

A new strategy of agricultural development has been adopted from 1966-67. The high yielding varieties programme which is the major plank

of the new strategy, was launched in all the states from kharif, 1966. Under this programme, newly identified and evolved high-yielding strains of paddy and wheat and hybrids of maize, jowar and bajra were taken up for cultivation over large areas.

In the IV Plan, for increasing production of foodgrains, major reliance was placed on the cultivation of high-yielding varieties. Out of a total increase of 31.0 million tonnes that was envisaged, 210 million tonnes of foodgrains were predicted on the basis of the success of this programme. The implementation of the programme, however, revealed that the major progress was in wheat and bajra. The steps taken to identify the weaknesses in the rice programme has led to the introduction of new varieties developed for regional agro-climatic preferences. The main bottleneck was traced to the unsatisfactory water management mainly in the irrigation commands of the major and medium irrigation projects in the Country. A large programme of integrated development of irrigation commands in 50 major irrigation projects covering 14.0 million hectares is being put through in the V Plan. This will help in stepping up food production in the Country.

In the V Plan, it is planned to raise the level of foodgrains production to 140.0 million tonnes by the year 1978-79 over the assumed base level of 114.0 millions tonnes during the year 1973-74. From the point of view of agricultural development, three groups of States can be formed. Punjab, Haryana, Andhra Pradesh and Tamil Nadu forming Group I. In these States necessary infra-structure has already been built up to achieve the targets. The support of Agricultural Universities/Research Institutes is available. However, the present level of productivity being high, higher investments in the form of fertilisers, pesticides, seeds, irrigation and extension will have to be made for adding to the productivity.

Uttar Pradesh, Bihar, West Bengal, Orissa, Assam and M.P. comprise Group II. These States would largely determine the food economy of the Country, as out of the total additional production of 26.0 million tonnes envisaged during the V Plan, these States are expected to contribute as much as 16 million tonnes.

Rest of the States viz. Gujarat, Rajasthan, Maharashtra, Karnataka, Kerala, etc, comprise Group III. In these States the level of foodgrains production is largely dependent on seasonal conditions and pattern of rainfall distribution. Intensive efforts, based on experience of Punjab, Haryana, Western U.P. and Tamil Nadu are, therefore, being made to exploit the potential in other States, particularly the States in Group II.

The main reasons for the spurt in foodgrains production in the 'Wheat belt of India' are: (i) rapid development of minor irrigation facilities;

(ii) early harvest of kharif crops, permitting timely sowing of rabi crops and (iii) more emphasis on rabi/summer crops rather than kharif crops.

In the North Eastern States, one of the major reasons for the low productivity is the lower percentage of irrigated area under foodgrains. The monsoons, therefore, play an important role in this region. The monsoons are however, always uncertain; they may break late, they may be excessive or scanty and there may be a prolonged break between the two spells. This situation is not conducive for raising the productivity of crops. To enable the farmers to have control over irrigation and provide certain amount of stability to crops, intensive efforts are being made for the development of minor irrigation facilities, particularly the ground water resources, through individual shallow tubewells/pumpsets, etc. These States are also heavily dependent on kharif crops which sometimes get flooded over large areas, but by providing assured irrigation, the cropping system is being changed in favour of rabi and summer crops which are generally secure and assured. The pest and disease problem is also less acute in Rabi/Summer crop and yields are substantially higher than that during the main kharif season. More emphasis on Rabi/Summer crops in these States will, therefore, provide not only higher production but would also stabilise food economy.

Rice is the major crop in the North Eastern States of Assam, Bihar, Orissa, West Bengal and U.P. and Madhya Pradesh. But the present available high-yielding varieties of rice are highly sensitive to the time and sowing and temperature at the time of ripening. In the absence of control over irrigation water, farmers are unable to plan their sowing operations with a view to getting higher yields. These varieties, if sown late, prolong their maturity period when the temperature start falling and as a consequence, not only the paddy yields are low, the wheat sowing in the same fields is also very much delayed. Late sown high-yielding varieties of wheat give very poor yields. Therefore, in these States it is absolutely necessary to advance the sowing of kharif rice. Efforts are, therefore, being made to educate the farmers to raise rice nurseries in advance for the main kharif crop. The State Governments have been advised to change the water supply schedules from different canals to enable the farmers to raise nurseries earlier. This will not only help in increasing rice yield but would also enable the farmers to sow wheat in time to get higher wheat yields.

An important recent development in the field of rice cultivation has been the implementation of the Central Sector Scheme of Minikit Programme of rice during the last two years of the IV Plan. This scheme aims at popularising the latest released and pre-released varieties of rice and to get farmers' reaction to the newly identified outstanding varieties.

Under this scheme minikits of 2 varieties of similar maturity containing 2 kgs. seeds of each are supplied free of cost for trials at the district Government farms and in the farmers fields for comparison with existing varieties. The Scheme has been widely welcomed by the farmers and the State Governments and has resulted in quick acceptance of some of the new varieties like IR-20, Vijaya, Pankaj, Ratna, Sona, P. 2-21, etc. These varieties would gradually replace the existing varieties like IR-8 and Jaya.

During the V Plan, not only the rice minikit scheme is being extended to additional areas but similar programmes for wheat and millets have also been introduced. A special programme of community nurseries has been undertaken on a pilot basis in Bihar State during the current kharif season for the supply of seedlings for the suitable varieties of rice at the proper time to the farmers for timely transplantation. On the basis of the experience of this programme in Bihar State during the current year, it will be extended to additional areas not only in Bihar, but also in other important rice growing States of Madhya Pradesh, U.P., etc. during the next year.

With the introduction of dwarf high-yielding varieties of wheat with shorter duration and adaptability over large areas, the cultivation of wheat has spread beyond the traditional wheat growing States. The area under wheat has been on the increase regularly after the introduction of high-yielding varieties in 1966-67. Thereafter, there had been an upward trend in productivity as well as production. But the outbreak of rusts specially yellow and brown in the North and black and brown in the Central wheat growing areas during 1972-73 resulted in considerable decline in production and productivity of wheat. It is, therefore, proposed to introduce Chhoti Lerma over 1200 hectares in the South and Girija and other rust resistant varieties as they become available in the Northern hills under the programme of replacement of rust susceptible wheat varieties in hill areas serving as foci of rust spread. During 1974-75, it is proposed to distribute about 1600 quintals of seed of Chhoti Lerma, Girija, N.P. 846, etc.

A plan of operation for production of good quality seeds and their distribution is being evolved and implemented. For this purpose, Seed Corporations are being set up. Till the States are able to take up this work, it is being ensured that the National Seeds Corporation is able to supply the requisite quantities of seeds in the meantime.

There is an overall shortage of fertilizers and pesticides. Particular emphasis is, therefore, being laid on the efficient use of these inputs and cultivators are being given training about the correct doses of fertilisers as related to the type of soil and crops. Emphasis is also being laid on improving the management practices so as to increase the yield response

ratio of the fertilisers application. For optimising production from the available fertilisers, their application is being recommended in areas where there is greater potential for increasing production. Similarly, plans have been drawn up to meet the requirements of the Agricultural Sector in respect of electric power, diesel etc. on priority basis.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sr. No. 22, Para No. 3.17)

"The Committee note that the actual production of sugar has been much less than the installed capacity during the years 1971-72 and 1972-73. They are informed that the utilisation of the installed capacity in sugar industry depends mainly upon the availability of sugarcane for crushing in sugar factories. The Committee would therefore like Government to take appropriate measures to ensure the supply of sugarcane to the factories in sufficient quantities so that the installed capacity for manufacture of sugar is fully utilised."

Reply of the Government

The Government have noted the observations of the Committee and are fully aware of the need for augmenting the production of sugarcane and for ensuring the availability of its supplies to the sugar factories in sufficient quantities against competition from gur and khandsari industries. In order to encourage the growers to grow more sugarcane, the minimum cane price for 1974-75 has been raised to the level recommended by the Agricultural Prices Commission. The partial control policy is also being continued, and accepting the recommendation of the Sugar Industry Enquiry Commission, statutory orders have been issued that the sugar factories should share their extra realisations from the free sale sugar equally with the cane-growers. The scheme of rebates of excise duty to the industry for maximising production, particularly during the first two months of the season, and generally during the season as a whole is also being continued. The cooperation of the State Governments is also being enlisted to so regulate the functioning of the khandsari and gur industries as to keep under check their capacity to divert sugarcane from the sugar factories.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sr. No. 25, Para No. 3.30)

"The Committee note that at present there is no centrally sponsored scheme on sugarcane development in the country and that one such

scheme is contemplated for the Fifth Plan period with a total allocation of Rs. 15 crores. The Committee trust that the scheme would be finalised without further delay and implemented in the field so that the production of sugarcane in the country during the Fifth Five Year Plan reaches the targets laid down for the plan period."

Reply of the Government

The proposals in respect of the Centrally Sponsored scheme for Sugarcane Development during Fifth Plan have been approved by the Planning Commission with an outlay of Rs. 11.3 crores and the same are being processed in consultation with the Ministry of Finance.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sr. No. 26, Para No. 3.39)

"The Committee are informed that the levy sugar issued to the consumers through the public distribution system has to be supplemented by purchases from the open market. It is, therefore, necessary that price of free sale sugar is reasonable and within the paying capacity of common man. According to the present policy, however, Government have no control over the price of free sale sugar and in fact the burden of excise duty has fallen more on the free sale sugar than on the levy sugar. The Committee recommend that Government should also keep a close watch over the prices of free sale sugar in the open market and if the prices show an abnormally high trend, effective measures should be taken immediately to keep the prices at a reasonable level."

Reply of the Government

The recommendation made by the Committee has been noted. Under the policy of partial control, 30 per cent of the annual production is intended to be sold by the industry anywhere in the country at any price it can command in order to enable the industry to pay to the cane-growers much more than the minimum prices fixed by the Government, and attract more cane for crushing. To check any abnormal rises in the prices of free sale sugar without imposing any unintended control, Government are trying to achieve this objective by regulating the release of free sale sugar, every month. Recently, for example, the Government have released 50,000 tonnes of free sale sugar additionally for the festival months of October and November and the mere announcement of this decision has perceptibly brought down the rising prices of free sale sugar. It is hoped

that when the additional sugar starts moving from the factories from the 1st October, 1974, there may be further fall in the prices.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sr. No. 29, Para No. 3.59)

"The Committee note that Government have themselves admitted that the distribution arrangement for sugar in rural areas are not adequate and that they have written to the State Governments to tighten the distribution machinery and see that no malpractices take place. The Committee would like Government to review the existing distribution arrangement for sugar in rural areas to ensure proper distribution. The Committee suggest that in small towns and rural areas where the system of issue of levy sugar on Ration Cards does not exist, it would go a long way in improving distribution if the District Magistrate is regularly informed of the despatches of levy sugar in his District and he, in turn, adequately publicises the same in the District through local papers, public announcements and other appropriate media. The District Magistrate could also elicit the active cooperation of the local population in ensuring fair distribution of the commodity."

Reply of the Government

Even now the monthly quotas of levy sugar allotted to the States are sub-allocated by them to the different districts within their jurisdiction. The District authorities make further detailed allocations to the taluks, blocks, etc. The recommendations made by the Committee will be brought to the notice of the State Government.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Comments of the Committee

A copy of the communication sent to the State Governments in pursuance of this recommendation may be furnished to the Committee.

Recommendation (Sr. No. 30, Para No. 3.63)

"The Committee note that from the 1st January, 1973 the Food Corporation of India has been entrusted with the work of wholesale distribution of sugar in the country except in the case of some States which have been allowed to make their own arrangement for distribution through their public agencies or cooperatives. The Committee would like Government to review the arrangement after two years of its operation with a view to find out whether the existing arrangements are really serving the interests of consumers. The Committee need hardly emphasise that strict control should be

exercised on the overheads and administrative expenses of the Food Corporation of India on the distribution of sugar to ensure that those are kept to the minimum."

Reply of the Government

The Government accept the recommendation of the Committee and would take necessary steps to review the existing arrangements as soon as practicable. It may, however, be stated that in spite of the rise in costs of everything, the overheads and administrative expenses of the Food Corporation of India as originally fixed in January 1973 at the time of introduction of the scheme have remained unchanged.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 31, Para No. 4.7)

"The Committee regret that Government have not so far evolved any systematic method of assessing realistically the demand for and the production of vegetable (edible) oils in the country and that the data which is being relied upon for planning availability of this commodity is 'only rough approximation' largely based on assumptions. As the collection of the basic data regarding demand and production is a *sine qua non* for planning availability, the Committee recommend that Government should not neglect this prerequisite for planning and urgently evolve suitable methodology for collection of demand and production statistics in respect of vegetable (edible) oils so that the availability of this essential commodity for various purposes could be effectively planned."

Reply of the Government

The observations of the Committee have been noted and every effort will be made to improve on the present methodology and collection of basic data.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sr. No. 32, Para No. 4.14)

"The Committee note that to augment production of vegetable (edible) oilseeds, Government propose to apply "intensive district approach" in the selected States/Districts. They also note that efforts are being made to increase the area under the cultivation of sun-flower and castor which are better suited to dryland agriculture. The Committee hope that these schemes would be implemented in the field effectively during the Fifth Plan period and every effort will be made to reach the target of additional

annual production of 21 lakh tonnes of oilseeds in the country by the end of the Fifth Plan period."

Reply of the Government

Detailed Centrally Sponsored Schemes for the Intensive Oilseeds Development Programme as also for the Development of Non-Traditional Oilseeds (Sunflower and Soyabean) to be implemented during the Fifth Five Year Plan have already been formulated within an overall outlay of Rs. 18 crores approved by the Planning Commission for the purpose. These schemes have already been cleared by the Planning Commission. In order to enable the State Governments to implement these Schemes during the first year of the Plan *i.e.*, 1974-75, the administrative approval of the Government of India in respect of these schemes has already been communicated to the State Governments concerned.

Since the target of additional production is 31 lakh tonnes of oilseeds, the figure of 21 lakh tonnes appearing in the last sentence of para 4.14 may please be corrected as 31 lakh tonnes.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sr. No. 34, Para No. 4.28)

The Committee observe that the Ministry of Agriculture have not laid down any targets for imports of vegetable (edible) oils for future years and are arranging imports on year to year basis entirely depending upon their own assessment of the likely indigenous production of vegetable (edible) oilseeds. They are surprised at the argument advanced by the Ministry that in view of the fact that the production of oilseeds depends upon weather conditions, any exercise aimed at formulating import targets for edible oils for future years "would be of purely academic nature and would have little more than illusory significance". The Committee are constrained to observe that it is precisely on account of this lack of advance planning for imports that common man has to suffer the shortage of this essential commodity, which is the basic medium for his cooking, whether raw or processed in the shape of vanaspati, ever since 1972-73. The Ministry failed to arrange adequate and timely imports of edible oils during 1972-73 even though by their own estimates imports of this essential commodity were necessary for a few more years at the level of 50,000 to 1,00,000 tonnes per year, assuming that all the years have good monsoons. In order to cover this lapse on their part, different officials of the Ministry who appeared before the Committee for evidence gave different justifications for not taking advance action for imports such as existence of adequate spillover stocks of previous year avoiding over stocking, paucity of foreign exchange, other priorities for imports etc. The Committee particularly

regret the suggestions from the representative of the Ministry of Agriculture during evidence that we have to learn to live with these shortages and that there was nothing that the Ministry could do about it. The Committee have, a feeling that conditions fully justified advance action being taken for import of this commodity at short notice. The Ministry of Agriculture, however started moving in the matter only after they became aware of the likely shortfall in production on account of failure of monsoon in July-August, 1972. This caused avoidable delay in import resulting in distress caused by shortages at home and at the same time payment of higher prices for imports as in the meantime, prices in international market had risen. The Committee would like the Ministry of Agriculture to learn a lesson from the experiment of 1972-73 and in future initiate preparatory action for import of this commodity, well ahead of the season so that in case of failure of monsoons or other developments likely to cause a shortfall in the production of oilseeds, timely imports could be arranged to tide over the situation.

Reply of the Government

The Government have noted the observations of the Committee. It may however, be appreciated that so long as the severe constraints on availability of foreign exchange and the erratic price trends in the international markets prevail, the difficulties experienced lately, will not be completely eliminated.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sr. No. 35, Para No. 4.29)

"The Committee note that while Government recognise the need for building up buffer stock of vegetable (edible) oil/oilseeds, the impediments cited are lack of surplus indigenous production over a period of time, current high prices in international market, the absence of institutional set up for handling the same, large carrying costs involved, existence of large surplus capacity for production of vanaspati, and the likely deterioration of quality during storage. The Committee are unable to appreciate why creation of buffer stock of at least vegetable (edible) oilseeds should be an 'unpracticable proposition' when the maintenance of buffer stock in respect of foodgrains is an accepted policy of Government. The Committee regret that the Ministry of Agriculture did not think of building up of buffer stock of this essential commodity earlier. They recommend that, keeping in view the largely rainfed nature of the main edible oilseed crops and the 'uncertainty of monsoons, necessary steps should be taken urgently to facilitate the building up of buffer stock of this commodity, either out of surplus indigenous production or imports, for regulating free market operations in this essential commodity as well as for use in scarcity conditions".

Reply of Government

The Government has accepted as a matter of policy that buffer stock is an important instrument for stabilizing prices of different commodities over seasons. In the case of oilseeds and oils for the past few years, there has been an overall shortage in supply in relation to constantly increasing demand as a result of increase in population and money income. There has been no varietal breakthrough to boost production of oilseeds either. In such a situation of chronic shortage, it has not been considered feasible so far to build up buffer stocks of oilseeds/oils out of indigenous production and/or limited imports. Considerable decline in the production of kharif oilseeds during 1972-73 season and suspension of the imports of soyabean oil from U.S.A. under PL-480 from the beginning of 1972 made creation of buffer stocks in oilseeds/oils all the more difficult. Keeping in view the current shortage and consequent high prices of oilseeds/oils in India and abroad, there does not seem to be any possibility of maintenance of buffer stocks in oils in the immediate future. This recommendation of the Estimates Committee is, however, being kept in view and buffer stocks in oilseeds/oils will be created as and when price/supply situation improves in the country.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 36, Para No. 4.32)

"The Committee are surprised that the Ministry of Agriculture are unable to work out the demand for vegetable (edible) oils for the vanaspati industry. The Ministry are aware of the installed capacity of the various units engaged in the manufacture of vanaspati and it should not have been difficult for them to compile the overall demand of edible oils for the industry. In the absence of these figures, the Committee have a feeling that Government are not approaching the problem of raw material supplies of vanaspati industry in a systematic manner. The Committee recommend that Government should collect the figures for demand of edible oils for the vanaspati industry for the purpose of effective planning of availability of the raw material for the industry.

Reply of the Government

The Government have noted the observations of the Committee. Despite various constraints, every possible effort will be made to meet the requirements of the industry.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 37, Para No. 4.41)

"The production of vanaspati during 1972-73 was 5.80 lakh tonnes against the demand of 6.25 lakh tonnes. The likely production during the

current year (1973-74) is 4.65 lakh tonnes against the estimated demand of 6.50 lakh tonnes. The main reason indicated for the low production during 1972-73 and the current year is non-availability of edible oils except at exorbitantly high price on account of shortfall in groundnut production during 1972-73. An additional reason for the low production during 1972-73 was the prolonged power cuts imposed by various States. In this situation the Ministry of Agriculture maintain that there is little that Government could do for relieving the situation beyond taking steps to ensure the best possible distribution of the reduce supplies available during the year. The Committee however feel that, as pointed out by them in an earlier paragraph, much of the distress caused on account of shortfall in production of edible oilseeds during 1972-73 and 1973-74 could have been relieved had the Government arranged imports of edible oils/oilseeds in time.

Reply of Government

The Government have noted the observations of the Committee.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 38, Para No. 4.45)

"The Committee observe that, although the availability of edible oils in the market ultimately depends upon the production of oilseeds in the country, in their day to day procurement transactions the vanaspati industry is entirely at the mercy of the trade in edible oils. The Committee, therefore, recommend that Government should take suitable measures for eliminating undesirable trade practices such as speculative forward trading in oils etc. which distort the availability and price situation in the market."

Reply of Government

With a view to preventing the misuse of forward trading for illegal speculative purposes, forward trading, including n.t.s.d. contracts, in respect of major oil seeds and oils have been prohibited since last few years in India under Section 17 of the Forward Contracts (Regulation) Act, 1952. Forward trading under regulation is, at present, permitted only in respect of linseed and castorseed, which are inedible in nature. Following reports of illegal forward trading in various oilseeds and oils under the garb of neemseed and neem oil and the consequent rise in the prices of various oilseeds and oils, forward trading in neemseed and its oil has also been banned since 19th March, 1974. The Forward Markets Commission keeps under constant review the functioning of forward trading with a view to ensuring its proper regulation.

Recently, the Essential Commodities Act, 1955 has also been amended with a view to providing for more deterrent punishment to blackmarketeers, hoarders and profiteers.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 39, Para No. 4.48)

"The Committee recommend that Government may examine whether the existing constraints on the use of edible oils for manufacture of vanaspati could be applied on the basis of an average for any period longer than two months without appreciable adverse implications to the consumers of edible oils.

Reply of Government

The Government have noted the observation of the Committee. The period has been already relaxed to four months in the transitional months of November-February between one crop season and another, during each year and the position will be reviewed as and when necessary.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 40, Para No. 4.53)

"The Committee appreciate the difficulties involved in regulating the price or movement of edible oils because of the dispersed nature of the industry. At the same time, an assured flow of supplies at a stable price level to the vanaspati factories is necessary for meeting the vanaspati needs of the common people particularly in the northern region. The Committee therefore recommend that besides making available part of their requirements out of imports Government should examine as to how they could assist the vanaspati industry in procuring from the local market their requirements of edible oils on assured basis and at a price which may be stable over a period.

Reply of Government

The Government have noted the observations of the Committee. The Government feel that the remedy really lies in augmenting production of edible oil seeds and oils in the country not only to cater for the requirements of the vanaspati industry but also to the larger number of direct consumers of edible oils and are making concerted efforts in this direction.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 41, Para No. 4.59)

"Government have admitted that occasions arise when some delay occurs in the receipt of imported edible oils by the vanaspati factories thereby making the announced prices of vanaspati unrealistic and resulting an loss to the factories which, the industry maintain, is one of the causes for shortfall in production. The Committee are unable to appreciate the argument that the delayed supplies of imported edible oils in fact confer upon the factories an advantage as the prices of indigenous oils are constantly rising. The Committee recommend that Government should ensure that imported edible oils are made available to the factories to the full extent of usage prescribed in the pricing formula announced by Government themselves so that the industry is not to face the predicament of selling their finished product at prices below the cost of the raw material.

Reply of Government

While noting the observations of the Committee for implementation to the maximum extent possible, the Government would like to restate that, in the circumstances obtaining in this country, with raw oil prices almost continuously on the rise, the delayed receipt of allotted imported oils by the factories which certainly should be availed to the extent possible does not entail a loss as has been sought to be made out by the industry.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 42, Para No. 4.60)

"The Committee also recommend that Government may review the existing method of pricing of vanaspati as it causes undue pressure on imported edible oils, supplies of which are uncertain, and also makes for fixing the prices of vanaspati quite unrelated to the prevailing prices of edible oils out of which it is manufactured.

Reply of Government

Since the 1st June 1974, Government have discontinued the practice of making fresh allotment of imported oils to vanaspati factories at prices lower than those of indigenous oils, and of fixing vanaspati prices on that basis.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 43, Para No. 4.62)

"The Committee would like Government to once again impress upon the State Governments the need for proper distribution of vanaspati, pre-

ferably through fair price shops on Ration Cards, by taking advantage of the offer of the industry to make available to State Governments the entire production for distribution through public agencies.

Reply of Government

The Suggestions made by the Committee have been brought to the notice of all State Governments.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 44, Para No. 4.63)

"The Committee suggest that in small towns and rural areas where the distribution of vanaspati is entirely in private hands, it would go a long way in improving distribution if the District Magistrate is regularly informed of the despatches of vanaspati to dealers in his District and he in turn adequately publicises the same in his District through local papers, public announcements and other appropriate media. The District Magistrate could also elicit the active cooperation of the local population in censuring fair distribution of the commodity.

Reply of Government

The Suggestions made by the Committee have taken brought to the notice of all State Governments.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 46, Para No. 5.9)

The Committee are informed that the steps taken by Government to provide drugs and medicines to the common man at reasonable prices consists of a substantial expansion of the share of the public sector in the drug industry and a progressive increase in the number of items for which imports are canalised through public institution. The Committee need hardly emphasise that the real test whether the steps taken by Government actually subserve the objective world like in a substantial reduction in the prices of canalised imported drugs and intermediates and of the drugs produced in the public sector. The Committee would therefore like Government to keep a watch on the price trend in respect of such drugs and bring about such changes in the policy of the Government as may be called for in the light of experience.

Reply of Government

The recommendation made above has been noted for guidance and compliance to the extent possible in keeping with price trends in the international market and the costs of raw materials and other inputs which go into the cost of production of indigenous drugs.

The Government have also appointed on 8.2.1974 a Committee under the Chairmanship of Shri Jaisukhlal Hathi, to enquire into the various aspects of the Drugs and Pharmaceuticals Industry with a view to ensuring the regulated and rapid growth of the manufacture of drugs and further with a view to ensuring that all essential drugs are made available to the consumers at reasonable prices. The terms of reference *inter alia* stipulate in examination of the measures taken so far to reduce the prices of drugs to the consumers and to recommend such further measures may be necessary to rationalise the price of drugs and formulations.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 47, Para No. 5.10)

At the same time the Committee would like to point out that it is common knowledge that the foreign companies who are manufacturing and selling drug formulations under brand names are charging exorbitant prices for their products quite unrelated to their cost of production and are repatriating these profits to their principals abroad at a scale far out of proportion to their investment. The Committee recommend that Government should keep in view the role of these foreign drug companies and take such control measures as may be necessary to prevent them from exploiting the siling public.

Reply of Government

The recommendation has been noted for guidance. This aspect is always kept in view by Government.

Some of the steps taken by Government to encourage the Indian Sector and consequently to regulate the working of the foreign drug firms are indicated below:

- (i) The Indian sector of the industry is being accorded preferential treatment in the approval of manufacturing schemes, where the proposals are of comparable nature:

- (ii) The Indian sector is being allowed a longer period for producing formulations based on imported bulk drugs, so compare to the foreign collaborating units;
- (iii) Industrial licences are now generally not issued to foreign firms for producing formulations unless their proposal is linked up with the production of bulk drugs;
- (iv) Manufacture of increasing number of bulk drugs is being taken up through the public sector units;
- (v) Appropriate export obligations are imposed on foreign firms as a condition precedent to expansion in capacity or for taking up new activity;
- (vi) The Indian firms are allowed to retain larger proportion of their bulk drugs production for the purpose of formulations;
- (vii) Progressive reduction of foreign equity participation with corresponding increase in Indian shareholding, wherever feasible.

One of the terms of reference of the Committee on Drugs & Pharmaceuticals Industry appointed by Government on 8-2-1974 is as follows:—

“(iii) To make recommendations for promoting the rapid growth of the drugs industry and particularly of the Indian and Small Scale Industries’ sectors. In making its recommendations the Committee will keep in view the need for a balanced regional dispersal of the industry.”

There is a comprehensive price control on drugs whether sold under brand names or otherwise, and exemption from obtaining Government’s approval to being prices has been allowed only to these drug manufacturing units whose annual turnover does not exceed Rs. 50 Lakhs.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 48, Para No. 5.15)

The Committee regret that while the avowed objective of import canalisation of drugs is to make them available to the formulators and consumers at a cheaper price, Government find it "extremely difficult" to assess as to how far this objective has been achieved after canalisation. They note that Indian Drugs and Pharmaceuticals Ltd. are distributing the canalised imported drugs which are also produced by them, at 'pooled' price after taking into account the cost of production of their own product. This system has led to at least in the case of one imported item, a very wide gap between the landed price and the price at which it is actually distributed. Under this system, the higher cost of indigeneous production are offset by lower imported costs at the expense of the consumer and therefore there is hardly any incentive for the IDPL to effect economy in their cost of their production. The Committee therefore recommend that every effort should be made by IDPL to reduce their cost of production so as to bring it at par with the cost of imported drugs, if not lower.

Reply of Government

Please see also reply to Recommendation No. 46.

The recommendation has been noted and communicated to IDPL for implementation to the extent possible.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 49, Para No. 5.21)

The Committee recommend that Government should take an early decision on the report of the Working Group appointed to examine and suggest fair selling prices for certain bulk drugs. They would further like Government to keep a close watch on the prices of drugs so as to ensure their availability to the consumers at the prices fixed.

Reply of Government

Government have since taken a decision on the Report of the Working Group constituted under the Chairman, BICP in so far as the revision of prices of bulk drugs and revision of norms for conversion costs and packaging are concerned. These cover the two specific terms of reference of the Working Group. A statement in this regard was laid on the Table of Lok/Rajya Sabha on the 19th/24th April, 1974. Other recommendations which the working group have made under the residuary term of reference viz. "To study any other item germane to the study of the above matters" are under consideration of Government.

Government have also noted the recommendation in regard to ensuring the availability of drugs to the consumers at the prices fixed. A watch is kept on them by the Drug Control organisations at the Centre and States.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 50, Para No. 5.23)

The Committee would like the Ministry of Health to finalise early their views regarding cheapest acceptable packing for drugs and formulations so as to cut down costs and bring the prices of drugs and formulations to the minimum.

Reply of Government

A scheme aimed at making available at reasonable prices essential and house-hold remedies to the rural population, particularly the people residing in the remote areas, has been included in the Fifth Five Year Plan. Health Ministry has identified the list of essential drugs and house-hold remedies that should be made available to these segments of the population.

Apart from selecting a list of drugs, the Ministry of Health have also recommended the specific types of packings that should be adopted for various drugs. The intention is that if the packings are standardised and if the orders are placed for the drugs in large quantities, after bulking the requirements of all the indenting departments such as the Ministry of Health, the Army, the E.S.I.S. the Railways etc. it would be possible to bring down the prices of the drugs in question. The packings recommended are indicated below:

- A. All tablets should be supplied in strip packings. Each strip containing 10 tablets only.
- B. Liquid preparations should be packed in bottles intended for 2-3 days consumption depending upon the nature of preparations. The bottles should have pilfer-proof closures.
- C. All drugs supplied against this Scheme should bear in indelible ink the warning, "For Government Use Only: Not For Sale".

The fact that competent medical advice may not be available in the interior of the country, has been taken into consideration while preparing the list of drugs and recommending their packings. The idea is that for common ailments such as headache, cough, digestive disturbances, flatulence and acidity in the case of children etc., suitable instructions on the labels

in Hindi and regional languages should be given advising consumers as to how they should take the drugs. The packings recommended are such so to help a consumer to take the drug for a few days only. Big-sized packings would result in wastage of the drugs. Again, another aspect that has been taken into consideration in arriving at the packings is the need for protecting the consumer from substitution of the product by unethical parties. This has been achieved by suggesting pilfer proof closures for bottles which will contain two to three days requirements of medicine and by recommending strip packings for tablets. Though these packings might appear expensive, considering the overall quantity of drugs that is likely to be ordered and the standardised nature of the packings, Health Ministry feel that the cost of drugs could be kept down to the minimum.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 51, Para No. 5.27)

Government admit that varying prices of local taxes in the States or multipoint taxes in the same State make for scarcity of drugs particularly life saving drugs in the rural and remote areas of the country. While the Committee appreciate that the levying of local taxes including sales tax is a subject concerning the State Government, the Central Government could examine the problem in all its ramifications and tender suitable Advice to the State Governments which a view to increase the availability of at least life saving drugs in the rural and remote areas of the country.

Reply of Government

This matter has been taken up with the State Governments on receipt of full information from them the problem will be examined as desired.

One of the terms of reference to the Committee on Drugs and Pharmaceuticals Industry is to examine the measures taken so far to reduce the prices of drugs to the consumers and to recommend such further measures as may be necessary to rationalise the prices of drugs and formulations. It is expected that that Committee will look into this aspect also.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 52, Para No. 5.35)

The Committee need hardly emphasise the importance of quality control on imported as well as indigenously manufactured drugs. While the quality control on imported drugs is the responsibility of the Central Government, the quality control on indigenously manufactured drugs is

the responsibility of the State Governments. As all the State Governments do not have an adequate drug control machinery, the Central Government have launched various schemes for assisting the State Governments in evolving suitable machinery for the purpose. The Committee hope that the Central Government would implement the proposed measures vigorously so as to enable proper quality control being exercised by the State Governments on the indigenously manufactured drugs which is vital for the health and well being of the people.

Reply of the Government

The Central Council of Health and the Central Family Planning Council, which consist of Central and State Health Ministries, had reviewed drug control on an all India basis at its joint meeting held in April, 1974. It was noted by the Council that while a limited number of States have made substantial progress in enforcing quality control measures over drugs the majority of the States have not developed the proper infra-structure for this purpose. The council passed Resolution recommending the steps that should be taken by the Central and State Governments in various directions for drug control measures to be effective. A copy of the resolution passed by the Council, which is self explanatory, is attached. Necessary action on the various points mentioned in the resolution is being taken by the Central and State Governments.

AGENDA ITEM III

PREVENTION OF FOOD AND DRUG ADULTERATION RESOLUTION NO. III (2)

Drug and Cosmetic Adulteration

The Joint Meeting of the Central Council of Health and the Central Family Planning Council, having reviewed Drug and Cosmetic Control on an all-India basis, notes that while a limited number of States have made substantial progress in enforcing quality control measures over drugs, the majority of the States have not developed the proper infra-structure for this purpose. The Council further notes that the Central and most of the State Governments have not been able to appreciate so far the importance of these control measures and allocate sufficient funds in the Plan.

REALISING the patently inadequate enforcement machinery;

And *CONSIDERING* the prevalence of drug and cosmetic adulteration;

And *TAKING NOTE* of the lack of exemplary punishment.

The council *Re-iterates* the earlier stand taken by the Council making recommendations regarding the organisational pattern of effective drug control measures, namely, a whole-time officer technically conversant with the techniques of manufacture and testing of drugs, appointment of an adequate number of Inspectors on a reasonably attractive salary, establishment of a well organised analytical laboratory capable of testing samples of all categories of drugs quickly, the constitution of a Legal-cum-Intelligence Wing to combat spurious drugs with the help of police administration and maintenance of close liaison with consumers, the members of medical profession, social workers, students and youth leaders, etc. on matter relating to enforcement of the Act.

2. *RECOMMENDS* that the States which have not been able to set up proper enforcement machinery should pay attention to the appointment of a whole-time officer conversant with the techniques of manufacture and testing of drugs and to the need for maintaining close liaison with the police at the headquarters as also at district levels in tackling the menace of spurious drugs.

3. *FURTHER RECOMMENDS* that the Central and the State Drug Control Organisation should work in close collaboration in dealing effectively with the inter-State movement of spurious drugs.

4. *URGES*, upon the Central Government to expedite the implementation of the scheme for extending financial assistance to the States for establishing combined food and drug testing laboratories and recommends the setting up of, for the present, at least 25 mobile squads, equipped with wireless equipment and police personnel, for taking effective measures against drug adulteration.

5. *SUGGESTS* to the States, which are deficient in their enforcement machinery, to make the best use of the technical competence available with the Central Drug Control Organisation for inspection of firms, etc. and avail themselves of the training facilities provided by the Central Government for this purpose.

6. *APPROVES* of the suggested amendments to the Drugs and Cosmetics Act circulated with the agenda and stresses the need for deterrent punishment for drug and cosmetic adulteration including provision for life imprisonment and fine for such offences.

The Council specially stresses the need for creating public opinion against the social evil of Drug and Cosmetic Adulteration and to secure public participation to the maximum extent.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 54, Para No. 5.37)

The Committee would like Government to ensure that swift and deterrent punishment is meted out to manufacturers and dealers in spurious and sub-standard drugs.

Reply of Government

It is proposed to amend the provisions of the Drugs and Cosmetics Act, 1940 to make the punishments for offences like manufacture and sale of spurious and sub-standard drugs more deterrent. Necessary amendments to the Drugs and Cosmetics Act are now in the process of finalisation.

The Citizens Central Council has also recommended the establishment of special courts for trying of offences relating to adulteration of Food and Drugs. It is however for the State Governments to establish these special Courts.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 55, Para 5.50)

The Committee recommend that Government should make an all out effort for increasing the availability of soft coke as an alternative to Kerosene for cooking purposes. *Increased efforts are also necessary for the maximum utilisation of the associated refinery gas as well as natural gas* and for development of other non-conventional fuels so that the pressure on kerosene is relieved. The Committee would like to be informed of concrete action taken by Government in this regard.

Government's Reply

SOFT COKE:

In June, 1974 the High Level Standing Committee on Coal Transportation and Distribution felt that in view of the shortage of kerosene and furnace oil due to energy crisis, domestic consumers using soft coke as well as industrial consumers using furnace oil, would have to be supplied with soft coke and coal on priority. In pursuance of this, the Ministry of Railways have been requested to allot wagons for these consumers on a priority basis and the coal producing agencies such as Coal Mines Authority and Bharat Coking Coal Ltd., are making concerted efforts to ensure increased production and despatch of about 4 million tonnes soft coke during 1974-75 as against a despatch of about 2.9 million tonnes in 1973-74.

ASSOCIATED REFINERY GAS:

Production of gas in the refinery varies widely from refinery to refinery. The gas produced is utilized as LPG and fuel for operating the refinery units, and the balance flared. Flaring is reduced to the minimum (for technical reasons, a certain amount of gas has to be flared). To the extent, LPG is recovered from the refinery gases liquid fuel has to be used for meeting the fuel requirements of the refinery. All refineries in the country, with the exception of Gauhati and Cochin, have already maximised the production of LPG or are already close to it. LPG production in Gauhati and Cochin has started more recently and the marketing facilities are being built up. In any case, the gas is not wasted, but used as refinery fuel, thus releasing equivalent amount of liquid fuel to be marketed as fuel oil.

NATURAL GAS:

The ONGC has agreed to supply upto a maximum of 50,000 M³/day of associated gas from Ankleshwar oil field to Baroda Municipal Corporation for supply to Domestic consumers for cooking purpose and to small scale Industries as industrial fuel. An agreement to this effect in modification of the earlier one signed on 25-1-1972, is expected to be concluded shortly.

Further ONGC has recently requested the EIL and IIP to evaluate the economics of production of LPG from associated/free gas from the different Assam fields of ONGC. If found economical, ONGC will consider setting up a plant for extraction of LPG from natural gas which in view of the shortage of Petroleum products, will help to reduce consumption of kerosene in the country.

Once the major outside consumer (FCI, ASEB etc.) start uplifting the committed quantity of gas, there will be no surplus gas available from Oil India's fields. However, in view of the prevailing energy crisis and the intensive demand of LPG for domestic use in the country, OIL has submitted to the Ministry of P & C a preliminary report of a project for extraction of LPG from the natural gas. Meanwhile OIL has asked IOC to work out the marketing feasibility so as to finalise the Feasibility Report of the Project as such.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 57, Para 5.57)

The Committee suggest that it would go a long way in improving distribution of kerosene to the small towns and rural areas if the District Magistrate is regularly informed of the despatches of kerosene to dealers

in his District, and he in turn adequately publicises the same in his District, through local papers, public announcements and other appropriate media. The District Magistrate could also elicit the active cooperation of the local population in ensuring fair distribution of the commodity.

Government's Reply

Oil companies have been advised to inform the District Magistrate regularly of kerosene despatches to dealers in his District. Instructions have also been issued to the State Governments for taking action as recommended by the Committee.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 58, Para. No. 6.22)

The country is facing an acute scarcity of writing and printing paper, with the result that there has been a perceptible rise in the prices of text books, exercise books and other educational aids using paper. They are of the firm opinion that the paper crisis which surfaced during 1973-74 could have been avoided by proper planning of installed capacity to meet the demand and fuller utilisation of the existing installed capacity. The Committee recommend that Government should set before them realistic year-wise targets of installed capacity in the industry and make every effort to achieve them. In this context, they would also like to emphasise that the prime object before the Government should be to build up industrial capacity in the paper industry at the earliest so as to increase its availability and relieve pressure on foreign exchange needed for its import to meet the demand. Government should, therefore, make concerted efforts to remove all impediments coming in the way of speedy implementation of licensed/approved capacity.

Reply of Government

The present installed capacity in the country is about 9.6 lakh tonnes. The Fifth Plan aims at having a total capacity of 14 lakh tonnes per annum by 1978-79. Adequate capacity has been planned both in the public and private sectors to realise the target. While a realistic year-wise phasing of the target has been worked out and efforts are being made to adhere to it, there are a number of difficulties, particularly by way of financial resources required, which have been and are still being faced. Additional capacities are expected to materialise during 1974-75 and 1975-76, but the fructification of further capacity thereafter is somewhat uncertain because of the paucity of resources. Efforts are being made,

however, to secure additional resources—beyond those provided in the Plan—without creating budgetary deficits or cutting into resources earmarked for other sectors under the Plan. Within the available capacity, necessary measures have been taken to assure the availability of paper for educational purposes at a reasonable price. Government have issued an order under the Essential Commodities Act to regulate the pattern of production of the Mills so as to have adequate availability of white printing paper for text-books, exercise books etc.

Government are also taking measures to increase the production of different varieties of industrial and speciality papers. In the Public Sector, one project *viz.*, Nagaland Paper Project is under implementation and two more projects in Assam are under consideration. The expansion of Mandya Paper Mills is also being taken up. A Newsprint Project is under implementation in Kerala. Besides, a capacity of over 20 lakh tonnes has been licensed in the private sector. The capacity already in the pipeline and expected to materialise during 1974-75 and 1975-76 is expected to take care of the increasing demand till some of the major projects go into production.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 59, Paragraph No. 6.23)

The Committee regret that the programme for production of paper in the public sector, for which the Ministry of Industrial Development are directly responsible, did not materialise as per schedule to meet the rising demand of paper. The Committee would like to associate themselves with the recommendation contained in paragraph 1.25 of the Twenty-seventh Report of the Committee on Public Undertakings (5th Lok Sabha) on NEPA Mills and paragraph 1.3 of their Forty-fifth Report on Action taken thereon, in stressing that the Hindustan Paper Corporation, a public sector undertaking, should take a lead in developing the manufacture of paper and supply it at most competitive prices to meet the ever growing requirements of the public.

Reply of Government

The Hindustan Paper Corporation is at present engaged in the setting up of new undertaking in Nagaland for an annual capacity of 30,000 tonnes of paper through a subsidiary company. The progress made so far is quite satisfactory and the unit is likely to go into production in 1977.

The Corporation also took over a sick Paper Mill (*i.e.*, Mandya National Paper Mills Ltd.) in the beginning of 1974. The Corporation

have made strenuous efforts to rehabilitate the mill and have succeeded in making it a viable unit. The Corporation have already drawn up a scheme for its expansion, and are going ahead with the same which would generate an additional capacity of 10,000 tonnes per annum by the end of Fifth Five Year Plan.

The Corporation have also drawn up detailed schemes for two new projects in Assam which would create an additional capacity of 2,00,000 tonnes per annum. The Corporation have done the required amount of preparatory work and will be able to place orders for equipment as soon as it receives clearance from the Government.

The recommendation regarding the supply of paper by the Corporation at competitive prices will doubtless be considered at the appropriate stage when the projects of the Corporation go into production.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sl. No. 60, Paragraph No. 6.24)

The Committee would like to point out that the diversion of production from cultural to industrial paper could not have been sudden and the current shortage of cultural paper could have been avoided if Government had kept the production pattern of the mills under constant watch and taken action to arrest the tendency at the early stages. The Committee, therefore, urge Government to keep a continuous watch on the production and availability of writing and printing paper so as to ensure that there is no shortage of these kinds of paper to meet the requirements of students for text books and exercise books which should be made available to them at fair prices.

Reply of Government

A scheme has already been introduced to correct the distortion in the pattern of production and to take care of the essential requirements of the educational sector. Under a Production Control Order issued under the Essential Commodities Act, paper mills are required to manufacture white printing paper to the extent of 30 per cent of its total production. The pattern of production for certain other categories of paper have also been prescribed under the said Order issued under the Essential Commodities Act. About 80,000 tonnes of white printing paper will be supplied to Government and the balance quantity will be available for distribution to the educational sector. For this purpose, a Central Coordination Committee has been set up, which will determine the requirements of the States and make State-wise allocations of white printing paper required for text books and exercise books. The distribution within the State to the various con-

sumers is to be made through State Level Committees consisting of the representative of the Department of Education, exercise book manufacturers, book publishers, etc. This scheme has already been introduced and certain allocations have been made. The price of paper to be supplied under the scheme has been fixed at Rs. 2750/- per tonne.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sr. No. 61, Paragraph No. 6.26)

The Committee note from the Twenty-seventh Report of the Committee on Public Undertakings (5th Lok Sabha) on NEPA Mills that the expansion of capacity of Nepa Mills from 30,000 tonnes to 75,000 tonnes of Newsprint would be completed by 1974, that the Hindustan Paper Corporation's 70,000 tonnes capacity Newsprint Project in Kerala would be completed by 1976 and that there were three other projects in the private sector. The Committee would take this opportunity to reiterate the recommendations made by the Committee on Public Undertakings in paragraph 1.20 of their aforesaid report and paragraph 1.3 of their Forty-fifth Report on Action Taken thereon, and stress that serious effort should be made to commission the additional capacities for production of Newsprint in the Public Sector according to the time schedule laid down and Government should keep a careful watch on the progress of the private sector projects so as to achieve self-reliance in respect of Newsprint at the earliest.

Reply of Government

All possible measures are being taken to establish additional capacity for newsprint. The expansion programme of the National Newsprint and Paper Mills is under constant review. The programme of expansion of capacity to 75,000 tonnes per annum is likely to be completed by the end of the current financial year. The Company have since come forward with a scheme for further expansion of the mills which, if implemented, would double the capacity. The Detailed Project Report is under examination of Government.

The Kerala Newsprint Project, the other public sector project, is also going ahead. The sanction of the foreign exchange loan has been given but the negotiation of a project loan from Foreign Financing agencies will take some time before import orders can be placed. All other steps are being taken to complete the project early.

Of the three projects in the private sector, the proposals regarding import of plant and machinery have been cleared by the C.G. Committee

in respect of two schemes. The companies are now negotiating for foreign exchange loan as well as rupee finance required for the project.

The progress in respect of the third scheme, is not satisfactory. Careful watch is being kept on all the schemes including the public sector projects, and the possibility of getting other parties interested in putting up paper/newsprint projects is being investigated.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9 (18)/74-CSI dated 15-1-1975.]

Comments of the Committee

The Committee would like to emphasise the need for fixing realistic time-targets for the completion of different stages involved in the setting up of various public sector projects and for strictly adhering to them.

Recommendation (Sr. No. 64, Paragraph No. 6.36)

The Committee recommend that Government may seriously examine the prospect of setting up mother paper pulp mills in areas where there is a concentration of small scale paper manufacturers to meet the requirements of such units.

Reply of Government

The Government accept the recommendation in principle. The establishment of mother pulp mills would, however, depend on the availability of suitable raw materials, and the economic of such projects. Both these aspects are under examination and a decision will be taken as soon as the studies are completed.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9 (18)/74-CSI dated 15-1-1975.]

Recommendation (Sr. No. 65, Paragraph No. 6.39)

The Committee note that Government have been able to get a commitment from the paper manufacturers for making available a limited quantity of writing and printing paper at a reduced price for the use of Government for educational purposes. The Committee would like Government to keep the situation under constant watch so as to ensure that the commitment made by the industry is actually fulfilled. The Committee also recommend that if at any stage, this informal arrangement with the industry does not work satisfactorily, Government should not hesitate to reimpose price control on writing and printing paper so as to make it available for educational purposes at a reasonable price.

Reply of Government

Government are keeping a careful watch on the situation. The recommendation of the Committee regarding the imposition of price control on writing and printing paper will be kept in view.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975.]

Recommendation (Sr. No. 66, Paragraph No. 6.41)

The Committee note that a special committee is at present engaged in evolving a code of conduct for the paper industry and trade to the present malpractices in the distribution of paper. It would also take suitable measures to ensure, implementation thereof. The Committee would like to publish the "Code of Conduct" for general information, try the new system for some time and thereafter review the position in the light of experience in order to ensure that it subserves the objective underlying it.

Reply of Government

On behalf of the paper industry, the Chairman, Joint Committee of Paper Industry stated that the committee would give publicity to the code of conduct adopted by the industry. However, this has not been done uniformly by all the mills. The matter has been taken up with the Chairman Joint Committee of Paper Industry. In the meantime Government are also considering other alternatives to ensure equitable distribution of paper among the consumers.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975.]

Recommendation (Sr. No. 68, Paragraph No. 6.50)

The Committee note that to make available popular varieties of cloth required for mass consumption at reasonable prices, Government introduced statutory control on the production and prices of mill-made dhoties, sarrees, long-cloth, drill and shirting cloth in 1964. The production covered under this arrangement was about 50 per cent of total production of mill cloth and the obligations of individual mills were fixed under statutory orders. With effect from 1st January 1967, this statutory obligation upon the mills was reduced from 50 per cent to 40 per cent. This scheme was further modified in May, 1968. Control was continued only in respect of coarse and lower medium categories of above varieties of cloth which accounted for about 25 per cent of total production of mill cloth. The

quantum of production of such cloth by each mill was fixed under a statutory order but a scheme of collection of compensation at the rate of 6 paise per sq. metre from mills towards short-fall in production of controlled cloth, was introduced. As no increase in price of controlled cloth was allowed after May, 1968, the production of controlled cloth fell from about 200 million sq. metres in November, 1968/January, 1969 quarter to about 9 million sq. metres in February/April, 1971 quarter. In 1971, Government accepted the industry's offer to produce 100 million sq. metres of controlled cloth every quarter on a voluntary basis w.e.f. 1st June, 1971. Until April, 1974, the mills were required to produce controlled cloth to the extent of 12 per cent of their production or 3.44 sq. metres per loom shift of 8-hours worked and the penalty for non-fulfilment of the obligation was Re. 1/- per sq. metre. With effect from 1st April, 1974, the quantum of production of controlled cloth has been doubled from 100 million sq. metres to 200 million sq. metres per quarter and the penalty for non-fulfilment of obligation by the mills has been increased to Rs. 2.50 per sq. metre. Under the revised scheme the varieties of controlled cloth have been increased to include medium 'A' category of cloth also and the prices of cloth have been increased by 30 per cent over the May, 1968 prices. It would be evident from the above that there has been no firm policy about the production of controlled cloth by the mills. While in 1964 the statutory obligation upon mills for the production of controlled cloth was about 50 per cent of the total production of the mills, this was reduced to 40 per cent in 1967 and then to 25 per cent in May, 1968. Further, the 1968 scheme allowed the mills to opt out of the scheme by paying a nominal amount of 6 paise per sq. metre as penalty. The result was that production of controlled cloth fell drastically from 200 million sq. metres to 9 million sq. metres per quarter. Although in June, 1971, the industry agreed to produce 100 million sq. metres of controlled cloth every quarter actual production has always fallen short of the agreed quantum except in the first year i.e. June, 1971 to May, 1972. Moreover, the controlled cloth to be produced under this voluntary offer was less than 10 per cent of the total production of cloth by the mills as compared to 25 per cent under 1968 Scheme, 40 per cent under the 1967 Scheme and 50 per cent under the earlier 1964 Scheme. The Committee are unable to understand why Government acquiesced in production of lesser quantity of controlled cloth by the Mills, and did not pursue a firm policy to make adequate quantity of popular varieties of controlled cloth available to the people. It has been argued that it was not possible to meet the entire requirements of the weaker sections of society out of the controlled cloth as the production of this cloth results in heavy loss to the industry. The Committee feel that with the 30 per cent increase in price of controlled cloth now allowed to the mills under the new policy, this argument is no

longer tenable. A more systematic approach to the problem would, in the opinion of the Committee, be to determine the minimum annual requirement of controlled cloth on the basis of a minimum per capita annual requirement of 12 sq. metres and the size of the population which has to be catered for particularly the weaker and vulnerable sections of society. The Committee urge that Government may urgently assess the requirement of controlled cloth as aforesaid and take suitable measures to further increase the production of controlled cloth to meet these requirements.

Reply of Government

1. The number of persons in the weaker sections of the population (below the poverty line with a maximum income of Rs. 300) at the end of the Fourth Plan period (1973-74) is estimated at 230 millions. There has been no recent assessment of cloth requirements of the weaker sections of the community. The last assessment made on the basis of data of the National Sample Survey was in 1964-65 when the per capita consumption was 6.5 metres. Assuming a normal growth of 1.5 per cent per annum, per capita consumption should stand at 7.5 metres in 1973-74. The total requirements of controlled cloth on the above basis should, therefore, be 1725 million metres. Since the mill sector's share in the total cloth production is nearly 50 per cent, the mill sector's obligation to produce controlled cloth works out to 860 million metres per annum.

2. Government have already decided to increase the production of controlled cloth from 400 million metres to 800 million metres with effect from 1st April, 1974. Government considered that the larger the area of the controlled cloth, the greater is the obligation to fix a price closer to the economic price; the present increase of price over May 1968 prices by 30 per cent falls considerably short of an economic price. A sufficient area of production was proposed to be left out of controls for textile mills to be able to earn an over-all reasonable return that will absorb the loss from the manufacture of controlled cloth. An obligation to manufacture controlled cloth fixed on a far higher limit would require the increases in the prices which cannot be borne by the weaker sections; for higher the quantum of controlled cloth the greater is the necessity to provide a price increase nearer to the level of economic prices.

3. In these circumstances, it is not possible at present to provide for production of controlled cloth by the mill sector at a level higher than 800 million metres per annum, which does not fall far short of the calculated requirement of 860 million metres vide para 1 above.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) OM. No. 9(18)/74-CSI dt. 15-1-1975]

Recommendation (Sr. No. 69, Para No. 6.51)

*The Committee also consider that the obligations of individual mills for the production of controlled cloth should be fixed under statutory orders so that there is no shortfall in production.

Reply of Government

No comments in view of the foot-note added by the Committee.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975.]

Recommendation (Sr. No. 71, Para No. 6.56)

†The Committee would like Government to ensure that the controlled cloth produced by the mills is of the required variety, fast colour and standard width so as to meet the actual needs of people. They recommend that Government should also tighten their inspection machinery so as to ensure that the mills actually produce such cloth to meet their controlled cloth obligation.

Reply of Government

The constructional particulars of controlled cloth have already been statutorily prescribed. These take into consideration the consumer requirements in regard to variety, colour/fastness, etc. These specifications are being reviewed from time to time in the light of the consumer requirements and actual production and are modified as and when considered necessary.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975.]

Recommendation (Sr. No. 73, Para No. 6.65)

The Committee are afraid that if controlled cloth is not lifted from the mills on a timely basis for whatever reasons, it is bound to lead to mal-

*At the factual verification stage, Government have stated that new policy enforced from 1-4-1974 provides for compulsory statutory production of a minimum of 24 per cent of the total production of a mill in the form of controlled cloth.

†At the factual verification stage, Government have stated that the revised policy effective from 1-4-1974 provides for control on variety-wise production of controlled cloth.

practices **In fact** the Committee have received reports that in many cases the cloth is deliberately not lifted timely by collusion between interested parties to the detriment of the needy consumers. The Committee recommend that Government should investigate in each case where the cloth has not been lifted in time by its nominees, be they Cooperatives or others, whether the reasons therefor are genuine. They would further like Government to consider this matter in depth and devise measures so as to plug this loophole for malpractice in the distribution of controlled cloth.

Reply of Government

The State Governments, who are primarily concerned with the lifting of controlled cloth, are being requested to look into any cases of delay in lifting of such cloth and take remedial actions and apprise Central Government of the action taken.

Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt./15-1-1975.]

Comments of the Committee

Action taken by State Governments may be communicated to the Committee also.

Recommendation (Sr. No. 74, Para No. 6.66)

The Committee feel that the malpractices in the distribution of controlled cloth would be minimised if it is sold through fair price and authorised shops on ration cards. In metropolitan and industrial towns, the controlled cloth should be made available through fair price and authorised shops situated in areas where there is large concentration of workers and other belonging to low income group and in Jhuggi Jhonpri areas. People should be made aware of the existence of these shops by public announcements published in popular information media. The stocks received by these shops should also be similarly publicised. In small towns and rural areas, it would go a long way in improving distribution if the District Magistrate is regularly informed of the despatches of controlled cloth in his District and he in turn adequately publicises the same in his District through local papers, public announcements and other appropriate media. The District Magistrate could also elicit the active cooperation of the local population in ensuring fair distribution of the commodity.

Reply of Government

Detailed discussions with the State Governments in regard to strengthening the distribution arrangements have been held recently. As a re-

sults, the following broad guidelines have been issued by the Textile Commissioner to the State Governments:—

- (i) Steps may be taken to reach the cloth to semi-urban/semi-rural centres with a population of 15,000 to 20,000.
- (ii) The ration cards/household cards etc. may be made the basis for sale of controlled cloth.
- (iii) Cloth may be sold to people with minimum specified monthly income.

As regards the suggestion for publicising the shops where this cloth is sold by the District Magistrate etc., the State Governments who are concerned with retail distribution of controlled cloth are being apprised of the Estimates Committees' recommendations and advised to take suitable action thereon.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt./15-1-1975.]

Recommendation (Sr. No. 75, Para No. 6.67)

The Committee also recommend that Government should lay on the table of Lok Sabha every six months a statement showing the production of various categories of controlled cloth by the mills and its State-wise distribution.

Reply of Government

Noted for compliance.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation O.M. No. 9(18)/74-CSI dt./15-1-1975.)]

Recommendation (Sr. No. 76, Para No. 7.5)

The Committee appreciate that the power supply to industries had to be cut in different States for reasons beyond the control of the respective State Electricity Boards. They, however, feel that the aluminium industry, which is of vital importance for defence, tele-communication, power transmission etc., should have received special consideration in the matter of availability of power. The Committee consider that as the Ministry of Mines and Metals are primarily concerned with the production of aluminium in the country, it is their responsibility to assist the primary producers of this commodity in overcoming the problems which are vitiating production. The Committee, therefore, recommend that the Ministry of Mines and Metals should vigorously take up with the State Governments concerned

the question of providing adequate power to the various units so as to enable them to utilise the installed and licensed capacity to the optimum extent.

Reply of the Government

The question of making available adequate power to the units engaged in aluminium production had been taken up vigorously with the concerned Electricity Boards, Planning Commission and the Ministry of Irrigation and Power. In view of the over-all shortage in power in the States where aluminium smelters are located, it has not been possible to ensure that requisite power is made available to the smelters. The existing shortage of power supply to aluminium smelters is expected to continue for some-time. However, constant endeavours are being made in this regard by the Department of Mines keeping in view the need for stepping up aluminium production.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sr. No. 77, Para No. 7.10)

The Committee recommend that as aluminium utensils are generally used by weaker sections of society, the Ministry of Mines and Metals should have the requirements of the utensil industry which consumes commercial grade aluminium, surveyed with a view to provide adequate raw material to this industry.

Reply of the Government

The Development Commissioner, Small Scale Industries, has initiated action to conduct the survey on the requirements of aluminium for the utensil industry in the small scale sector. Once complete particulars of the end uses of commercial grade aluminium are available and proper census of the operating small scale units has been compiled, it should be possible to consider, along with the stepping up of production, arrangements for provision of adequate commercial grade aluminium to this industry.

In the meanwhile, this Department have, for the year, 1974-75, placed at the disposal of DC, SSI 5,000 tonnes of commercial grade aluminium ingots for distribution to the small scale units engaged in the production of items other than automobile and auto-ancillary components. The action taken by this Department would relieve to some extent the difficulties of the small scale units engaged in the utensil industry

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sr. No. 78, Para No. 7.21)

7.21. The Committee are concerned to note that the production of soda ash which is a vital industrial raw material has declined while its demand has increased. It is admitted that one of the reasons for the shortage of this commodity is that the installed capacity has not kept pace with the rising demand from the consumer industries. The Committee observe that the production capacity for this industry is not coming up on account of the delay on the part of the Government in taking a decision in regard to feed-stock for the industry. The Committee would like Government to take early decision in this respect so that the additional capacity licensed and approved for this industry actually materialises and the demand of the consumer industries is met in full.

Reply of the Government

The present status of the soda ash industry in the country is given below:

(ii) Annual target of capacity by 1978-79	.	11,00,000	tonnes/	year
(ii) Annual target of production by 1978-79	.	8,80,000	„	„
(iii) Annual capacity already installed	.	6,17,600	„	„
(iv) Capacity under implementation	.	2,15,000	„	„
(v) Additional capacity for which letters of intent have been issued	.	6,23,000	„	„
Total capacity approved (iii + iv + v)	.	14,55,600	„	„

The soda ash industry is capital intensive and the gestation period for a new unit is over five years. About 1.8 to 2.0 tonnes of Common Salt and 1.5 to 1.8 tonnes of Limestone are required for producing one tonne of Soda Ash by the Standard Solvay Process. As these are substantial quantities, it is desirable to locate the Soda Ash plant at such place which has advantage of such large quantities of Salt and Limestone in the near vicinity. The sea is the main source for Common Salt and, therefore, Standard Solvay Soda Ash plants are built more or less on the sea coast. That is why the three plants in India have been built on the coastal towns of Mithapur, Porbunder and Dhrangadhara in the State of Gujarat. Tolerably good quality of lime stone is also available in the vicinity of these locations. But there have been signs that very high quality lime stone normally required in this process—is not likely to be available in larger quantities in the State of Gujarat. Together with this factor, a very important factor has come up against further concentration of Soda Ash capacity in the State of Gujarat viz. the large tonnage of transport required

for cross-movement of coal and hard coke from distant coal fields and the off-take of the finished raw material to far away consuming centres in West Bengal, U.P., Bihar, Tamil Nadu, Andhra Pradesh etc. on these grounds, a view was taken that further creation of Soda Ash capacity in the country should be done preferably in States other than Gujarat. The view was taken that further creation of capacities for Soda Ash Production in the country should be by the Modified Solvay Process where no lime stone is required and the requirement of common salt is 25 to 30 per cent less than in the Standard Solvay Process. In the Modified Process, for a minimum economic unit of 200 tonnes of Soda Ash per day, about 23,000 tonnes of Ammonia and 40,000 tonnes of Carbon Dioxide are required per year. As it is not economically viable to put up a single Ammonia Plant of a capacity of only 23,000 tonnes per year, such Soda Ash Projects have to be integrated with nitrogenous fertilizer plants. In the last five years, new schemes have accordingly been approved on the basis of the modified solvay process covering a total capacity of 5.83 lakh TPA. In addition, the present units based on standard solvay process have been allowed expansion to the extent of 2.55 TPA and the progress of implementation is satisfactory.

Additional capacity to the extent of 4.47 lakh tonnes of soda ash is expected to materialise by the implementation of the following schemes before the end of the V Plan period:—

		(lakh tonnes)
Tata Chemicals	(Expansion)	1.40
Saurashtra Chemicals	"	1.00
Dhrangadhra Chemicals	"	0.15
Haldia Port. Project	(New Unit)	0.60
Maharashtra Coop.	"	0.66
Tuticorin Alkalies	"	0.66
TOTAL		4.47

This would bring the total installed capacity to 10.64 lakh tonnes by 1978-79 and with this capacity it would be possible to meet a demand of 8.80 lakh tonnes by the end of the Fifth Plan period.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dated 15-1-1975.]

Recommendation (Sr. No. 79 Para, No. 8.9)

The Committee find that as many as 20 commodities are under the special watch of the Civil Supplies Organisation. The Committee feel

that some of these commodities e.g. electric lamps, hurricane lanterns, footwear, household utensils etc. need not engage the attention of the Civil Supplies Organisation as the supply position in these cases is easy. The Committee recommended that there should be a system of periodical review of the items for special watch by the Civil Supplies Organisation with a view to confine the special attention of that Organisation to only such Commodities of mass consumption the availability position in respect of which, is not comfortable.

Reply of the Government

The recommendation has been accepted. Necessary action has been initiated by the recently constituted Deptt. of Civil Supplies and Co-operation.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975].

Recommendation (Sr. No. 80, Para No. 8.20)

The Committee appreciate the objective with which the Civil Supplies Organisation was set up in order to provide timely intelligence to the highest authorities in Government in the matter of demand and availability of essential commodities of every day use to the public. They note that it serves as a nodal organisation which keeps a constant watch on the availability and price trends of various essential commodities and informs the concerned agencies for taking remedial action to deal with shortages. While the Committee do not want to minimise the service rendered by this organisation in times of real stress and strain and in effecting coordination between different departments they feel that it has not put its experience to full use in refining its forecasting ability or in projecting in a meaningful manner the areas of likely shortages and strains so as to facilitate action at the highest level. A plea has been put forward before the Committee that there are constraints of funds and man-power which come in way of the Civil Supplies Organisation discharging its duties and responsibilities in a meaningful manner. The Committee feel that the role and objectives of Civil Supplies Organisation should be precisely defined by Government and they should be given expert corps of staff well-versed in economics with practical fields experience so as to assess and forecast in a realistic manner the requirements, the likely availability, the stresses and strains developing in the system and present a plan for action so as to facilitate decision making at the highest level. The Committee would like to be informed of the action taken by Government to streamline and reorient the Civil Supplies Organisation to discharge effectively its duties and responsibilities.

Reply of the Government

The recommendation has been accepted.

The new Department of Civil Supplies and Cooperation has been created in the Ministry of Industry and Civil Supplies with effect from 11-10-1974, for serving as a nodal organisation, which would be equipped with the requisite staff, to discharge more effectively the duties and responsibilities specified by the Committee.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation O.M. No. 9(18)/75-CSI dt. 15-1-1975]

Recommendation (Sr. No. 81, Para No. 8.27)

The Committee feel that the active involvement of public in the enforcement of various civil supplies control measures at all levels—village, tehsil/taluk, district—would be of immense help to the existing organisation evolved by the State Governments for the purpose. The Committee, therefore, suggest that a special study may be made by the Civil Supplies Organisation as to the manner in which effective public cooperation could be mobilised for the assistance of the executive machinery for the enforcement of the various civil supplies control measures in the States. The conclusions arrived at after such study may be commended to the State Governments for adaptation.

Reply of Government

The recommendation has been accepted. Necessary follow up action has been initiated in consultation with the State Governments and the Administrative Ministries concerned.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation O.M. No. 9(18)/74-CSI dt. 15-1-1975].

Recommendation (Sr. No. 82, Para No. 8.30)

The Committee would suggest that the Civil Supplies Organisation should make a comparative study of the Civil Supplies Organisations and control machinery evolved by the different States, analyse and evaluate the same, and make the results of their study available to all the States for their benefit.

Reply of Government

The recommendation has been accepted. Necessary follow up action is being taken in consultation with the State Governments and Union Territory Administrations.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation O.M. No. 9(18)/74-CSI dt. 15-1-1975].

Recommendation (Sl. No. 83, Para No. 8.32)

The Committee would suggest that the Civil Supplies Organisation should make a comparative and critical study, commodity-wise of the different control orders issued by the various States. The result of the study made should be circulated to the State Governments to enable them to take corrective measures, wherever necessary.

Reply of Government

The recommendation has been accepted. Necessary follow-up action has been initiated in consultation with the Administrative Ministries concerned and the State Governments.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975.]

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENTS REPLIES

Recommendation (Sl. No. 3, Para No. 2.7)

The Committee note that to reduce the timelag in the availability of the data from the States, the Ministry of Agriculture introduced in 1969-70, a wholly centrally financed scheme known as 'Timely reporting of estimates of area and production of crops' and the scheme is in operation in eleven States so far. This scheme envisages advance data collection in respect of one out of the five villages selected at random i.e., in respect of about 20 per cent of the villages. In addition, the National Sample Survey Organisation of the Department of Statistics also arranges supervision of crop cutting experiments and land utilisation statistics by the State Governments. According to Government, this supervision was not adequate and the data also was not very reliable. A new scheme for data collection is being introduced by the Department of Statistics in cooperation with the Ministry of Agriculture under which 10,000 villages would be selected from data enumeration—half of these villages will be supervised by the State Government staff and half by the Central Organisation staff and the data would be exchanged between the State Government and the Central Government so as to have more reliable and timely statistics. The Committee found that neither the scheme introduced by the Ministry of Agriculture in 1969-70 to collect timely data about the production in each State nor the scheme under which National Sample Survey Organisation supervised cutting experiments and land utilisation statistics were found effective in collecting reliable and timely production data in the States. It is surprising that Government could not effectively coordinate the activities of these two departments and put into force a scheme to collect reliable and timely data. The Committee are not sure whether the new scheme for data collection, which is now being introduced by the Department of Statistics in cooperation with the Ministry of Agriculture has been evolved after a thorough examination of the shortcomings found in the earlier schemes. The Committee would like Government to closely watch the results of the working of the scheme so as to effect improvements without delay. The Committee need hardly stress that unless Government arrange to assess reasonably correctly the crop prospects they would not be able to take timely measures to procure the food-

grains within the country and/or import them from outside or initiate concerned measures for implementing contingency emergency agricultural production programme. The Committee would like to be informed of the concrete measures taken in this behalf and the success achieved in procuring more accurate and realistic estimates of food production.

Reply of Government

The scheme for timely reporting estimates of principal crops initiated by the Ministry of Agriculture in 1969-70 was phased over different States during the Fourth Plan period. Initially it covered two States of Maharashtra and Uttar Pradesh and later extended gradually to cover other States. The scheme is currently in operation in eleven States where there is a regular reporting agency. The proposals for extension of the scheme to Punjab have recently been approved and the State requested to take action to implement the scheme from the kharif season of 1974-75. Proposals have also been received from the Government of Jammu & Kashmir for extending the scheme. These are being processed in consultation with the Department of Agriculture and the Ministry of Finance. A proposal to initiate a similar scheme in a miniature form in the States of Kerala, Orissa and West Bengal which do not have regular reporting agency, forms part of a new scheme included in the Fifth Five Year Plan. The scheme is yet to receive the approval of the Expenditure Finance Committee.

The National Sample Survey Organisation of the Department of Statistics had only limited staff resources till 1973-74 for organising supervision on crop cutting experiments and land utilisation statistics. The supervision of field work of crop cutting experiments was largely intended to ensure uniformity in concepts and definitions and other procedures rather than for working out correction factors. The supervision of land use was carried out only on a nominal scale and was intended to indicate broad areas which required improvement.

It may be mentioned that the scheme of the Ministry of Agriculture for timely reporting of estimates of area and production of crops has helped greatly in collection reliable and timely production data in the States. The experience of running the schemes in the States has been that, by and large, the scheme has been able to meet its objective of providing fairly reliable estimates of area under different crops immediately after sowing and very much ahead of the availability of data based on complete enumeration of all villages. The scheme has also been able to provide estimates of production based on the partial receipt of data relating to crop cutting experiments. Since the scheme was not in opera-

tion in all the States, it was not possible to build up estimates of different crops at the all-India level. It is expected that with the implementation of the scheme in all the States, it would be possible to have timely estimates of area and production of principal crops.

It is anticipated that the scheme of the National Sample Survey Organisation for supervision of crop cutting experiments and land-use statistics would also prove effective. The object of the supervision till recently was only to find out the departures in the field of prescribed procedures. It is only the new scheme under which supervision would be carried out in a sample of 10,000 villages, that would provide valid correction factors for both area under crops and their yield rates. The Committee has recommended that the Government should keep a close watch on the results of the working of the scheme so as to effect improvements without delay. As mentioned already the scheme consists of two parts (i) inspection by the Central staff in a sample of 5000 villages and (ii) inspection in 5000 villages by the State supervisory staff. It has so far been possible to get the sanction of the Government to implement only the central part. Proposals for assistance to the State Governments for entertainment of additional supervisory staff to be able to organise inspection in a sample of 5000 villages are still under the consideration of the Government. It is expected that a decision would be taken so that it would be possible to request the State Governments to undertake this programme from the ensuing rabi season. It is relevant to mention that the Governing Council of the N.S.S.O. under the chairmanship of Prof. V. M. Dandekar, Director, Gokhale Institute of Politics and Statistics, keeps a close watch on the functioning of the scheme and reviews both the organisational and technical aspects of the programme as also the results thereof.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975.]

Recommendation (Sr. No. 4, Para No. 2.12)

The Committee understand that in 1972-73 Government had a buffer stock of 7.8 million tonnes of foodgrains but with the failure of monsoon in June-July 1972 an unprecedented pressure developed on the public distribution system. The Committee understand that Government resorted to Emergency Agriculture Production Programme at a cost of Rs. 148 crores to bring about increase in Food production. The Committee are left with an impression that if Government machinery had been able to assess correctly that there was a shortfall of as much as 22 million tonnes between the crop of 1972-73 and of previous year, they would have taken more expeditious measures to rearrange for import of foodgrains in time rather than get them towards the fag end of 1972-73 when the pressure

on the prices of foodgrains had become unrelenting and had caused widespread distress to the public at large particularly the weaker section of society. The Committee would like Government to learn two lessons from this experience. First, their methodology and organisation for assessment of demand and availability of foodgrains needs significant improvement. Secondly, Government should not allow their buffer stock to be depleted to the extent that happened during 1972-73 as thereby their position to influence prices through release from the buffer stock gets perceptibly reduced leading to spiralling up of prices and exposing the weaker Sections of society to great suffering.

Reply of Government

Recommendations have been noted.

Methodology & Organisation for Assessment of Demand and Availability of Foodgrains

1. Demand.—Demand for foodgrains comprises (a) demand for human consumption, (b) provision for seed, livestock feeding, industrial use, (c) requirements for inventories and (d) other uses. For estimating demand for human consumption in the different plans, such factors as population and likely growth of population, existing consumption levels, existing level of income/expenditure and postulated growth in incomes/expenditures and consumption have generally been taken into account. In the First Plan demand for foodgrains was worked out, firstly in relation to the then existing levels of *per capita* (adult equivalent) daily consumption of cereals and pulses, and secondly on the basis of a slightly higher requirement to improve the diet. For the second plan, the factors taken into account included the postulated increase in total urban population, the need to improve *per capita* consumption, the need to counter possibilities of inflationary pressures and effects on food consumption of increase in national income and changes in its distribution were taken into account. In the draft Fifth Plan, the demand for foodgrains etc. has been estimated with the help of a Consumption Model built up on the basis of data on consumption expenditure by commodities and size classes thrown up by the successive rounds of the National Sample Surveys. An additional factor taken into account has been the envisaged reduction in inequality of incomes. Provision for food, seed industrial use and wastage is made on the basis of conventional estimates derived from marketing surveys. As regards inventories, there is generally the difficulty of making precise estimates of requirements at different levels, particularly at the farm and trade levels. Since the Fourth Plan, provision has been made for the building up of a buffer stock.

2. **Planning Imports.**—A broad picture about the likely imports during a plan period is obtainable on the basis of the estimates of demand and the production targets fixed under the plans. The Fourth Five Year Plan aimed at self-sufficiency in foodgrains production by 1973-74. The draft Fifth Five Year Plan also envisages self-sufficiency in foodgrains in the country. However, on account of seasonal fluctuations in production from year to year, imports of foodgrains are planned essentially on an annual basis. For any given year imports of foodgrains are planned on the basis of the anticipated gap between requirements and domestic availability.

3. **Buffer Stocks.**—The present policy of having a buffer stock of 7 million tonnes of foodgrains continues. While it is Government's efforts to see that the buffer stocks are not depleted, occasions do arise when compelling circumstances like drought, floods and inadequate availability and exorbitant prices of foodgrains in the foreign market compel Government to draw upon buffer stocks. Such occasions cannot always be foreseen. However, when depletion of buffer stocks takes place, sustained efforts are made by Government to restore the buffer level of stocks through intensifying procurement and or imports to the extent possible within the limited foreign exchange resources.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975.]

Recommendation (Sl. No. 13, Para No. 2.59)

The Committee note that although the issue prices of foodgrains from the Central Pool are uniform, different retail prices have been fixed by different State Governments, depending upon their own storage, handling and transport overheads. The Committee recommend that Government may examine whether it is feasible to work out and introduce uniform retail prices of foodgrains distributed through the public distribution system all over the country as has been done in the case of levy sugar.

Reply of Government

The retail sale prices of foodgrains to the consumer are fixed by the respective State Governments after adding to the Central issue price, their local distribution costs, consisting of various items like taxes, operational charges and wholesalers/retailers margin etc. which vary from State to State. There is very little scope for bringing in uniformity in the taxes which are imposed by the State Governments, and other operational charges incurred by them.

In order to bring about economy and to reduce the existing margins between the procurement and sale prices of foodgrains a committee under the Chairmanship of Union Food Secretary has already been set up to examine ways and means for reducing the distribution cost on foodgrains in the States.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975].

Comments of the Committee

The final action taken in pursuance of the Report of the Committee to examine ways and means for reducing the distribution cost on foodgrains may be intimated to the Estimates Committee.

Recommendation (Sl. No. 15 Para No. 2.69)

The Committee note that Assam is the only State which has taken over the wholesale trade in rice. Government should watch carefully the result of this take-over and its effect on the open market prices with particular reference to availability of rice to weaker sections of society. The Committee have no doubt that Government are examining in depth the problems involved in monopoly procurement by public agencies, movement, storage and distribution in the interest of effective implementation of the policy to make available essential foodgrains to weaker section of the society at reasonable prices.

Reply of Government

Assam is the only State which took over the wholesale trade in rice with effect from 1-11-73. Even before the takeover there was already a system of monopoly procurement of rice/paddy by the State Government through Apex Marketing Societies and F.C.I. The F.C.I. however used to employ individual traders as the procurement agents prior to 1st November, 1973. This practice has given up from the date of takeover of wholesale trade and entire procurement thereafter was done only through Cooperatives.

During the current kharif season (1973-74) a quantity of 1.12 lakh tonnes of rice (including paddy in terms of rice) was procured in Assam upto 31st August, 1974 against a target of 1.5 lakh tonnes. This compares favourably with the procurement of only 79,200 tonnes of rice in Assam during the corresponding period of the 1972-73 season.

The procurement of a sizeable quantity of rice has strengthened the capacity of the State Government to meet the requirements of deficit areas

and to arrange for distribution in rural areas in a situation of scarcity and high prices.

In order to avoid over-lapping and wasteful movement the State Government made arrangements for quick movement of procured stocks for supply to the bulk consumers as well as to the storage centres in a planned manner.

After the takeover of wholesale trade in rice and paddy the work of distribution has also been transferred from private wholesalers to multi-purpose Cooperative Societies. The elimination of private wholesalers has checked the scope for sale of rice at higher rate by the unscrupulous traders. However, the price of rice in the open market at present is comparatively high. This is because of the higher procurement prices fixed by the Government of India and also because of the general increase in prices of all essential commodities.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975].

Recommendation (Sl. No. 17, Para No. 2.83)

The Committee note that the quantum of foodgrains issued to the card holders from fair price shops varies from State to State and also between different areas in the same State, depending upon the availability of foodgrains in the market etc. They note that it is left to the State Governments to determine the quantum of issues depending upon local conditions. The Committee feel that since the foodgrains requirements of State Governments are largely met from the Central Pool, it would be desirable if the quantities of foodgrains distributed through the public system on ration cards, are uniform to the extent possible. The Committee recommend that Government should examine the feasibility of laying down certain basic guidelines in regard to the foodgrains to be issued per consumer unit as has been done in the case of sugar.

Reply of Government

Public distribution system is designed mainly to meet the requirements of foodgrains of the vulnerable and weaker sections of the society which covers only a part of the foodgrains requirements of the country as a whole. Central allocations are essentially to supplement the foodgrains requirements of State Governments. Distribution within the State is the responsibility of the State Government. Issues through fair price shops are intended to supplement the availability in the open market. Since the supplies, particularly the per capita availability in the open market, vary from State to State, region to region in a State as well as

rural and urban areas, it will be appreciated that no uniform norms can be fixed for issues **through the Public Distribution system** for the entire country. It has to be left to the discretion of the State Governments to determine the quantum of issues depending upon the local conditions.

2. In regard to quantum of foodgrains to be issued to each ration card holders it is already laid down that it should not exceed 2 Kgs. per adult per week. However, the actual quantities which may be supplied to a card holder is laid down by the respective State Govts. depending upon various factors enumerated in the preceding paragraph. No comparison can be drawn between foodgrains and sugar, since there is 70 per cent levy on sugar produced in the country which is distributed through the public distribution system while in the case of foodgrains the quantity that is available for distribution is of the order of 8 to 9 per cent of the total production.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975].

Comments of the Committee

The Committee feel that Government should endeavour to persuade the State Governments to reduce the wide disparities in the quantum of foodstuffs supplied to individuals on ration cards in different States.

Recommendation (Sl. No. 23, Para No. 3.20)

"The Committee are glad to note that the production of sugar during 1973-74 is likely to be about 45 lakh tonnes against the demand of 43 lakh tonnes. If the expected production during the current year is realised, the Committee hope that Government will not only be able to make larger allotments of levy sugar to the States to meet the demand but would also take steps to build sufficient buffer stock for use in case of future emergencies. The Committee need hardly stress that in view of wide fluctuations in the production of sugar in the past Government should not lose the opportunity to build a buffer stock of sugar to the extent possible during the current year."

Reply of Government

The Government have already accepted in 1972 itself the necessity for, and the utility of, progressively building up a buffer stock for stabilisation of supplies and prices of sugar. Though the production has increased during 1972-73 and 1973-74, it has not been such as to leave any

surplus for buffer stocking, after meeting the requirements for a reasonable level of domestic consumption and maximum possible exports for earning the much-needed foreign exchange. During 1973-74, the production has been only 39.5 lakh tonnes against the earlier estimates of 45 lakh tonnes because of the damages caused to cane by pyrilla infestation, continued frost, lack of winter rains, etc. The experts have, nevertheless, been stepped up to an all-time high of 5 lakh tonnes in 1974 to take the maximum advantage of attractive prices for sugar in the world market and earn a record foreign exchange of about Rs. 230 crores. Consequently, the season has ended with only a slender carryover for 1974-75.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975].

Recommendation (Sl. No. 24, Para No. 3.26)

"The Committee note that Government have to export sugar at a loss because world production being more than the demand, the international prices are lower than the cost of production. While it may be necessary to export some sugar to earn foreign exchange in the context of increased pressure on the foreign exchange resources on account of the energy crisis, the Committee would like Government to determine the quantum of export in the light of the fact that sugar has to be exported at a loss when indigenous production is required not only to meet the domestic demand for this essential commodity but also to build adequate buffer stock."

Reply of Government

The Government have noted the recommendation of the Committee.

2. It may, however, be pointed out that the period of exporting sugar at a loss appears to have ended with 1972. Since then, the sugar prices in the world market have steadily increased and, during the current year, have been very attractive. In fact, world market sugar prices are treble these which prevailed only about a year ago. The sugar exports in 1973 of about 2.5 lakh tonnes, including one lakh tonnes of raw sugar to the preferential markets of U.K. and U.S.A. against prior commitments, resulted in a profit for the Government. During 1974, with a view to earning the maximum foreign exchange to meet the increasing need for it for paying for imports of crude oil, fertilizers, foodgrains etc., the Government attempted to maximise the export consistent with the production in the country and the reasonable requirements for domestic consumption. Altogether, 5 lakh tonnes of sugar from 1973-74 production will be ex-

ported earning about Rs. 225 crores of foreign exchange, and a rupee profit of more than Rs. 100 crores.

3. As the forecast for 1975 also in equally encouraging, it is proposed to follow in 1975 the same policy of maximising exports as for 1974. The position will, however, be kept under constant review.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975].

Recommendation (Sl. No. 27, Para No. 3.54)

“The Committee are informed that the basic quotas of the States are based on the consumption pattern during 1967-68 and 1968-69 seasons. It is admitted that while fixing the basic quotas of States, larger per capita consumption in past years has been given weightage. The Committee feel that the consumption of sugar at a particular point of time depends upon a number of factors e.g. the purchasing power of the people, food habits, the degree of sophistication and availability of alternative sweetening agents such as gur and khand-sari. Besides, during the last 6—7 years there has been a rise in income levels and more urbanisation. The existing criteria for fixing State quotas have, therefore, become outdated. The Committee are informed that representations for increasing monthly levy sugar quotas have been received by Government from time to time from certain States and Government have explained to them their inability to increase the supplies until availability of sugar is increased. The Committee recommend that Government may set up an Advisory Board consisting of representatives of the States for evolving a rational and scientific criterion for fixing the basic quota of levy sugar for each State which takes into account *inter-alia* the population of the State, the rising incomes in rural areas, the pattern of current consumption etc.”

Reply of Government

The Government have noted the observations of the Committee. It is felt that an advisory board consisting of representatives of the States as suggested by the Estimates Committee may not be able to come to any useful conclusions as each State will press its own case for higher allotments regardless of other relevant and balancing considerations. The Government can, however, considering what the best way of evolving a rational and scientific criterion for fixing the basic quotas of levy sugar for

the different States could be and take necessary action as early as possible.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975].

Recommendation (Sl. No. 28 Para No. 3.55)

“The Committee note that there are wide differences in the per capita availability of levy sugar as between different States ranging between 1 Kg. and 226 grams per month. The Committee are not convinced by the reasons advanced by Government for this wide disparity as sugar is now widely used in rural areas all over the country. They, therefore, recommend that these differences should be reduced to the minimum.”

Reply of Government

This recommendation of the Committee will also be kept in view while taking action as proposed under paragraph 3.54.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975].

Recommendation (Sl. No. 33, Para No. 4.15)

“The Committee would also like to point out that the acreage under various crops at a given time does not entirely depend upon natural factors. The farmers’ choice of crop in uniform conditions, depend to a large extent upon his estimate of the prospective level of prices in respect of different agricultural commodities. Frequent shifts in the cropping pattern leading to uncertainties in production could, therefore, be avoided only if appropriate price differentials are maintained as between different crops. The Committee, therefore, suggest that the Agricultural Prices Commission should keep these considerations in view while recommending the prices in respect of different agricultural commodities so as to have the desired pattern of agricultural production”.

Reply of Government

It has been ascertained from the APC that while recommending the price policy in respect of different agricultural commodities, they keep in view the following broad considerations as laid down in their terms of reference:—

- (i) the need to provide incentive to the producer for adopting improved technology and for maximising production;

- (ii) the need to ensure rational utilisation of land and other production resources; and
- (iii) the likely effect of the price on the rest of the economy, particularly on the cost of living, level of wages, industrial cost structure, etc.

More specifically in deciding upon the appropriate levels of minimum support/procurement prices for different agricultural commodities, the Commission takes into account, in addition to other factors, the available data on cost of cultivation of the crop, changes in put prices, the changes effected in the administered prices of the competing crops, the crop prospects in a particular year and the expected trend in the market prices.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975].

Comments of the Committee

The recommendation of the Committee should be forwarded to the Agricultural Prices Commission for necessary action.

Recommendation (Sl. No. 45, Para No. 4.64)

“The Committee understand that the pressure on vanaspati seems to stem from two factors namely, competitive prices as the prices of vanaspati contain an element of subsidy represented by imports of edible oils at cheaper rates, and the consumers preference for hydrogenated oil. The first factor can be taken care of by maintaining reasonable parity between the prices of vanaspati and those of edible oils. As for the second-factor, it may be possible to meet it to some extent by publicising widely that the traditional use of raw edible oil as a cooking medium has its own value and in fact the use of unsaturated oils is in the better interest of public health. This two-fold approach may well make for relieving the undue pressure on vanaspati which is leading to scarcity conditions in urban and metropolitan areas.

Reply of Government

Of the two factors referred to, the first no longer exists in view of the change in pricing procedures referred to in the reply to the Estimates Committee's observation in para 4.60. As of now, the prices of vanaspati are being fixed solely with reference to the prices of indigenous oils.

As regards the second factor, health authorities have certified that vanaspati is as good and nutritious a cooking medium as the raw or refined

vegetable oils from which it is made. To ensure adequate poly-unsaturated fatty acid content in the product, the usage of a minimum of 10 per cent of specified oils, rich in these acids, has also been prescribed by law. In the circumstances, it is felt that any official publicity in favour of one or other of the cooking media presently in use, may not be consistent with the factual position obtaining in this regard.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975].

Recommendation (Sl. No. 53, Para No. 5.36)

The Committee feel that the IDPL, which is already playing a dominant role in the manufacture of basic drugs should also take upon itself the responsibility for standardising the drug formulations. The standards evolved should thereafter be statutorily enforced upon the manufacturers.

Reply of Government

Drugs formulations fall into two broad categories.—(a) Formulations described in the official pharmacopoeias and (b) Formulations not included in the official pharmacopoeia and which are developed by the manufactures themselves. For formulations falling under category (a) the standards are already laid down in the official pharmacopoeias like the Indian Pharmacopoeia, the British Pharmacopoeia, the United States Pharmacopoeia etc. and the question of drawing up standards for these formulations does not arise. These Pharmacopoeias are periodically revised and the standards are brought upto date. In India the Indian Pharmacopoeia Committee of the Ministry of Health and Family Planning revised the Indian Pharmacopoeia. The I.D.P.L. is represented in the various Sub-Committees of the Indian Pharmacopoeia Committee which draws up the standards. As regards formulations falling under category, (b) the manufacturers marketing the formulations draw up their own standards. M/s. IDPL who are marketing many non-pharmacopoeial formulations have developed their own standards for their products. The number of formulations marketed in the Country run into thousands and it may not be practically possible for the I.D.P.L. to draw up standards for all the non-pharmacopoeial product marketed in the country.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975].

Recommendation (Serial No. 67, Paragraph No. 6.42)

The Committee would like Government to examine whether there can be a working arrangement whereby the whole sale and retail prices for

major varieties of paper which are used by public are widely publicised. In fact the Committee would like it to be made obligatory on paper stockists and retailers to display prominently the stock position of various varieties of paper and the fair prices fixed therefore. The Committee are convinced that unless there is effective participation of public, informal control would not achieve the objective of making available paper at fair price to the genuine users.

Reply of Government

Under the new scheme, the white printing paper is not being sold through the normal channels of trade but is being allocated to the consumers through the State Level Committees at a fixed price. As for other varieties of paper, the industry is to effect price increase in consultation with the consumers and not otherwise. The entire matter is however being reviewed.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperativen) O.M. No. 9(18)/74-CSI dt. 15-1-1975].

Comments of the Committee

The result of examination being made may be communicated to the Committee.

Recommendation (Sl. No. 70, Para No. 6.54)

The Committee recommend that Government should review the question of enjoining in a suitable form the controlled cloth obligation upon the big powerloom units also so that controlled cloth is available in larger quantities to meet the requirements of the public.

Reply of Government

The powerloom industry is in the decentralised sector and most of the units are of small size of about 4 powerlooms each. Such small units generally do not buy yarn themselves, but work through the master-weavers who supply them the yarn and take the cloth after paying the weaving charges. There is a very limited number of large scale units who make their own arrangements of yarn and the marketing of the cloth.

2. It is, therefore, not possible for these small scale units to participate in any scheme of production of controlled cloth which involve a less leave alone a "no profit no loss" basis and Powerloom units hardly have any capacity to absorb losses inherent in the production of controlled cloth. Further any scheme in this regard cannot be enforced. However, this

matte is being further examined, with a view to seeing whether the larger units could be brought into the Scheme.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975].

Comments of the Committee

The result of review may be communicated to the Committee.

CHAPTER IV

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

Recommendation (Sl. No. 2, Para No. 2.6)

The Committee consider it rather strange that whereas in any system of planning, first the demand is assessed and then the availability is planned accordingly, in the case of foodgrains in the Ministry of Agriculture seek to estimate the demand on the basis of availability. While noting the views of Government the requirement of foodgrains depends upon 'production, income, relative level of prices etc.' the Committee consider that food being a basic human necessity, it is imperative that the requirements are assessed and projected most carefully on the basis of known minimum requirements. The Committee are surprised that Government are not able to give definite information about the requirements of foodgrains. The Committee regret to find that the requirements are being determined in an arbitrary manner from season to season on the basis of reports from States regarding availability of foodgrains which according to Government themselves, are neither available in time nor are very reliable. The Committee strongly recommend that the Central Government should, without any further delay, devise suitable methodology for assessing every year the overall demand of foodgrains in the country on the basis of the minimum consumption requirement, so that the total availability of foodgrains could be planned in a more systematic manner.

Reply of Government

The Estimates Committee have suggested that the requirements of foodgrains for human consumption be assessed and projected on the basis of 'minimum consumption requirements'. It may be stated that since minimum consumption requirements in terms of nutritional levels can be met by the consumption of not only cereals and pulses but also of other foodstuffs such as, sugar, fruits, vegetables tuber crops like, tapioca, potatoes and sweet potatoes, meat, fish and eggs, milk and milk products etc., it is difficult to estimate the demand for foodgrains without considering the availability of other foodstuffs. Since the per capita availability of other foodstuffs is not of the same level in different states, the demand for foodgrains for different states also cannot be taken to be equal. Further, the

consumption of foodgrains is also considerably influenced by the purchasing power of the people. Therefore, while the concept of the minimum consumption requirements representing a balanced nutritional level of diet has to be kept in view as an underlying objective of policy, the year to year estimates of requirements of foodgrains have to take into account the existing consumption levels and the purchasing power of the people. It is in this context that per capita availability of foodgrains in a normal period (average of three recent years) which represents the existing level of consumption, is taken as a basis for the estimation of demand. The increase in demand resulting from the planned expected growth in income or purchasing power and changes in its distribution and growth in population is also taken into account while estimating overall demand, for human consumption.

A brief note submitted to the Estimates Committee recently which describes (i) the methodologies adopted for estimation of overall demand for foodgrains in the country during the different five year plans, (Annex, 1) (ii) the procedure followed for planning of imports and the steps being taken to improve the reliability of estimates of production which are crucial for planning of imports on a realistic basis (Annex. 2) is attached.

ANNEX—1

(relating to para 2.6)

A note on the various methodologies/institutional mechanism evolved from time to time for collection of data regarding demand and production of foodgrains in the country; their adequacy and the use made thereof in planning production and imports of foodgrains in the country.

1. Demand.—Demand for foodgrains comprises (a) demand for human consumption, (b) provision for seed, livestock feeding, industrial use and wastage, and (c) requirements for inventories. For estimating demand for human consumption in the different plans, such factors as population and likely growth of population, existing consumption levels, existing levels of income/expenditure and postulated growth in incomes/expenditure and consumption has generally been taken into account. In the First Plan demand for foodgrains was worked out, firstly in relation to the then existing levels of per capita (adult equivalent) daily consumption of cereals and pulses, and secondly on the basis of a slightly higher requirement to improve the diet. For the Second Plan, the factors taken into account included the postulated increase in total urban population, the need to improve per capita consumption, the need to counter possibilities of inflationary pressures and effects on food consumption of increase in national income and changes in its distribution were taken into account. In the draft Fifth Plan, the demand for foodgrains etc. has been estimated with

the help of a Consumption Model built up on the basis of data on consumption expenditure by commodities and size classes thrown up by the successive rounds of the National Sample Surveys. An additional factor taken into account has been the envisaged reduction in inequality of incomes. Provision for feed, seed industrial use and wastage is made on the basis of conventional estimates derived from marketing surveys. As regards inventories, there is generally the difficulty of making precise estimates of requirements at different levels, particularly at the farm and trade levels. Since the Fourth Plan, provision has been made for the building up of a buffer stock.

2. Planning Imports.—A broad picture about the likely imports during a Plan period is obtained on the basis of the estimates of demand and the production targets fixed under the Plans. The Fourth Five Year Plan aimed at self-sufficiency in foodgrains production by 1973-74. The draft Fifth Five Year Plan also envisages self-sufficiency in foodgrains in the country. However, on account of seasonal fluctuations in production from year to year, imports of foodgrains are planned essentially on an annual basis. For any given year imports of foodgrains are planned on the basis of the anticipated gap between requirements and domestic availability.

3. For Planning imports on a realistic basis advance estimates have to be compiled, either before the harvest of the crop or soon thereafter. Although scientific methodology is being adopted to compile estimates of area and production of different crops, the advance estimates, by their very nature are tentative and subject to revision. Efforts are being made to reduce the timelag and improve the reliability of the production data. An idea of the two schemes recently undertaken is given in the annex.

ANNEX—2

(relating to para 2.6)

A note on the collection and compilation of statistics of area and production of principal crops in India.

1. Present system:

Area estimates.—Estimate of production of a crop is obtained as a product of the area under that crop and its average yield per hectare. Area under principal crops is collected by field to field enumeration by the staff of the State Department of Revenue. Normally there are two crop enumerations during the agricultural year, one during the kharif season and the second during the rabi season. Patwari, Karmachari, Lekhpal or Talati who is the lowest level revenue functionary of the State Revenue Department is entrusted with this task and he is in charge of a group of 4-6 villages on an average. His work is supervised by successive levels of

supervisory staff of the Revenue Department. In recent years, there has also been a provision for supervision by statistical staff. In some States, like Bihar, Karnataka, Madhya Pradesh, Uttar Pradesh etc. where summer crops are also being cultivated on an extensive scale, there is a provision of a third crop enumeration during the summer season. The system of complete enumeration obtains only in the temporarily settled areas. In the permanently settled States of Kerala, Orissa and West Bengal, area under crops is obtained through sample surveys.

Yield estimates.—Till about two decades ago, yields per hectare were obtained through eye appraisal of the patwari and revised at successive levels by higher level staff on their own judgement through extensive tours. However, since 1950, this subjective procedure has been replaced by the objective method of crop cutting experiments by the random sample method. In this procedure, a pre-determined number of villages is selected at random for each crop and in each selected village, two crop fields are selected at random and in each field a plot of defined size (ordinarily 5x5 metres) is located at random. The produce from the plot is harvested, processed and weighed. In a small percentage of cases, further processing of the crop is also done to determine the ratio of the crop in the marketed form to the crop on the date of harvest. At present, at the all-India level, 95 percent of the production of cereals and 72 percent of the production of pulses are based on crop estimation surveys. The percentages in respect of rice and wheat are 95 and 99 respectively. Among commercial crops, the percentage coverage for production through crop estimation surveys is 91 for groundnut, 78 for cotton, 99 for jute and 95 for sugarcane.

At present, approximately 135,000 crop cutting experiments are planned annually on principal food and commercial crops. The surveys are designed, organised and conducted, either by the State Bureau of Economics and Statistics, or the Department of Agriculture or Land Records, under the overall technical direction of the National Sample Surveys Organisation of the Ministry of Planning. The field work is generally entrusted to the staff of the Revenue/Land Records/Agriculture Development Department. The Directorate of Economics and Statistics in the Ministry of Agriculture has the primary responsibility of compilation and coordination of agricultural statistics at the all-India level.

Crop estimates.—Normally, 2 or 3 estimates are issued during a year in respect of each crop except in the case of cotton and tobacco, where the number is 5 and 4 respectively. The first estimate which is issued immediately after sowings furnishes information on the area likely to have been sown to the crop during the year, which is based on the assessment of the patwari in the light of the rainfall and weather conditions and the tours

undertaken by him in his jurisdiction. These first estimates are revised at successive levels by higher level officers on the basis of their own assessment of the weather conditions and crop sowings. The second estimate which is issued 2-3 months later, revised the earlier estimates in the light of more up-to-date information. It is only at the stage of the final estimate which is issued after the crop has been harvested, that area shown as being under the crop, is expected to be based on complete enumeration of acreage by patwaris. Estimates of production are generally presented only in the final estimate and are based on the results of crop yield surveys by the random sample technique.

2. Deficiencies in the present system.—Some of the deficiencies in the acreage and yield statistics that have been noticed in the present system are enlisted below:

(A) Acreage:

- (i) The jurisdiction of the patwari (the primary reporter) is large in many States and he is also saddled with a large number of other responsibilities such as land revenue collection, loan disbursement or realisation, drought or flood relief, etc. He is, thus, not in a position to do crop inspection over the entire cropped area in the villages in his charge, in time, and hence estimates of area under crop are delayed, sometimes not based on complete enumeration, and may sometimes be not in conformity with prescribed instructions.
- (ii) Details of irrigation by sources are also not recorded fully.
- (iii) There are sometimes transfer and aggregation errors in the figures reported by the patwari and;
- (iv) Area under new crops like summer rice, soyabean etc. which have gained considerable importance in recent years in some States is not yet reflected in the crop enumeration and in the design of the crop cutting experiments.

Yield rate.

In crop cutting experiments, the following shortcomings have been noticed:

- (i) All the planned number of experiments are not carried out due to heavy workload of staff. Only about 70-80 percent of the experiments planned are reported for working out estimates of average yield.

- (ii) The proportion of irrigated and unirrigated plots in the sample is sometimes found to differ significantly from the data available from land use statistics in some states and for some crops.
- (iii) The proportion of actual total area under high yielding varieties of crops sometimes differs from that in the randomly selected crop cutting samples.
- (iv) The average yields of supervised sample in some States, are consistently higher than the unsupervised yields.
- (v) Fields initially selected on a random basis get substituted either willfully or because the crop has been harvested by the time the primary staff visited the village, which vitiates the randomness of the samples, and may also introduce bias.
- (vi) A recent check has shown that in several plots the crop cutting staff do not carry their own standardised and tested experimental equipment such as weighing balances, or weights.

The net result of these deficiencies is that the crop estimates get delayed and even when available, they are not free from errors.

2. Advance estimates.

A difficulty arises in the framing of advance estimates when the crop is still in the field and is yet to be harvested while the data are required for the purpose of policy making. Even when the crop has been harvested, it takes time to tabulate and process the mass of data on area and yields available from crop enumeration of thousands of villages and crop cutting experiments scattered over different parts of the country. Advance estimates are generally framed by State Governments on the basis of weather and crop conditions and whatever information is available, at that stage on area and yields, availability of inputs, execution and functioning of other development programmes. The Central Government tries to get these advance estimates from the State Governments, but where these estimates are not furnished, attempts are made to frame provisional estimates on the basis of crop and weather reports and information gathered from knowledgeable persons from the State Governments as well as from others. The advance estimates framed at different points of time by the State and Central Government being subjective, there is the possibility of these being different from one another. On its part, the Ministry of Agriculture keeps on revising its estimates as better and more upto-date information becomes available from the State Governments, but, by their very nature, those estimates are tentative and have to be used with great care and only upto a point. For this reason, these estimates serve as indicator to the prospects and probable size of the crop.

While it is not possible to frame correct estimates when the crop is still in maturing stage, attempts are being made to reduce the time-lag between the collection of field to field enumeration and/or crop cutting data at the field level and the tabulation and processing thereof. The measures being adopted in this regard are indicated in the following paragraphs:

3. Timely reporting scheme for estimates of area and production.

In appreciation of the considerable time lag in the availability of estimates of area and production of principal crops and in the light of the pressing demand for such data for planning and policy administration, the Ministry of Agriculture initiated in 1969-70 a scheme for timely reporting of estimates of area and production of principal crops. The basic provision of the scheme envisages complete enumeration of one out of 5 villages selected at random from each patwaris circle. The enumeration is required to be done in advance of the period prescribed in the land records manual but consistent with the sowing operations of different crops in a season. In addition to ensuring the quantum of supervision provided for the departmental staff in the manual, a special provision has been made in the scheme for augmenting this supervision through appointment of whole time statistical staff with a view to ascertaining the type and extent of errors in collection, compilation, aggregation and transfer of crop areas at different levels. The scheme is intended to furnish reliable estimates for policy and administration much in advance of the availability of estimates of area based on complete enumeration of all villages. The special emphasis on timeliness and accuracy in nearly 20 per cent of the villages every year is expected to bring about an overall improvement in all the villages over a period of five years.

The scheme has been taken up for implementation in a phased manner. The following statement indicates the year in which the scheme was implemented in different States:—

State	Year of implementation
Andhra Pradesh	1971-72
Assam	1972-73
Bihar	1969-70
Gujarat	1972-73

Haryana	.	.	.	.	.	.	.	.	1973-74
Jammu & Kashmir			.	.	.	.
Karnataka	.	.		.	.	.	.	.	1969-70
Kerala	.							.	
Madhya Pradesh	.	.		.	.	.	.	.	1972-73
Maharashtra					.	.			1969-70
Orissa	.	.	.	.	.	.	.	.
Punjab	.	.	.	.	.	.	.	.
Rajasthan	.	.		.	.	.	.	.	1972-73
Tamil Nadu	.	.		.	.	.	.	.	1972-73
Uttar Pradesh		.		.				.	1969-70
West Bengal					.	.	.	.

At present the scheme is in operation in 11 States. Proposals are afoot for extending the scheme to the remaining States of Jammu and Kashmir and Punjab where there is a complete enumeration agency. There is also a modified proposal for extending the scheme to Kerala, Orissa and West Bengal where there is no regular agency for crop enumeration. In the States, where the scheme has been in operation for more than two years, experience has shown that it has been possible to obtain estimates of area under principal crops during all the three seasons of kharif, rabi and summer much ahead of the availability of area through complete enumeration of all villages.

Another important achievement of this scheme is the strengthening of supervision of both area surveys and yield enumeration by whole time statistical staff. It has been possible to reduce the timelag in the despatch of schedules relating to crop cutting experiments by the primary staff. Based on partial data relating to crop cutting experiments, the State Governments have been able to make available advance estimates of production of principal crops during all the three seasons.

4. New Scheme for improvement of crop statistics.

In addition to the scheme for timely reporting of estimates of area and production of principal crops, there is also a proposal to strengthen the supervision organised by the National Sample Survey Organisation, in the Central Government on acreage enumeration and crop cutting experiments. The proposal in brief provides for inspection of crop area

enumeration in a sample of 10,000 village; 5000 will be entrusted to the staff of the NSSO and 5000, to whole time statistical staff under the State Governments. In each village, a sample of 20 survey numbers will be selected where physical checking of crop acreage will be done by the supervisory staff in respect of entries made by the patwaris in the khasra registers. In addition, the page totals and crop-wise totals of the areas under different crops in the village khasras will also be checked. The supervisory staff will also arrange to inspect at harvest about 36,000 crop cutting experiments spread over different crops.

The results of supervision by both central and state staff would serve to frame advance estimates of area and production of principal crops. It will also provide the basis for checking the accuracy of overall data. This would further indicate the directions where lasting improvements could be effected in the crop estimation system in different States.

Recommendation (Sl. No. 16 Para 2.75)

The Committee observe from the data placed before them that the public distribution system has not been able to meet fully the demands of the States for food while the pressure on the system is increasing on account of non-availability of wheat in the open market at the prices fixed by Government and the high prices prevailing in the open market in respect of rice and coarse grains. They also observe that the demands from the States for their public distribution system are being met from the Central Pool in an ad-hoc manner. The criteria for allotment of foodgrains namely seasonal conditions, assessment of crops and prevailing market conditions etc. are such as to leave a very wide discretion in making allotment to individual States. While the Committee appreciate the inability of Government to meet the increasing demands of the States in full on account of the unsatisfactory stock position, they would recommend that in order to avoid any criticism of the distribution of available stocks as between different States *inter-se* being arbitrary, Government should evolve certain definite criteria for examining the demand from States and for making allotments, say, the assessed requirement of the States in terms of population covered by the public distribution system, production of foodgrains within the States, the stocks with the State Government and the Central Government stock position, the prices obtaining in the open market etc. The Committee would like Government to evolve these criteria in the light of experience gathered over the years and in consultation with State Government. A copy of these criteria should be laid on the Table of Houses of Parliament and widely publicised to obviate any misunderstanding and gain public support.

Reply of Government

The recommendation has been noted. In assessing the relative needs of the States and the Union Territories, the following factors are taken into account:—

- (i) Central Government stock position.
- (ii) The estimates of demand received from the State Governments.
- (iii) Seasonal conditions.
- (iv) Assessment of crops.
- (v) Availability of stocks in the States and the prevailing market conditions.
- (vi) The prices obtaining in the open market.

The other criteria taken into account are the level of distribution and the actual offtake against the allocations made by the Centre in the past.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975]

Recommendation (Sl. No. 20, Para No. 3.4)

The Committee regret that at present no systematic method is being followed for assessing the requirements of sugar for the country and the reason given out to the Committee is, hitherto Government had no opportunity to make any such assessment. The Committee recommend that a suitable method for assessing the requirements of sugar in the country, not only for consumption in the urban and rural areas but also for export, should be introduced so as to facilitate meaningful planning for making the requisite quantity of sugar available to the consumers and also for exports.

Reply of Government

The Government have noted the observations of the Committee. It is, however, wished to point out once again that sugar has been subjected since 1961 to either a complete or a partial control except for a brief spell from May 1971 to June 1972. The requirements of sugar during the Fifth Plan period have been assessed on the basis that controlled conditions will continue to prevail throughout the Plan period, taking into account the estimated increase in population and adopting the same rate of increase in the per capita consumption as had taken place during the 15-year period, 1955—1970. Until the production of Sugar in the

country picks up sufficiently to enable removal of controls on sugar, the Government feel that the method for assessing the requirements already adopted by them is the best in the circumstances prevailing.

[Ministry of Industry and Civil Supplies (Department of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975]

Recommendation (Sl. No. 21, Para No. 3.13)

"The Committee recommend that Government should review the licences and Letters of Intent pending implementation for a long time and take steps as necessary in the interest of early implementation of licensed capacities. The Committee also recommend that year-wise targets may be laid down as is being done in the case of other industries for licensed capacity, installed capacity and production and Government should ensure that these targets are actually fulfilled."

Reply of the Government

The Government have already started reviewing the licences and letters of Intent which are pending implementation for a long time and issued show cause notices for revocation to such parties as have not taken any effective steps for implementation. Some licences have in fact been already revoked. The Government are continuing their efforts for providing all possible facilities for early implementation of the licences in other cases.

The Fifth Plan target of licencing up to 70 lakh tonnes capacity has already been almost covered, in the context of the large number of licence applications received in 1973-74 and the policy of the Government to dispose of the applications within a period of 90 days as far as possible. In the circumstances, there is highly any scope at this stage for fixing year-wise targets as proposed by the Committee. Further, fresh difficulties have arisen in that the cost of setting up a new sugar factory of 1,250 tonnes capacity has risen steadily and now exceeds Rs. 7 crores as against about Rs. 3 to Rs. 3.5 crores over 1½ years ago. Consequently, the Ministry of Agriculture set up a Committee to examine the position and make recommendations for rendering the new units economically viable. The Committee has submitted its report and it is presently under examination of the Government.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Co-operation) O.M. No. 9(18)/74-CSI dt. 15-1-1975]

CHAPTER V

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

Recommendation (Sl. No. 56, Para No. 5.56)

The Committee welcome the efforts being made for increasing the stock level of kerosene at consuming centres, cutting down delays enroute, opening of retail outlet pumps for distribution and the proposal to colour kerosene with a view to prevent its misuse. The Committee would, however like to point out that the existing system of distribution of kerosene in the rural and remote areas is most inadequate and this commodity, if at all available, sells at a price much above the retail price fixed by Government. The Committee recommend that Government may work out a model system of distribution of kerosene, particularly in the rural and remote areas of the country, and commend it to the State Governments for adoption to suit local conditions.

Reply of Government

Noted. A scheme is being formulated in consultation with the oil companies which will be commended to the State Governments for adoption keeping in view the local conditions. A copy of the scheme will be forwarded to the Committee for their information as soon as it is finalised.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975.]

Recommendation (Sl. No. 62, Para No. 6.31)

The Committee do not agree with the view expressed before them that the countries' natural forest resources have been fully committed for the paper industry. The Committee would like Government to make a survey of the forest wealth of the country with a view to locate pockets where raw material for making paper pulp still lies untapped and to harness the same for the industry so as to meet growing requirements of paper in the country.

Reply of Government

The matter has been taken with the Ministry of Agriculture who are concerned with the survey of forest resources in the country.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975.]

Recommendation (Sl. No. 63, Para No. 6.34)

The Committee need hardly emphasise the importance of coordinated research and development work on paper and pulp industry. The Committee note that the Government are thinking of setting up a Research and Development Board on paper and pulp industry for coordinating and formulating general policy on research and development. They recommend that no time should be lost in setting up such a coordinating body so that an integrated and result-oriented research programme may be launched in the field of paper and pulp industry at the earliest.

Reply of Government

The organisational arrangement for the proposed Research and Development Institute has since been further considered. Various alternatives are being thought of. A final view in the matter is expected to be taken shortly.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975.]

Recommendation (Sl. No. 72, Para No. 6.64)

It is admitted that the existing channels of distribution of controlled cloth namely mills' retail shops, cooperatives, Super Bazars and fair price shops etc. do not have adequate retail outlets to replace the traditional channels and reach the cloth to the weaker sections of society both in the urban and in the rural areas. It is also admitted that at present Central Government have no machinery to keep a check on the distribution machinery to ensure that the controlled cloth actually reaches the sections of society for which it is meant. The Committee have a doubt whether even the limited quantity of controlled cloth produced at present, is really distributed to the consumers at the controlled rates through the existing distribution channels. During their tours, the Committee received general complaints about the non-availability of the controlled cloth both in urban as well as in rural areas. The Committee feel that at present a large quantity of controlled cloth gets diverted to unauthorised channels. The Committee would suggest that Government should have an independent

investigation made by one of their own economic intelligence agencies as to who are the actual beneficiaries of the controlled cloth scheme and in the light of the facts gathered review the existing channels of distribution.

Reply of Government

The National Council of Applied Economic Research has taken up a study on the marketing of controlled cloth with the objective of gathering factual information on the socio-economic characteristics of the buyers/users of this cloth with the ultimate objective to build up the profile of a consumer/buyer of controlled cloth. A review of the scheme of distribution of controlled cloth would be taken up as soon as the results of the study of the Council become available.

[Ministry of Industry and Civil Supplies (Deptt. of Civil Supplies and Cooperation) O.M. No. 9(18)/74-CSI dt. 15-1-1975.]

NEW DELHI;

March 12, 1975.

Phalguna 21, 1896 (Saka)

R. K. SINHA,

Chairman,

Estimates Committee.

APPENDIX

Analysis of the action taken by Government on the recommendations contained in the Sixty-first Report of Estimates Committee (Fifth Lok Sabha).

I. Total number of recommendations	83
II. Recommendations which have been accepted by Government (<i>vide</i> recommendations at Sl. Nos. 1, 5, 6, 7, 8, 9, 10, 11, 12, 14, 18, 19, 22, 25, 26, 29, 30, 31, 32, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 46, 47, 48, 49, 50, 51, 52, 54, 55, 57, 58, 59, 60, 61, 64, 65, 66, 68, 69, 71, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82 and 83)	61
Number	61
Percentage to total	73·49
III. Recommendations which the Committee do not desire to pursue in view of the Government's replies (<i>vide</i> recommendations at Sl. Nos. 3, 4, 13, 15, 17, 23, 24, 27, 28, 33, 45, 53, 67, and 70)	14
Number	14
Percentage to total	16·87
IV. Recommendations in respect of which replies of Government have not been accepted by the Committee (<i>vide</i> recommendations at Sl. Nos. 2, 16, 20, & 21)	4
Number	4
Percentage to total	4·82
V. Recommendations in respect of which final replies of Government are still awaited (<i>vide</i> recommendations at Sl. Nos. 56, 62, 63 and 72)	4
Number	4
Percentage to total	4·32