

SHRI YESHWANTRAO CHAVAN: He gave another assessment after some time. But he also gave a warning that there was a possibility; he was asking the State Governments to prepare themselves for certain administrative preparations. Naturally he gave his own assessment at that time. Certainly, I know that the price-rise in petrol has affected the small, middle class people; I do not deny that position. Some of the Government employees use scooters and sometimes their cars, etc. They certainly have some difficulty about it and we have all sympathy for it. All of us are suffering. Mr. Mishra asked what we are doing to curb Government consumption.

SHRI SHYAMNANDAN MISHRA: What is the target of your curb?

SHRI YESHWANTRAO CHAVAN: It is very difficult to say what the target could be. It is no use merely putting a target but we have certainly asked them to see that consumption will have to go down. We have put certain restrictions on ourselves as to what should be the consumption as far as the Ministers are concerned.

SHRI S. M. BANERJEE: Ask the Ministers to use taxies and not cars for one month; you will see the difference.

SHRI YESHWANTRAO CHAVAN: If you start that, you will be using more petrol.

३१० किलो (बम्बई दक्षिण) : मंत्री महोदय पेट्रोल की राशिनग करने के बारे में सोचें । क्योंकि टैक्सी वाले बैंकों का रुपया अदा नहीं कर पा रहे हैं । किराया बढ़ जाने से लोग टैक्सी में ज्यादा बैठते नहीं हैं ।

SHRI YESHWANTRAO CHAVAN सोचने के लिए कौन न करता है ? माननीय सदस्य ने जो कहा है, वह ठीक है ।

We are a democracy and in the matter of conservation of such things, when I speak on behalf of the Government, I must not give an impression as if we are going to do something which we are not proposing to do. I will have to be very clear about it.

SHRI S. M. BANERJEE: What about taking over of the foreign oil companies?

SHRI YESHWANTRAO CHAVAN: I think that was very effectively answered by Shri B. V. Naik who spoke on behalf of our party. He certainly gave a very effective argument for that matter. I do not want to repeat it. It is not our present intention, what is the use of merely saying 'nationalisation'? For every trouble nationalisation is not the remedy. If it comes and when it comes, when it becomes necessary, one can always think about it. It is not our present policy. Sir, I have given my reasons.

SHRI S. M. BANERJEE: Sir I have listened to the debate...

MR. DEPUTY-SPEAKER: You can continue tomorrow we take up half-an-hour discussion.

17.31 hrs.

HALF-AN-HOUR DISCUSSION

States having own agencies for procurement and distribution of food-grains

SHRI P. M. MEHTA (Bhavnagar): I have raised discussion to get a clarification regarding the policy of the Government of India on the procurement and distribution of foodgrains. The Food Corporation of India is the principal agency for procurement and distribution of foodgrains for the States. The House will recall that there

was a discussion on the working of the Food Corporation of India in this House and Members from both sides of the House had severely criticised the working of the F.C.I. It was proved beyond any doubt that the management of the FCI was inefficient, slack and corrupt. It has failed in the foodgrains trade and because of its failure the poor people of this country had become a victim of shortage and high prices.

Allegations were made against then Chairman of the Food Corporation of India, but the Government did not accept them at that time. But ultimately the Government was compelled to handover the matter to CBI and this agency after going into the shady deal and underhand dealings had brought to light the corrupt practices indulged in by the then Chairman of the Food Corporation of India. The employees of the Food Corporation of India had right from the very beginning raised their voice against the corrupt practices of the high ups of the F.C.I., but the administration was adamant and the Government was out to protect the corrupt Chairman and the Government did not pay heed to the facts pointed out by the employees of the FCI.

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI ANNASAHAB P. SHINDE): This House is going to have a separate discussion on the Food Corporation of India. The specific discussion which has been raised today pertains to the setting up of State Food Corporations. If the hon. Member confines himself to this, it will be better, but I have no objection to whatever he says. I should like to seek your guidance. I learn that the day after tomorrow we are likely to have a discussion on the Food Corporation of India.

MR. DEPUTY-SPEAKER: I find here that one of the points for which Shri P. M. Mehta sought permission for this Half-an-Hour discussion is whether the FCI will have an upper hand in the system of procurement. In that case I think he can legitimate-

ly make a reference to the FCI, if it is going to have an upper hand, but he need not go into the details especially when a discussion is due on that subject.

SHRI P. M. MEHTA: I will not go into the details as advised by you. I want to point out that false notions of prestige have caused great harm to the nation and the people. This sort of working of the FCI gave a feeling to the State Governments. That is why I was referring to the working of the FCI. It gave a feeling to the State Governments that without having their own agencies for the procurement and distribution of foodgrains, they would not be able to feed the people and, therefore, some States have set up their own Corporations under the Companies Act to conduct State trading in foodgrains and a few other essential commodities. Bihar, Tamilnadu and Karnatak have formed their own Corporations.

The Government of West Bengal has proposed to set up a Corporation under the Food Corporation Act and according to the reply to the question, the Government of India has no objection to the State Governments setting up their own corporations for State Trading in foodgrains and other essential commodities. The stand of the Government of India clearly shows that even the Government itself has no faith in the Food Corporation of India—their own agency. It further proves that the Government has no fixed policy and is ambiguous about its own policy.

Hon. members know that after the taking over of wholesale trade in wheat, wheat has disappeared from the market and people do not get even 1 kg. of wheat per person per month from the ration shops. This is the position in my State of Gujarat. The wheat trade has been transferred to the unauthorised channels because of this inefficient working of the Food Corporation of India. This has created black-

[Shri P. M. Mehta]

market in wheat resulting in high prices. It has created a position where Government will lose revenue by way of income-tax and sales-tax also.

The fate of rice is not much different from wheat. Therefore the question is whether the agencies created by the State Governments will lead to overlapping and duplication of work, resulting in further mismanagement, corruption, inefficiency and black marketing in foodgrains. I want to know whether Government have given any thought to this aspect of the problem and if so, the reaction of the Government.

What are the details that have been discussed and to what extent the Union Government has accepted the concept of establishing separate agencies at State level for procurement and distribution of foodgrains and other essential commodities? Have the State Governments drawn the attention of the Union Government to the deterioration and malpractices that were happening in the Food Corporation of India before taking the decision to establish their own agencies? What are the aims and objectives of the State Government agencies and in what manner do they differ from those of the Food Corporation of India? Would Government give an idea how the State agencies are functioning and whether they are better agencies for procurement and distribution of foodgrains and other essential commodities? Would the Government of India lay down a common policy for the State Governments in the matter of establishment of their own agencies? If not, what are the reasons for it? What are the steps taken by the Government for coordination of the working of the State agencies and the Food Corporation of India? Is Government aware of the fact that these dual parallel agencies, one of the States and the other of the Government of India, have created confusion in the minds of the farmers and that is the reason why the Government has failed to achieve the procurement targets? Is the Gov-

ernment of India aware of the fact that FCI has surrendered its godowns in Bhavnagar because it does not anticipate adequate procurement for the stock of foodgrains? Is Government also aware of the fact that the people of Bhavnagar do not get even 1 kg. of wheat per month per person for the last so many months? Is the Government aware that the Bajra levy scheme of Gujarat has also failed and people are not getting bajra either from the fair price shops or in the open market and the farmers of Gujarat do not get adequate price for bajra? The bajra stock is in the field and it is not coming to the market.

I would like to know what concrete measures the Government propose to take to improve the working of the FCI and whether the Government will spell out their policy as regards the relationship between the State agencies and the agency of the Government of India.

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI ANNASAHEB P. SHINDE): Mr. Chairman, Sir, the hon. Member has raised this discussion on the basis of any reply to Unstarred Question No. 160 which was answered on the 12th November, 1973. Apparently, the hon. Member seems to have some doubt with regard to the policy and approach of the Government of India in allowing the State Governments to set up their own Corporations.

Though the hon. Member has raised a number of issues with regard to this, I shall try to confine myself to this specific aspect, because this august House is going to have an opportunity to have a separate discussion on the Food Corporation of India, probably on Wednesday, when hon. Members will have ample opportunity to raise all these points and the Government will also get an occasion to present the viewpoint of the Government.

Coming to the policy and approach of the Government of India in regard

to giving permission to the State Governments to set up their agencies, first of all I do not know whether the use of the word "permission" is correct, because no such permission is needed if a State Government wants to set up a Corporation under the Companies Act. Specific permission is required only if subsidiaries of the Food Corporation are to be set up.

My submission is that this is really not a new concept. In fact, when the Food Corporation of India Act was enacted by this august House in 1964, it was contemplated that we will set up State Corporations in the future. Ours is a vast country and food is a concurrent subject. Naturally, it is the joint responsibility of both the States and the Centre to manage the food economy of the country. If a question is asked whether the food economy of the country could be managed without the involvement of the State Governments, my positive answer would be that it cannot be done, even though the Food Corporation today is playing a very important role in the procurement of wheat and rice.

Take, for example, the case of Punjab. Even though there is no State Corporation or Organisation, even today almost 75 per cent of the procurement of wheat is done through the State agencies and only 25 per cent is done by the Food Corporation. The State Government does it either departmentally or through co-operatives. So, even now it is done through the involvement of the State Governments. Therefore, it is logical to consider whether this activity should not be carried on through some organisation which would be commercially accountable which would operate with certain norms. In regard to this the Government of India feel that it would be very desirable if the State Governments have certain very effective organisations at the State level to play an important role in the food economy.

The hon. Member asked the question about the differentiation of the functions between the Central and State Corporations and how co-ordination would be ensured. The Government of India have very clear ideas about this. As far as the Food Corporation of India is concerned, it will play the role of an all-India body, dealing with the all-India aspects, because the Government of India do not want to give up their role in managing the food economy of the country. On the country, the Government of India would like to play a very important role and a commanding role as far as the management of the food economy is concerned. Take, for instance, the price fixation procurement price or support price inter-State movement of foodgrains. On all these matters, the Government of India is going to have a final say. We would not like any regional approach in regard to these matters.

Again as far as the Food Corporation of India is concerned, the procurement for the Central pool, the procurement in surplus areas and distribution in deficit areas should be the specific task of the F.C.I. The procurement for building a buffer stock, the Central pool, will be the specific responsibility of the Food Corporation of India and not of any State body of State Corporation. Therefore there can be very clear ideas about demarcated areas of operation as between the Food Corporation of India and the State Corporations.

SHRI SHYAMNANDAN MISHRA (Begusarai): You will not draw from the State Corporations for building a buffer stock or for the Central pool?

SHRI P. M. MEHTA: Will not there be overlapping?

SHRI ANNASAHEB P. SHINDE: I am coming to that.

Take, for instance, the internal distribution in Kerala or in West Bengal. Which body will be more useful, more purposeful in internal distribution of foodgrains in the States? Obviously, a local body will be in a better position to manage it. As far as the procurement for internal distribution is concerned, that will be clearly an area for the State Corporation to operate.

In fact, we recently had consultations with the State Governments at official level. In the previous Chief Ministers' Conference, my senior colleague, the Minister of Agriculture indicated to the Chief Ministers that the Government of India will not stand in the way if some State Governments want to set up State Corporations for procurement purposes and take the responsibility for internal distribution in the States. After that, we had a series of discussions with the State Governments.

As regards some of the points which have been made, naturally that will require some coordination. For instance, in some of the States, like, West Bengal, we are at the moment doing considerable amount of procurement work and distribution work at the wholesale level on behalf of the State Government. Even the staff employed there belongs to the State Government and it has been given on deputation to the Food Corporation of India. Now, if the State Government wants to set up a Corporation, naturally the Government of India would like the State Government to accept the responsibility of taking back the staff.

In fact, there is a very clear demarcation of areas between the State Governments and the Central Government. There is practically a common understanding. The West Bengal Government also feels that as far as internal distribution is concerned, as far as local procurement is

concerned, it will be better carried out by an agency which is controlled by the State Government and not by an agency which is controlled from Delhi.

SHRI SHYAMNANDAN MISHRA: They are not doing that?

SHRI ANNASAHEB P. SHINDE: From next year onwards, it is proposed that they should take over the responsibility.

As regards the point raised by both the hon. Members as to whether there will be overlapping in that, whether the State Corporation will not be procuring for the Central pool, I would like to say that it will be procuring for the Central pool. Suppose a State Corporation comes into being in Madhya Pradesh which is substantially a surplus State. There, obviously a target will be laid down as to how much is to be procured for the Central pool and how much for the State pool. The quantities will be earmarked from the beginning itself. As soon as those quantities are procured, some of the quantities will be handed over to the Central pool by the State Corporation to the Food Corporation of India. It does not mean that there will not be any co-ordination or there will not be any earmarking of quantities. But the main thing that has to be looked into is this.

The background is that this country is too vast and its local problems are too many. Therefore, both the State Corporations and the Food Corporation of India have sufficient areas to play their effective roles....

SHRI VASANT SATHE (Akola): Instead of having independent State Corporations, why not have subsidiaries of the Food Corporation in the States so that there is a direct link and hierarchy and there is nothing overlapping?

SHRI ANNASAHEB P. SHINDE: It does not make a difference that

way. Actually the Food Corporation of India contemplated setting up subsidiaries. But some of the State Governments wanted to set up their own. For instance, the Tamilnadu Government has set up one Civil Supplies Corporation under the Companies Law. Under that, no statutory permission is required to be taken by the State Governments to set up such a corporation. The Government of India does not want to come in the way of State Governments. The Karnataka Government also set up one such Corporation under the Companies Law. The Bihar Government also set up one such Corporation. The Government of India has made its policy quite clear. It would not come in the way of State Governments if they are desirous of setting up such corporations. Ours is a federal structure and there is a role for the State Government as well as for the Central Government to play. As there are concurrent areas in concurrent subjects, similarly in the case of Food Corporation between the State Food Corporations and the Food Corporation of India there will be a constant dialogue and very effective coordination and from time to time the position would be reviewed. But what I am submitting is that, during the last five or seven years, after the Food Corporation was set up, we got very rich experience in this country about the management of food economy and therefore, we are in a better position now to have an assessment. I would only submit that, as a result of our very rich experience in the management of food economy, the time has come when the areas of operation in the management of food economy of this country have to be earmarked and defined very clearly so that the State Food Corporations and the Food Corporation of India can play an important role in times to come. The Government of India would like to make it very clear that, in times to come in regard to distribution of food and essential supplies, we propose that such public-

sector organisation should play a very important role. After the State Corporations come in, they will not be in a position to take up only some of the activities of the management of food, but of many essential commodities such corporations will be in a position to handle. It will be very difficult for the Food Corporation to take up small activities in different areas. But the State Corporations can play some role in regard to these matters also.

SHRI S. P. BHATTACHARYYA (Uluberia): Wherefrom will they get the money? (Interruptions)

SHRI ANNASAHAB P. SHINDE: I do not think that finance would present any problem because finance would be available. We shall settle with the State Governments. I can assure the hon. Member that if any State Government wants reasonable amounts for carrying on legitimate activities naturally some of the points will have to be settled how to procure, what to procure, at what price and what has to come to the Central Pool and all that. But finances would not present a problem in my view.

I do not want to take much time of the House. With these words, I can only say that the main purpose for which the Food Corporation of India was set up has been served; though there is adverse criticism, I think, the Food Corporation has played a very important role and with the goodwill of the hon. members, in times to come, we shall endeavour to remove drawbacks and shortcomings and see that the management of the food economy of the country is done both by the Food Corporation of India and the State Corporations.

MR. DEPUTY-SPEAKER: The House stands adjourned to meet again tomorrow at 11.00 a.m.

17.55 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, December 11, 1973/Agrahayana 28, 1895 (Saka).