

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

STARRED QUESTION NO:409
ANSWERED ON:23.04.2013
DEREGULATION OF SUGAR SECTOR
Saroj Smt. Sushila;Verma Smt. Usha

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

- (a) whether the Government has finalised/approved the proposal for partial decontrol of the sugar sector;
- (b) if so, the details and the salient features thereof along with the benefits likely to accrue therefrom;
- (c) whether any assessment has been made regarding its impact on the availability, price, export and import of sugar in the country in view of the apprehensions raised by various sections;
- (d) if so, the details and the outcome thereof; and
- (e) the remedial steps taken to protect the interests of the consumers and the sugarcane farmers of the country?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) to (e) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE STARRED QUESTION NO. 409 DUE FOR ANSWER ON 23.04.2013 IN THE LOK SABHA.

(a) & (b) Yes, Madam. The Central Government has considered the recommendations of the Dr. C. Rangarajan Committee on de-regulation of sugar sector and, has inter-alia, decided to do away with levy obligation on sugar mills for sugar produced after September, 2012 and dispense with the regulated release mechanism on open market sale of sugar. However, to make sugar available in the Targeted Public Distribution System (TPDS) at the existing retail issue price (RIP) of Rs.13.50 per kg, it would be procured by the States/UTs from the open market through a transparent system and the Central Government would reimburse the subsidy @ Rs.18.50 per kg, limited to the quantity based on their existing allocations. The said arrangement will be reviewed after two years. The recommendations of the Committee relating to Cane Area Reservation, Minimum Distance Criteria and adoption of the Cane Price Formula have been left to the State Governments for adoption and implementation, as considered appropriate by them.

The de-regulation of the sugar sector is likely to improve the financial health of the sugar mills, increase the cash flow, reduce their inventory cost and also result in timely and better payment of cane price to sugarcane farmers in the country.

(c) & (d) Yes Madam. Production of sugar in the current sugar season 2012-13 is estimated to be about 246 lac tons which is sufficient to meet the estimated domestic requirement. Further, due to global surplus and low international prices of sugar, export of sugar is not viable. As such, sugar prices are expected to remain stable. To discourage cheap imports of sugar, a moderate import duty of 10% has been imposed on raw/white/refined sugar with effect from 13.7.2012.

(e) As indicated above, the open market prices are likely to remain stable in view of surplus availability of sugar in domestic and international market. Further, to protect interests of BPL consumers, sugar would continue to remain available in the TPDS at the existing retail issue price of Rs.13.50 per kg. Also, the Central Government would continue to determine the Fair and Remunerative Price (FRP) of sugarcane so as to protect the interest of sugarcane farmers of the country.