

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:2268
ANSWERED ON:09.03.2000
SUGAR SCAM
K. KARUNAKARAN;RAM SAGAR

Will the Minister of CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether attention of the Government has been drawn to the news-item captioned `Another Sugar Scam in the country` appearing in the Indian Express dated February 2, 2000; (
- (b) if so, the facts and reasons therefor; and (
- (c) the reaction of the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION

(SHRI V. SREENIVASA PRASAD)

(a),(b) & (c) : The Indian Express dated 2nd February, 2000 has published a news item titled `Another sugar-scam in the offing` and not `Another Sugar Scam in the country`.The news item mentioned about the additional freesale sugar quota given by the Government over and above the normal freesale quota. Consequent upon the publication of the above news item, the Government have clarified the position as under:-

`Government has done away with ad-hoc allotment of additional quantities to sugar mills, on a purely discretionary basis, over and above the pro-rata allotment to sugar mills out of the monthly releases of sugar in the free-sale. This new policy has come into effect from 1st January, 2000.

However, certain sugar mills have represented to Government that on account of non-sanction of working capital by banks, they are having problems in settling the dues to the farmers especially during the peak crushing season. Farmers in these areas have been agitated over non-payment of their dues while sugar mills have been producing sugar and stocking them. Taking into account these practical problems, Government have decided to make exceptions in a very few cases to make advance additional allotments during the crushing season to such mills within their over-all yearly entitlement for release. Clear guidelines have been laid down to restrict the number to a few mills who have problems of working capital. Also it has been decided to make these advance releases only for a few months during the crushing season and these are spread over both free-sale and levy entitlements. The disbursement of money to the farmers towards cane price dues from the realisation and sale of these additional quantities will also be monitored on month-to-month basis. The advance releases will also be adjusted at the same rate immediately after the crushing season. It is to be noted that advance allotments are made during the season when prices in the open market are under control and the mills do not have any undue advantage over other mills. The actual allotment of sugar will be made by the Department of Sugar & Edible Oils on examination of representations from sugar mills received. Reference to PMO or involvement of PMO in any other way does not arise.

It is, therefore, clarified that Government has not restored the system of additional allotments to sugar mills. Only advance allotments are being made in certain exceptional cases.`