

12.02 hrs.

STATEMENT RE. REDUCTION IN
BASIC EXCISE DUTY ON SUGAR

THE MINISTER OF FINANCE AND REVENUE AND BANKING (SHRI H. M. PATEL): Sir, the question of evolving a suitable sugar policy has been under consideration of the Government of India for some time. The cane growers have to be given a reasonable price and hence it is proposed to retain the minimum cane price paid to the growers at the existing level. It is also proposed to retain the detail price in the public distribution system at the present level of Rs. 2.15 per Kg. However, it is necessary to ensure a fair price to the producers as well in the interests of the industry as a whole. This makes it necessary, therefore, to reduce the duty leviable on sugar suitably. Government have accordingly decided to reduce the basic excise duty on free sale sugar from 37-1/2% to 20% *ad valorem*, and on levy sugar from 10% *ad valorem* to 7-1/2% *ad valorem*. There is no change in the additional excise duty either on free sale sugar or on levy sugar of 7-1/2% and 5% *ad valorem*, respectively.

I am also laying copies of Notifications Nos. 317/C.E. and 318/C.E. both dated 15th November, 1977 giving effect to the above changes on the Table of the House.

MR. SPEAKER: No question is allowed to be put on the statement made by the Minister.

12.05 hrs.

STATEMENT RE: GRANT OF AN
ADDITIONAL INSTALMENT OF
DEARNESS ALLOWANCE TO
CENTRAL GOVERNMENT EM-
PLOYEES

THE MINISTER OF FINANCE AND REVENUE AND BANKING (SHRI H. M. PATEL): I beg to make the following statement:

The Government has decided to sanction an additional instalment of Dearness Allowance to Central Government employees with effect from 1st of September, 1977, Government has taken this decision in the light of the fact that the 12-monthly index average at the end of August 1977 has crossed 312 points. The existing rates of dearness allowance are based on an index average of 304. Hence Government has recognised the need for the payment of an additional instalment in view of the rise in the 12-monthly index average.

It will be recollected that the Third Pay Commission had recommended to Government a formula of D.A. according to which increases at specific percentage rates would be given for every 8 point increase beyond 200 points in the 12-monthly average of the All India Consumer Price Index for industrial workers (1960-100). Nine instalments of Dearness Allowance were sanctioned according to this formula from time to time till the average index had reached 272 points. The Third Pay Commission had further recommended that when the average index crossed 272 points, Government should review the position and decide whether the D.A. scheme should be extended further or whether the pay-scales themselves should be revised. After the average index figure crossed 272 points, Government allowed on an *ad hoc* basis suitable increases in dearness allowance to mitigate the hardships caused to the employees. The total number of instalments of dearness allowance allowed by Government after the average level crossed 272 points was 5 (five). At the end of April, 1976, when the average index dropped below 312 points Government withdrew this 5th instalment, and the current D.A. is being paid on the basis of an average index figure of 304 points. In view of the fact that the average index figure has now clearly crossed 312 points Government feels that it is necessary to mitigate the hardships caused to the employees and has, therefore, agreed to concede an instalment of additional dearness allowance. This will impose an additional burden of Rs. 50 crores in a full year. The incidence during the current financial year will be Rs. 25 crores.

DR. SUBRAMANIAM SWAMY (Bombay North-East): Sir, the House should congratulate the Government. (*interruptions*).

MR. SPEAKER: Before you make a statement on a particular issue you should supply me a copy of the same in advance. Just now you have given a copy of this statement to me. As for the previous statement you made, a copy of it has been given to me earlier. But a copy of this statement had not been given to me earlier.

SHRI H. M. PATEL: I am sorry. I will take note of it.

SHRI DINEN BHATTACHARJA (Serampore): Sir, I want a clarification on this.

MR. SPEAKER: No question is to be put on the statement made by the Minister.