

(vii) G. S. R. 924 (English version) and G. S. R. 925 (Hindi version) published in Gazette of India dated the 7th April, 1969 together with an explanatory memorandum.

[Placed in Library. See No. LT-728/69.]

NOTIFICATIONS UNDER ALL INDIA SERVICES ACT AND UPSC (EXEMPTION FROM CONSULTATION) SUPPLEMENTARY REGULATIONS

THE DEPUTY MINISTER IN THE MINISTRY OF IRRIGATION AND POWER (SHRI SIDDHESHWAR PRASAD) On behalf of Shri Vidya Charan Shukla I beg to lay on the table :—

(1) A copy each of the following Notifications under sub-section (2) of section 3 of the All India Services Act, 1951 :—

(i) The Indian Administrative Service (Regulation of Seniority) Amendment Rules, 1969, published in Notification No. G. S. R. 856 in Gazette of India dated the 29th March, 1969.

(ii) The Indian Police Service (Regulation of Seniority) Amendment Rules, 1969, published in Notification No. G. S. R. 857 in Gazette of India dated the 29th March, 1969.

[Placed in Library. See No. LT-729/69.]

(2) A copy of the Union Public Service Commission (Exemption from Consultation) Supplementary Regulations 1969 published in Notification No. G. S. R. 855 in Gazette of India dated the 29 March 1969, under clause (5) of Article 320 of the Constitution together with an explanatory Note. [Placed in Library. See No. LT-730/69.]

12.0 5½ hours.

STATEMENT RE. CERTAIN DECISION TAKEN RELATING TO CEMENT INDUSTRY

THE MINISTER OF INDUSTRIAL DEVELOPMENT, INTERNAL TRADE

AND COMPANY AFFAIRS (SHRI FAKH-RUDDIN ALI AHMED) : I beg to lay on the Table a statement regarding certain decisions taken by the Government relating to the cement industry.

Statement

The price and distribution of cement has been under control in one form or another, formal or informal, since 1942. In August 1965, the then Prime Minister stated in Parliament that the Government of India had decided, in principle, that cement should be decontrolled except for the quantity which was needed by Government. Formal control on the price and distribution of cement was accordingly lifted with effect from 1st January, 1966.

2. With a view, however, to ensuring a smooth transition from a long period of control to decontrol, the industry accepted a form of self-regulating informal control and set up a central organisation, called the Central Allocation and Coordinating Organisation (CACO), to regulate the distribution of cement and maintain a uniform f. o. r. price as approved by Government from time to time. Towards the end of 1967, the Government observed that the functioning of Central Allocation and Coordinating Organisation was unsatisfactory and it was therefore considered necessary to substitute a Government controlled agency to be in charge of distribution. The Cement Control Order 1967, reimposing control over price and distribution was promulgated with effect from the 1st January, 1968. In terms of this Order, the functions of the erstwhile Central Organisation were taken over by an officer of the Government designated as Cement Controller.

3. It has been urged that the concept of freight equalisation and uniform selling price is to some extent responsible for the regional imbalance in the location and development of the industry. It has also been urged that the continuation of the arrangements of freight pooling will only accentuate this problem and that these arrangements should therefore be abolished and prices allowed to adjust themselves in conformity with actual cost of production.

[Shri Fakhruddin Ali Ahmed]

4. Without going into the merits or demerits of these arrangements, it may be stated that they were necessary for a period of time in the special circumstances that were obtaining in this regard, to ensure the availability of cement at a reasonable price throughout the country and a continuous supply of cement to the deficit areas so that development schemes there may not suffer. It was not intended that these arrangements should be continued indefinitely for their own sake. Keeping in view the fact that the Government have accepted the policy of progressive decontrol in principle and that the system of F. O. R. price and equalised freight arrangement have more or less served the purpose for which they were intended, it is felt that these should be discontinued after a period of time within which the industry might adjust itself to the new situation. Whis this end in view it has also been decided that the additional capacity to be set up in the public sector by the Cement Corporation of India should henceforth be only in the deficit areas. As the supply position of cement is at present comparatively easy and is expected to be so for the next few years, this would seem to be the opportune time to decontrol the industry. Having regard to these considerations, it has been decided to discontinue the existing arrangements and remove all control over price and distribution of cement with effect from 1st January, 1970. In the meantime the industry will have an opportunity to plan for production of cement in the deficit areas.

5. The present retention prices or ex-works prices paid to the producers are based on the recommendations of the Tariff Commission in 1961 together with the subsequent increases given to the industry from time to time due to increases in cost of production as a result of Governmental actions. The industry has been pressing for some time for an upward revision of the retention prices due to increase in cost of production as a result of Governmental actions since 1st January, 1966. The claims of the industry have been considered in consultation with the authorities concerned and it is felt that these are justified on account of the increase in the pithead price of coal, rail freight, electricity tariff, and the second Wage Board Award. Although the Tariff Commission did not find it feasible to recommend a uniform price for the industry

in 1961 in view of the then existing wide disparity in costs of production, Government was however of the view that there should be a uniform price for the industry so that greater pressure is exercised on units having higher costs to find economies and there is a measure of reward for those units able to achieve economies. Government, however, had to recognise that in the case of those few units ²having appreciably higher costs on account of special reasons, an extra price had to be allowed, for a period of time, to enable the units to continue in production till by reaching economic levels they were able to operate within the uniform price. In the light of the discussions held with the industry from time to time and keeping in view that the industry itself generally is in favour of a uniform price, it has been decided to fix a ceiling of Rs. 100 per tonne exworks with effect from 16th April, 1969, except in the cases of Assam Cements, (Cherapunji), J&K Minerals, (Wuyan) and Travancore Cements, (Kottayam) which are sub standard units and in whose cases price will have to be fixed separately taking into account their special circumstances. This will be effective upto 31st December 1969 upto which date the present f. o. r. price equalised freight arrangement etc. will be in force.

12.06 hrs.

PERSONAL EXPLANATION BY
MEMBER

Shri J.B. Kripalani

SHRI J.B. KRIPALANI (Guna) : Mr. Speaker, I want to say something about the part that I had played on Friday last. When the Home Minister made his statement, Shri Dange got up and was not allowed to speak on account of the shouting from the Congress Benches.

SHRI D.N. TIWARY (Gopalganj) : Not only the Congress Benches.

SHRI J.B. KRIPALANI : You asked Shri Dange to sit down in order to restore order in the Chamber. I then got up several times but I could not catch your benevolent, and all-pervasive eye. I was obliged, therefore, to take a couple of steps and say the two sentences that I had to say but I find that perhaps in the din that was prevailing in