

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION
(2011-2012)**

(FIFTEENTH LOK SABHA)

**MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)**

**[Action Taken by the Government on the observations/recommendations
contained in the Tenth Report of the Committee (2009-10) on the subject
"Production, Consumption and Pricing of Sugar" relating to the
Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution)]**

TWENTIETH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

May 2012/ Vaisakha, 1934 (Saka)

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(Department of Food and Public Distribution)]**

**Presented to Lok Sabha on 18.05.2012
Laid in Rajya Sabha on 18.05.2012**



**LOK SABHA SECRETARIAT
NEW DELHI**

May, 2012/ Vaisakha, 1934 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER
AFFAIRS AND PUBLIC DISTRIBUTION (2011-12)**

Shri Vilas Muttemwar - *Chairman*

MEMBERS

Lok Sabha

2. Shri Jaywant Gangaram Awale**
3. Shri Tarachand Bhagora
4. Shri Shivraj Bhaiya
5. Shri Arvind Kumar Chaudhary
6. Shri Sanjay Dhotre
7. Dr. Ram Chandra Dome
8. Shri Abdul Mannan Hossain
9. Shri Prataprao Ganpatrao Jadhav**
10. Shri Lal Chand Kataria
11. Shri Marotrao Sainuji Kowase
12. Shri Gobinda Chandra Naskar
13. Shri Prabodh Panda
14. Shri Sohan Potai
15. Shri Purnmasi Ram
16. Shri Ramkishun
17. Shri Chandulal Sahu (Chandu Bhaiya)
18. Dr. Naramalli Sivaprasad*
19. Shri E.G. Sugavanam \$
20. Smt. Usha Verma**
21. Vacant

Rajya Sabha

22. Smt. T. Ratna Bai
23. Dr. M.S. Gill
24. Shri P. Kannan
25. Shri Lalhming Liana
26. Shri Sanjay Raut
27. Dr. T.N. Seema
28. Shri Veer Singh
29. Shri Kaptan Singh Solanki #@
30. Vacant#
31. Vacant#

* Nominated w.e.f. 25.11.2011

** Nominated w.e.f. 03.01.2012

\$ Nominated w.e.f. 12.04.2012

Vice Shri Kanjibhai Patel, Shri Rajniti Prasad and Shri Kaptan Singh Solanki retired from Rajya Sabha w.e.f. 02.04.2012.

@ Nominated w.e.f. 04.05.2012.

SECRETARIAT

1. Shri P. K. Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Khakhai Zou - Under Secretary

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2011-2012) having been authorized by the Committee to submit the Report on their behalf, present this Twentieth Report on Action Taken by the Government on the observations /recommendations contained in the Tenth Report of the Committee on the subject "Production, Consumption and Pricing of Sugar" of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Tenth Report was presented to Lok Sabha and laid in Rajya Sabha on 31st August, 2010. The Government furnished their replies indicating action taken on the observations/recommendations contained in the Report on 25th November, 2010.
3. The Report was considered and adopted by the Committee at their sitting held on 17th May, 2012.
4. An analysis of the action taken by the Government on Observations/ Recommendations contained in the Report is given in **Appendix-II**.
5. For facility of reference and convenience, the Observations/Recommendations of the Committee have been printed in thick type in the body of the Report.

New Delhi;
17 May, 2012
27 Vaisakha, 1934 (Saka)

VILAS MUTTEMWAR,
Chairman,
Standing Committee on Food,
Consumer Affairs and Public Distribution.

CHAPTER - I

REPORT

This Report of the Standing Committee on Food, Consumer Affairs and Public Distribution deals with the Action Taken by the Government on the Observations/Recommendations contained in the Tenth Report (15th Lok Sabha) on "Production, Consumption and Pricing of Sugar" pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

1.2 The Tenth Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 31st August, 2010. It contained 17 observations/ recommendations. Action Taken Notes in respect of all the 17 observations/recommendations contained in the Report have been received and these have been categorized as follows:-

- (i) Observations /recommendations which have been accepted by the Government :

Serial Nos. 1, 3, 4, 7, 12, 13, 15, 16, 17

Paragraph Nos. – 2.19, 2.21, 2.22, 3.18, 4.18, 5.16, 5.18, 5.19 and 6.12

(Chapter –II , Total 9)

- (ii) Observations /recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

Serial Nos. 5, 6,9, 14

(Paragraph Nos. 3.10, 3.11,3.27, and 5.17

(Chapter –III , Total 4)

- (iii) Observations /recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Serial Nos. 2, 11

Paragraph Nos. 2.20, and 4.17

(Chapter – IV, Total 2)

- (iv) Observations /recommendations in respect of which the interim replies of the Government have been received:

Serial Nos. 8, 10,
Paragraph No. 3.26 and 3.32,

(Chapter – V, Total 2)

1.3 The Committee desire that the final replies in respect of the Observations/Recommendations for which only interim replies have been received from the Government as reproduced in Chapter V as well as replies to the observations/recommendations contained in Chapter I of this report, be furnished to the Committee expeditiously.

1.4 The Committee strongly emphasize that utmost importance should be given to the implementation of Observations/Recommendations accepted by the Government. In case where it is not possible for the Government to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee in time with reasons for non-implementation.

1.5 The Committee will now deal with action taken by the Government on some of the recommendations.

A. Need to raise sugarcane production

Recommendation (Serial No. 1 Paragraph 2.19)

1.6 In the aforementioned para of the Original Report, the Committee had recommended as below:-

"The Committee are concerned to note that the production of sugar has decreased from 263 lakh tones in 2007-08 to 147 lakh tones in 2008-09. The factors responsible for less production of sugar in the sugar season 2008-09 and 2009-10 are stated to be (i) lack of adequate inputs owing to cane price arrears; (ii) delay and deficiency of rains; (iii) diversion of sugarcane crops to other cash crops; (iv) less sucrose content in sugarcane. In the opinion of the Committee, the production of sugar and sugarcane decreased due to lack of foresightedness on the part of the Government which could not make advance planning to resolve issues leading to decline in the production of sugarcane. The Committee feel that to bridge the gap between the demand and supply of sugar, increase in production of sugarcane is desirable. The Committee, therefore, strongly recommend that to reduce the dependency on imported sugar and to increase the production of sugar, the Government should initiate appropriate public-private partnership in research and extension programs with particular emphasis on ratoon management, propagation of disease and pest resistant varieties, water logged resistant varieties, availability of quality seeds, integrated plan nutrient management and judicious water management by assigning the lead role and responsibility to sugar mills. In addition, the Government should make sincere efforts to set up soil testing laboratories in the sugar cultivation areas to determine the fertility level of soil to improve the soil health. The Committee urge upon the Government to make available high yielding seeds and fertilizers in time to boost sugarcane crop production capacity".

1.7 The Ministry in their Action Taken Reply have stated as under:-

The institutes of Indian Council of Agricultural research viz., Sugarcane Breeding Institute Coimbatore, Indian Institute of Sugarcane Research Lucknow have developed technologies for ratoon management, disease and pest resistant varieties, water logging tolerant varieties, production of breeder seed and micropropagation of sugarcane, integrated nutrient management, farm machineries for mechanisation and water management in sugarcane. The aforesaid institutes are propagating technologies involving different stakeholders including sugar mills, State Governments, Department of Agriculture & Cooperation, Government of India and extension agencies for improving sugarcane productivity in the country. Apart from aforesaid institutes, All India Coordinated Research Project on Sugarcane also generates technologies involving different State Agricultural Universities/Research Institutes located in different regions of the country.

The Government provides grants in aid out of Sugar Development Fund in the field of development of sugar industry. Soft loans are also given to sugar factories for development of sugarcane in their respective areas which includes incentives to cultivators to switch over to new and improved varieties of sugar cane and ratoon management.

1.8 The Committee note from the action taken reply of the Department that various Agricultural Research Institutes in the country are propagating technologies such as for ratoon management, disease and pest resistant varieties, micro propagation of sugarcane and integrated nutrient management etc. for improving sugarcane productivity in the country. The Department, however, have not indicated any efforts made by them to set up soil testing laboratories in the sugar cultivation areas to determine the fertility level of soil to improve the soil health as recommended by the Committee. The Department are also silent regarding steps taken for making available high yielding seeds and fertilizers in time to the sugarcane growers. The Committee, therefore, reiterate their earlier recommendation and urge the department to take necessary steps to implement their recommendation expeditiously so as to raise the production of sugarcane in the country.

B. Need to overcome various difficulties faced by farmers

Recommendation (Serial No. 2 Paragraph 2.20)

1.9 The Committee had recommended in the Original Report as below:-

"The Committee observe that despite a number of steps taken by the Government, there is no satisfactory improvement in production of sugarcane and sugar in the country. The Committee find that various difficulties are being faced by the farmers in raising the sugarcane crop such as (a) inadequate availability of quality seed of the improved variety; (b) non-availability of water logged resistant varieties; (c) poor sprouting initiation in winter harvested cane; (d) scarcity of labour at reasonable rate; (e) high cost of cultivation; (f) non-availability of sugarcane harvester; and (g) delay and untimely cane price payment. The Committee also observe that over the years, the level of ground water has gone down considerably, thereby creating irrigation problem for sugarcane growers. The Committee are happy to note that the Government is encouraging the farmers to grow early maturing and high yielding cane varieties by providing incentives/assistance so that uninterrupted and regular supply of quality sugarcane is maintained. The Committee desire that the Government should also adopt the drip and sprinkler irrigation system which is within the reach of every farmer and provide plant protection cover to take care of attack of pest and diseases. The Committee also recommend that the nodal Ministry, in coordination with the Department of Agriculture and Cooperation should also complement the efforts of various State Governments by implementing the revised Macro Management of Agriculture (MMA) in letter and spirit for enhancing the production and productivity of sugarcane in the country".

1.10 The Ministry in their Action Taken Reply have stated as under:-

The Sugarcane Breeding Institute, Coimbatore makes crosses and fluff of sugarcane supplied to different coordinating centres located in different regions of the country for improvement of sugarcane varieties for commercial cultivation. Further, it produced sugarcane plantlets for supply to sugar mills. Breeder seeds of recommended sugarcane varieties are produced by different coordinating centres of All India Coordinated Research Project on Sugarcane. The breeder seed is supplied for production of foundation seed and further multiplication and supply by seed producing agencies to farmers.

1.11 While observing that the farmers faced various difficulties in production of sugarcane, the Committee had desired that the Government should adopt the drip and sprinkler irrigation system which is within the reach of every farmer and also provide plant protection cover to take care of pests and diseases. The action taken reply does not indicate any action taken by the Government in this regard. The Committee, therefore, urge the Government to apprise the Committee, the steps taken for implementation of the Macro Management of Agriculture (MMA) to enhance the production and productivity of sugarcane in the country.

C. Need to fix Fair and Remunerative Price (FRP) of Sugarcane every year in advance

Recommendation (Serial No. 3 Paragraph 2.21)

1.12 The Committee in the above mentioned para had recommended as below:-

The Committee note that in order to make the cultivation of sugarcane more attractive and profitable, the Government of India has now amended its Sugarcane Pricing Policy and fixed the Fair and Remunerative Price (FRP) of sugarcane payable by sugar mills from 2009-10 sugar season at Rs.129.84 per quintal which is substantially higher over the Statutory Minimum Price (SMP) of Rs.81.18 per quintal announced for 2008-09. The Committee, however, feel that in the ground reality position is far different and the cane growers do not get the announced prices. The Committee feel that in the absence of remunerative price for sugarcane, farmers opt for other cash crops. The Committee, therefore, recommend that adequate FRP of sugarcane should be fixed so as to attract farmers for cultivation of sugarcane crop, thereby ensuring adequate production of sugar by the sugar mills. The Government should fix the FRP every year in advance so that farmers get right price signal and ensure that sugarcane remain equally competitive with other food/cash crops.

1.13 The Ministry in their Action Taken Reply have stated as under:-

In order to provide remunerative price for sugarcane to the farmers, the Central Government revised the sugarcane pricing policy by amending the Sugarcane (Control) Order, 1966 on 22.10.2009, i.e. by inserting a 7th criterion under Clause 3(1), which now provides that the farmers will be given margins on account of profit and risk for supplies of their cane. Accordingly, from 2009-10 sugar seasons onwards, the Central Government is fixing a Fair and Remunerative Price (FRP) for sugarcane instead of Statutory Minimum Price (SMP). The FRP now gives margins on account of profit and risk payable to the farmers upfront which was not available earlier under SMP. Unlike the system of payment under the SMP regime, where there was a provision of sharing of profits of sugar mills at 50:50 ratio with the farmers after the end of the sugar season, the FRP now being determined by the Central Government ensures margins on account of profit and risk to sugarcane farmers on the cost of production and transportation of sugarcane and are paid upfront.

Under the FRP system, the farmers will not be required to wait for the end of the season or for any announcement of the profits by the sugar mills or the Government. The new system also assures the margins on account of profit and risk to farmers in all the years, irrespective of the fact whether the sugar mills generate profit or not and is not dependant on the performance of any individual sugar mill.

In order to ensure that higher sugar recoveries are adequately rewarded and considering variations amongst sugar mills, the SMP/FRP are linked to a basic Recovery rate of sugar, with a premium payable to farmers for higher recoveries of sugar from sugarcane.

Accordingly, the FRP payable by sugar mills for 2009-10 sugar season was determined at Rs.129.84 per quintal, linked to a basic recovery rate of 9.5% subject to a premium of Rs.1.37 for every 0.1 percentage point increase in recovery above that level. The FRP fixed at Rs.129.84 per quintal for 2009-10 sugar season was about 51% higher than the SMP of sugarcane of 2008-09 calculated at 9.5% basic recovery rate. The FRP for sugarcane is the benchmark price below which no sugar factory can purchase sugarcane from a farmer subject to other provisions of the Sugarcane (Control) Order, 1966. The farmer is free to sell sugarcane to a sugar factory at a higher price as has been the case throughout the 2009-10 sugar season as per the market economics. The farmers have received cane price well above the FRP in the sugar season 2009-10.

FRP for 2010-11 sugar season has been determined at Rs.139.12 per quintal subject to a premium of Rs.1.46 for every 0.1 percentage point increase in recovery above that level.

The suggestion of the Committee to fix the FRP every year in advance so that farmers get right price signal and ensure that sugarcane remain equally competitive with other food/cash crops has been noted and further action is being taken accordingly.

1.14 The Committee are happy to note the steps taken by the Government to provide remunerative price of sugarcane to farmers by amending the Sugarcane Control Order, 1966 on 22.10.2009 which ensures margins on account of profit and risk to sugarcane farmers on the cost of production and transportation of sugarcane and are paid upfront. However, in their action taken reply, the Department have stated that the suggestion of the Committee to fix the Fair and Remunerative Price (FRP) every year in advance have been noted and further action is being taken. The Committee, therefore, reiterate that adequate FRP of sugarcane should be fixed well in advance so that the farmers get price signal at the right time. The Committee would like the Government to apprise the further action taken by them regarding fixing of FRP in advance every year and its impact on the farmers.

D. Need to implement stock limits of sugar in all the States/UTs

Recommendation (Serial No. 7 Paragraph 3.18)

1.15 In their Original Report, the Committee had recommended as below:-

The Committee note that the Central Government has imposed stockholding limit on bulk consumers of sugar using or consuming more than ten quintals of sugar per month vide notification dated 22 August, 2009 providing that they shall not hold stock exceeding 15 days of their requirement from domestically produced sugar with a view to making adequate quantities of sugar available to the household sector and having a sobering impact on prices of sugar. The Committee note with concern that only 23 States/UTs have issued stock holding limits. 4 States/UTs do not consider it necessary to impose any stockholding limit whereas seven States/UTs have not responded. The Committee are of the opinion that if the stock holding limit is not imposed in all the States, the multi-national companies and private traders may stock the sugar much in excess of their requirement leading to profiteering, hoarding, and black marketing of sugar. The Committee, therefore, recommend that the period of stockholding limit should be fixed in accordance with the need of the time and should be reduced further at the time of scarcity. State Governments should be impressed upon to conduct frequent raids to check the stock and if any company or trader is found hoarding more than the limit, prompt and strict action should be taken against them. The remaining States/UTs should also be impressed upon to implement the stock holding limit in their respective States in letter and spirit to fight the menace of hoarding and black marketing of sugar, thereby curbing rise in price.

1.16 The Ministry in their Action Taken Reply have stated as under:-

States /UTs have been urged by the Central Government to impose these limits in their respective States/ UTs. It is the responsibility of the State Governments / UT Administrations to ensure that the limits are scrupulously observed and conduct checks/raids on traders for the purpose. Many States have conducted checks/raids on unscrupulous dealers of sugar and also taken penal actions under the relevant provisions of the Essential Commodities Act,1955. Government of India does not have necessary field formations to carry out raids on dealers of sugar. As such, the recommendation of the Committee has been forwarded to the State

Governments / UT Administrations for necessary action. The states of Puducherry, Sikkim, Lakshadweep and Meghalaya have intimated that they have examined the issue and consider it not necessary. However, the recommendation of the committee is again being forwarded to these four states also for necessary action.

1.17 In their original Report, the Committee were concerned to note that stock holding limits on bulk consumers of sugar had not been imposed in all the States/UTs and only 23 States/UTs had imposed stock holding limits. The Committee had, therefore, recommended that stock holding limits of sugar should be fixed in accordance with the need of the time and such limit should be implemented by all the States. In their Action Taken Reply, the Government have stated that recommendation of the Committee has been forwarded to the rest of the State Governments/UT administration for necessary action. The Committee deplore the attitude of the Government who have not taken their recommendation seriously and merely forwarded it to the State Governments/UT administrations. The Committee feel that the Department should have taken concrete steps in pursuance to their recommendation. While reiterating their recommendations the Committee wish to be apprised of the details of the follow up action taken by the Ministry.

E. Need for long term Policy to deal with the problem of cyclicality of Sugarcane.

Recommendation (Serial No. 11 Paragraph 4.17)

1.18 The Committee in the aforesaid para had recommended as below:-

The Committee expresses concern over the rising trend in prices of sugar during the last two years. The Committee have been informed that the mismatch between domestic production and demand for sugar is primarily responsible for rise in price of sugar. The Committee also note from the information furnished to them that increase in international price of raw and white sugar, rumors of very low production of sugar and restriction on movement and transportation of imported raw sugar in the state of U.P. contributed to rise in the price of sugar during the period December 2009 to January 2010. The Committee find that due to various measures taken by the Government, prices of sugar have come down to some extent but the prices are still very high in the open market. The Committee feel that the cyclic nature of sugarcane production, which has been observed over the years, needs to be regulated. It has been observed that two to three years of very high/surplus production results in glut in the market and crash of sugar prices, leading to shifting in cultivation from cane to other crops, in turn resulting in reduced production, shortage, and consequent rise in sugar prices again. The Committee strongly desire that the Government should sincerely work for a long-term policy to deal with the problem. The Committee feel that with the help of scientifically gathered agricultural intelligence, the long term production trend can be assessed and necessary steps taken to deal with the situation. Such a task may involve concerted efforts on the part of a number of Department/ Ministries. The Committee strongly recommend that the government should take immediate necessary steps in this direction so that long-term stabilization of sugar production and prices could be achieved.

1.19 The Ministry in their Action Taken Reply have stated as under:-

The Government agrees with the recommendation of the Committee that there should be a long-term policy to deal with the problem of cyclicality of sugarcane and sugar production. However, solution to this problem will have to be found out in consultation with the different stakeholders, viz., State Governments, sugarcane farmers, sugar industry and consumers.

1.20 Expressing concern over the rising trend in prices of sugar, the Committee had strongly recommended the Government to work for a long-term policy to regulate the cyclic nature of sugarcane production. In their action taken reply, the Government while agreeing with the recommendation of the Committee have merely stated that the solution to the problem will have to be found out in consultation with the State Government, sugarcane farmers, sugar industry and consumers, but have not indicated any action taken by them. The Committee are not satisfied with the reply of the Government. While reiterating their earlier recommendation, the Committee would like to be apprised of the action taken by the Government in consultation with different stakeholders viz. State Government, Sugarcane farmers, sugar industry and consumers to solve the problem of cyclic nature of sugarcane production so that long term stabilization of sugar production and prices may be achieved.

F. Need to liquidate outstanding cane arrears

Recommendation (Serial No. 17 Paragraph 6.12)

1.21 In their Original Report, the Committee had recommended as below:-

The Committee are pained to note that arrears to the tune of Rs. 2084 crore for the sugar season 2009-10 are still outstanding. The Committee desire that the Government should take appropriate action under Sugarcane (Control) Order, 1966 under which Central/State Government Officers are authorized to recover the arrears of cane price remaining unpaid after 14 days supply of cane by the grower, together with interest @ 15% per annum. The Committee would also like to be apprised of the details of sugar mills which are still to liquidate their outstanding arrears to farmers and reasons for not paying outstanding arrears along with interest. The Committee feel that the interest of farmers should be protected in such a manner that they should continue to cultivate sugarcane without any hindrance. For achieving this, the Committee recommend that all incentive/aid/assistance provided to sugar mills should be contingent upon the liquidation of cane arrears with interest from the mills. In defaulter case, no fund should be released.

1.22 The Ministry in their Action Taken Reply have stated as under:-

The main recommendations of the Committee are as under:-

- (i) The Government should take appropriate action under Sugarcane (Control) Order, 1966 under which Central/State Government Officers are authorized to recover the arrears of cane price remaining unpaid after 14 days supply of cane by the grower, together with interest @ 15% per annum.
- (ii) The Government should apprise the details of sugar mills which are still to liquidate their outstanding arrears to farmers and reasons for not paying outstanding arrears along with interest.
- (iii) All incentive/aid/assistance provided to sugar mills should be contingent upon the liquidation of cane arrears with interest from the mills. In defaulter case, no fund should be released.

As regards (i) above, it is stated that the appropriate action under Sugarcane (Control) Order, 1966, to recover the arrears of cane price remaining unpaid after 14 days of cane supply together with interest has to be taken by the State governments, which are having necessary machinery to take such actions. The powers under the Sugarcane (Control) Order, 1966 have been delegated to District Magistrates to recover cane price arrears as arrears of land revenue.

With regard to (ii) above, a statement indicating details of the sugar mills which are still to liquidate their outstanding arrears against the farmers as on 31.8.2010 is enclosed at **Annexure-II**. The reasons for the outstanding cane price arrears alongwith the action taken by the State Governments to recover the outstanding cane price arrears is enclosed at **Annexure-III**.

In respect of (iii) above, it is stated that the Central Government provides assistance to sugar mills from Sugar Development Fund (SDF) inter-alia with a view to improve their capacity to pay cane price to sugarcane farmers e.g. in the years of surplus production, when the prices of sugar decline in the open markets, the cane price arrears get built up. The Government creates buffer Stocks of sugar and also extend assistance for export of sugar to ensure that high production of sugarcane does not lead to mounting cane price arrears. If the recommendation of the Committee is accepted and the assistance to sugar mills under SDF is made contingent upon the liquidation of cane price arrears with interest, it would not be possible for the Government to extend assistance to sugar mills in such a situation.

Annexure-II

Details of the sugar mills which are yet to liquidate cane price arrears as on 31.08.2010.

(Rs. In lac.)

Sr. No.	Factory Short Name	Code No.	Name of the Sugar Factory	Sugar Season 2009-10	2008-09	2007-08 & earlier season.
1	YOGESHWARI	52201	YOGESHWARI SUGAR INDUSTRIES LTD.	0	0	116.61
2	VILLUPURAM	30501	RAJSHREE SUGARS AND CHEMICALS LTD.	786.02	0	0
3	VIJAYARAMA	24301	SRI VIJAYARAMA GAJAPATHI COOP. SUG. LTD.	65	0	0
4	VENUS	36101	VENUS SUGAR LTD	196.5	0	554.69
5	VARALAKSHMI	44901	VARALAKSHMI SUGARS LIMITED.	0	0	55.13
6	VALSAD	10901	SHRI VALSAD S K UDYOG MANDLI LTD.	100.01	0	0
7	UTTUR	61601	INDIAN CANE POWER LTD	292	0	0
8	TRIDENT	23602	THE NIZAM SUGAR FACTORY LTD.	0	0	42.23
9	TIRUPATI	25401	SRI VENKATESWARA COOP. SUGAR FACTORY LTD	138	0	0
10	THEUR	13901	YESHWANT SAHAKARI SAKHAR KARKHANA LTD.	762.44	0	0
11	THANDAVA	24201	THE THANDAVA COOP. SUGARS LTD.	93.91	0	0
12	TERNA	18601	TERNA SHETKARI SAHAKARI SAKHAR K LTD.	807.06	0	153.1
13	TANUKU	25601	THE ANDHRA SUGARS LTD.	0	0	458.83
14	TADAUVAI	25602	ANDHRA SUGAR LTD TANKU UNIT 2	0	0	299.48
15	SURYANAGAR	39101	HUTATMA JAYAWANT RAO PATIL SSK LTD.	0	0	557.5
16	SITARGANJ	4601	KISAN SAHAKARI CHINI MILLS LTD.	114.27	0	0
17	SIDHWALIA	22401	BHARAT SUGAR MILLS LTD.	12.84	2.33	13.42
18	SHESHNAGAR	53009	JAI SHIV SHANKAR SSK LTD.	0	0	128.76
19	SEOHARA	5901	UPPER GANGES SUGAR MILLS LTD.	3859.7	0	0
20	SEMMEDU	61801	RAJSHREE SUGAR & CHEMICALS LTD.	473.37	0	0

21	SEHORE	9901	BHOPAL SUGAR INDUSTRIES LTD.		0	1006.92
22	SASAMUSA	22201	SASAMUSA SUGAR WORKS PVT LTD.	0.48	0.35	0
23	SARDARNAGAR	7801	SARAYA SUGAR MILLS LTD.	0	0	1966.94
24	SANGARADI	44701	GANPATI SUGAR INDUSTRIES LTD	0	0	261.26
25	SAMALKOT	25801	NAVA BHARAT FERRO ALLOYS LTD.	0	0	44.56
26	ROSA	6201	ROSA SUGAR WORKS LTD.	485.79	0	0
27	RIGHA	22501	RIGA SUGAR CO. LTD.	1.75	0.28	0
28	RANNANAGAR	45601	RAYATARA SSK NIYAMAT.	298	0	0
29	RAJGAD	34001	RAJGAD S.S.K.LTD	50	0	0
30	RAJA-KA-SAHASPUR	6001	AJUDHIA SUGAR MILLS	0	0	135.13
31	PUGALUR	25802	NAVA BHARAT FERRO ALLOYS LTD.	529.43	0	0
32	PONNI	30701	PONNI SUGARS & CHEMICALS LTD.	529.95	0	0
33	PONDICHERRY	31001	THE PONDICHERRY COOP. SUGAR MILLS LTD.	85.44	0	0
34	PLASSEY	23401	KHAITAN AGRO INDUSTRIES.	0.08	0	0
35	PANIARI	10601	SHRI UKAI P K UDYOG SAHAKARI MADLI LTD.	30.81	0	0
36	PANDAVAPURA	26501	PANDAVAPURA SAHAKARI SAKHAR KARKHANA LTD	748	0	0
37	PALSE	12101	NASIK SAHAKARI SAKHAR KARKHANA LTD.	0	0	99.44
38	PALAYASEEVARAM	43501	S.V.SUGARS LTD	0	24.02	0
39	PADRAUNA	8001	CAWNPORE SUGAR WORKS LTD.	0	0	1406.4
40	NIZAMABAD	23701	THE NIZAMABAD COOP SUGAR FACTORY LTD.	0	0	40
41	NINDRA	42601	PRUDENTIAL MOULI SUGAR (P) LTD	255.7	0	220.68
42	NEOLI	6701	NEOLI SUGAR FACTORY	296.41	0	0
43	NELLIKUPPAM	30401	E.I.D. PARRY (INDIA) LTD.	1103.73	0	0
44	NELAVOY	55401	SAGAR SUGARS & ALLIED PRODUCTS LIMITED.	13.14	0	0
45	NCS SUGARS	23609	NCS SUGARS LTD.	0	0	150.58
46	NAYAGARH	32401	THE COOPRETIVE SUGAR INDUSTRIES LTD. (UNDER THE MANAGEMENT OF	40.53	0	0

			DHARNI SUGAR AND CHEMIALS LTD.)			
47	NAYABANS	50601	DAYA SUGAR LTD. NAYA BAANS.	394.27	0	0
48	NARSINHA	54401	NARSINHA S.S.K LTD.	306.26	0	0
49	NARKATIAGANJ	21801	THE NEW SWADESHI SUGAR MILLS LTD.	4.99	0.04	0
50	NANDYAL	24901	THE NANDYAL COOP. SUGARS LTD.	40.23	0	0
51	NADEHI	4501	KISAN SAHAKARI CHINI MILLS LTD.	38.85	0	0
52	MOTIHARI	22101	GOVIND SUGAR MILLS LTD.	0	0	1111.26
53	MORENA	9301	MORENA MANDAL SAHAKARI SAKHAR KARKHANA LTD.		0	34.96
54	MODINAGAR	3601	MODI INDUSTRIES LTD.	1342.66	0	0
55	MAYURA NAGAR	43601	SUDALAGUNTA SUGARS LIMITED.	96.22	0	0
56	MAROLI	10801	SH MAROLI VIBHAG KHAND UDYOG SAHAKARI MANDLI LTD.	506.8	0	0
57	MARHOWRAH	8004	CAWNPORE SUGAR WORKS LTD.	0	0	433.84
58	MANDYA	26201	MYSORE SUGAR CO. LTD.	1413	0	22
59	MALAKPUR	3602	SBEC SUGAR LTD.	4528.26	0	0
60	MAKKAVALLI	49901	COROMANDEL SUGARS.	1880	0	0
61	MAHUVA	10501	SHREE MAHUVA S K UDYOG MANDLI LTD.	63.67	0	0
62	MAHESWARA	28801	MAHADESHWARA SUGARS MILLS LTD.	29	0	0
63	LOHGAON	39201	NARSINHA S.S.K LTD.	0	0	220.53
64	LAKSHMIPURAM	26101	CHALLAPALLI SUGARS LTD.	2.29	0	0
65	LADHOD	43101	SARDAR COOP SUGAR & INDUSTRIES LTD.	0	0	1162
66	KURHA	56701	VIDARBHA SUGARMILLS (PVT) LTD.	0	0	13.85
67	KUMARANTHAM	34901	SHREE VANI SUGAR & INDUSTRIES LTD.	0	0	232.21
68	KRISHAK	51201	KRISHAK S.K.MARYADIT.		0	16.98
69	KOVUR	25201	THE KOVUR COOP. SUGAR FACTORY LTD.	770	0	0
70	KOREGAON	38801	JARANDESHWAR S.S.K LTD	794.99	0	0
71	KOPPA	55501	NSL SUGARS LTD.	733	0	0

72	KHALILABAD	7702	SWADESHI MINING & MANUFACTURING CO. LTD.	0	0	7.85
73	KATHKUIYAN	8002	CAWNPORE SUGAR WORKS LTD.	0	0	560.8
74	KASHIPUR	6101	L.H.SUGAR FACTORIES LTD.	8.8	0	629.73
75	KAMLAPUR	50401	KAMLAPUR SUGAR & INDUSTRIES LTD.	0	81.46	841.76
76	KALAYANALLUR	63701	DHARANI SUGARS AND CHEMICALS LTD.	722.44	0	0
77	KAIJ	37601	SHRI VITTAL RAO VIKHE PATIL SSK LTD.	0	0	96.53
78	K.R.NAGAR	27701	SRI SREERAMA SAHAKARI SAKHAR K LTD.	112	0	0
79	IMAMPUR	40701	THE NARANJA SSK LTD.	0	0	1240
80	HIREBEVANUR	54601	DHYANYOGI SHRI SHIVKUMAR SWAMIJI SUGARS LTD.	182	0	287
81	HINGANGHAT	38901	SHETKARI S.S.K LTD.	0	20.67	0
82	HEMAVATI	27901	HEMAVATI SAHAKARI SAKHAR KARKHANA LTD.	321	0	0
83	HAVARGAON	52901	SHAMBHU MAHADEV SUGAR AND ALLIED INDUSTRIES LTD.	0	0	52.54
84	HASSANPUR	21501	NEW INDIA SUGAR MILLS LTD.	18.26	2.15	4.47
85	HARINAGAR	21701	HARINAGAR SUGAR MILLS LTD.	50.85	11.42	0
86	HARGAON	6801	THE OUDH SUGAR MILLS LTD.	3362.37	0	0
87	GOPALGANJ	22301	THE VISHNU SUGAR MILLS LTD.	2.93	0.78	0
88	GOLEGAON	32301	SHANKAR SAHAKARI SHAKAR KARKHANA LTD.	0	0	15.57
89	GEM SUGAR	54201	GEM SUGAR LTD.	186	0	0
90	GAURIBIDANUR	27301	GAURIBIDANUR SAHAKARI SAKHAR K LTD.	0	0	18
91	GAURIBAZAR	8003	CAWNPORE SUGAR WORKS LTD.	0	0	161.28
92	GANGAMAI	51101	GANGAMAI SUGAR IND LTD.	0	0	143.14
93	GADAURA	37301	J.H.V SUGAR CORPN LTD.	155.21	0	0
94	GADARPUR	4701	KISAN SAHAKARI CHINI MILLS LTD.	85.24	0	0
95	G.S.COMPLEX	43801	SARITA SUGAR LTD.	27.14	0	0

96	ETIKOPPAKA	24101	THE ETIKOPPAKA COOP. AGRI IND. SOC. LTD.	200.51	0	0
97	DAULAT	16701	DAULAT SHETKARI SAKHARI SAKHAR K LTD.	1109.24	0	0
98	DABRA	9601	THE GWALIOR SUGAR CO.LTD.	89.58	0	2.81
99	CHODAVARAM	23901	THE CHODAVARAM COOP. SUGARS LTD.	376	0	0
100	CHITTUR	31301	THE COOPERATIVE SUGAR LTD. PALAGHAT.		0	384.74
101	CHITTOOR	25301	THE CHITTOOR COOP. SUGARS LTD.	541	0	0
102	CHELLURU	25901	SRI SARVARAYA SUGARS LTD.	0	0	388.67
103	CHANPATIA	22001	CHAMPARAN SUGAR CO. LTD.	0	0	662.76
104	CHAMUNDESWARI	28101	SRI CHAMUNDESWARI SUGARS LTD.	413	0	0
105	CHAGALLU	25501	THE VVS SUGARS LTD.	0	0	821.19
106	CAUVERY	30301	CAUVERY SUGARS & CHEMICALS LTD.	555.52	0	0
107	CAPTAINGANJ	7901	THE KANORIA SUGAR & GENERAL MFG. CO. LTD.	0	0	1040
108	BRAHMAWAR	28001	DAKSHINA KANADA SAHAKARI KARKHANA LTD.	0	0	193
109	BIKAPUR	62801	BAGHAULI SUGAR AND DISTILIRIES LTD.	106.12	0	0
110	BHORAS	20301	BELGANGA SAHAKARI SAKHAR KARKHANA LTD.	0	15.45	0
111	BHADRA	27601	BHADRA SAHAKARI SAKHAR KARKHANA LTD.	0	0	242
112	BAS	30902	BANNARI AMMAN SUGAR LTD	380	0	0
113	BARACHAKIA	22002	CHAMPARAN SUGAR CO. LTD.	0	0	399.39
114	BANNARI-AMMAN	30901	BANNARI AMMAN SUGAR LTD.	613.02	0.52	0.71
115	BANMANKHI	21406	BIHAR STATE SUGAR CORPORATION LTD.	0	0	542
116	BAGAHA	21601	TIRUPATI SUGAR LTD.	3.62	0	119.97
117	BADAMI	58401	BADAMI SUGARS LTD	0	0	700
118	ATPADI	15801	MANGANGA SAHAKARI SAKHAR KARKHANA LTD.	0	0	26.61
119	ARUNACHALAM	51801	ARUNACHALAM SUGAR MILLS LTD.	0	0	215.23

120	ARANTANGI	50501	EID PARRY (INDIA) LTD.	354.56	0	0
121	ANANDNAGAR	7701	SWADESHI MINING & MANUFACTURING CO. LTD.	0	0	16.22
122	ANAKAPALLE	24001	ANAKAPALLE COOP. AGRICULTURE IND. SOC. LTD.	86	0	0
123	AMBAJOGAI	19701	AMBAJOGAI SAHAKARI SAKHAR KARKHANA LTD.	0	0	459
124	AIRA	6401	GOVIND SUGAR MILLS LTD	2459.17	0	0
125	AGWANPUR	48401	DEWAN SUGAR LTD	69.17	0	0
126	AGAUTA	36301	AGAUTA SUGAR MILLS LTD.	0	0	275.19
127	GAYATRI	44601	GAYATRI SUGARS LTD	0	0	334.5
128	BELA	55701	PURTI SAKHAR K LTD	323.62	0	0
129	BAROOR	55901	BHAVANI KHANDSARI SUGARS LTD.	200	0	0
130	ANANDGOPI	55801	ANAND AGROCHEM INDIA LTD.	0	0	385.95
	Total. Arrears.			38229.22	159.47	22227.9

ANNEXURE-III

Reason for sugar mills not paying the cane price arrears and the action taken against the sugar Mills as per the provisions of the Sugarcane (Control) Order, 1966. :-

Andhra Pradesh: - Sugar Season 2009-10: All the sugar mills have cleared the statutory dues to the farmers.

Bihar:-Certificate Cases have been filed against Tirupati Sugar Mills Ltd. Bagha, West Champaran, and Hanuman Sugar Industry Ltd. Motihari, West Champaran.

Gujarat:- Only one case of delayed payment observed and penalty to the Board of Directors u/s 147 of Cooperative Act was imposed and also various sections of IPC were imposed.

Maharashtra:- Revenue Recovery Certificates have been issued against 18 cooperative sugar factories for the crushing season, 2008-09.

Punjab:-No cane price arrears are pending in the state as on date.

Tamil Nadu: - The arrears against Bannari Aman Sugars Limited, Sathyamangalam, Erode could not be paid for want of documents from the legal heirs. Arunachalam Sugar Mills, Malapambadi, Tiruvannamalai District have closed operation from 2003-04 sugar season due to heavy losses.

Uttar Pradesh:- The State Government has taken the following action:-

2009-10 Sugar season: Recovery Certificate have been issued against Gangalhedhi, Malakpur, Majhoul, Agwanpur and Neoli Sugar mills.

2008-09 Sugar season: Recovery Certificate have been issued against Kamlapur Sugar mill.

2007-08 & 2006-07 sugar season:- Recovery Certificate have been issued against Majhoul, Gopi and Kamlapur Sugar mills. Further the matter relating fixation of cane price of the sugar season 2006-07 and 2007-08 is sub-judice before the Hon'ble Supreme Court.

1994-95, 1995-96, 1996-97, 1997-98, 1998-99, 1999-2000, 2002-03 and 2003-04 Sugar season: The matter regarding cane price is sub-judice before the Court/BIFR.

1994-95, 1995-96, 1996-97, 1997-98, 1998-99, 1999-2000, 2002-03 and 2003-04 Sugar season: The matter regarding cane price is sub-judice before the Court/BIFR.

1.23 The Committee had recommended in their original Report that all incentive/aid/assistance provided to sugar mills under Sugar Development Fund should be contingent upon the liquidation of cane arrears with interest from the mills and no fund should be released to defaulters so as to protect the interest of farmers and to encourage them to continue to cultivate sugarcane without any hindrance. The Department in their Action Taken Reply has furnished a statement indicating details of the sugar-mills which are still to liquidate their outstanding arrears against the farmers and the reasons for the outstanding cane price arrears. The Committee note that in U.P., while Recovery Certificates have been issued against certain sugar mills, the matter relating to cane price of sugar in certain cases is subjudice since the sugar seasons 1994-95 onwards, before the Court/BIFR. The Committee would like to be apprised of the details about the further development with regard to matters which are subjudiced.

CHAPTER II

OBSERVATIONS / RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (No.2.19)

2.1 The Committee are concerned to note that the production of sugar has decreased from 263 lakh tones in 2007-08 to 147 lakh tones in 2008-09. The factors responsible for less production of sugar in the sugar season 2008-09 and 2009-10 are stated to be (i) lack of adequate inputs owing to cane price arrears; (ii) delay and deficiency of rains; (iii) diversion of sugarcane crops to other cash crops; (iv) less sucrose content in sugarcane. In the opinion of the Committee, the production of sugar and sugarcane decreased due to lack of foresightedness on the part of the Government which could not make advance planning to resolve issues leading to decline in the production of sugarcane. The Committee feel that to bridge the gap between the demand and supply of sugar, increase in production of sugarcane is desirable. The Committee, therefore, strongly recommend that to reduce the dependency on imported sugar and to increase the production of sugar, the Government should initiate appropriate public-private partnership in research and extension programs with particular emphasis on ratoon management, propagation of disease and pest resistant varieties, water logged resistant varieties, availability of quality seeds, integrated plan nutrient management and judicious water management by assigning the lead role and responsibility to sugar mills. In addition, the Government should make sincere efforts to set up soil testing laboratories in the sugar cultivation areas to determine the fertility level of soil to improve the soil health. The Committee urge upon the Government to make available high yielding seeds and fertilizers in time to boost sugarcane crop production capacity.

Action Taken by the Government

2.2 The institutes of Indian Council of Agricultural research viz., Sugarcane Breeding Institute Coimbatore, Indian Institute of Sugarcane Research Lucknow have developed technologies for ratoon management, disease and pest resistant varieties, water logging tolerant varieties, production of breeder seed and micropropagation of sugarcane, integrated nutrient management, farm machineries for mechanization and water management in sugarcane. The aforesaid institutes are propagating technologies involving different stakeholders including sugar mills, State Governments, Department of Agriculture & Cooperation, Government of India and extension agencies for improving sugarcane productivity in the country. Apart from aforesaid institutes, All India Coordinated Research Project on Sugarcane also generates technologies involving different State Agricultural Universities/Research Institutes located in different regions of the country. The list of some of the biotic and abiotic resistant varieties of sugarcane released are enclosed at Annexure-I.

The Government provides grants in aid out of Sugar Development Fund in the field of development of sugar industry. Soft loans are also given to sugar factories for development of sugarcane in their respective areas which includes incentives to cultivators to switch over to new and improved varieties of sugar cane and ratoon management.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

Comments of the Committee

(Please see Para No.1.8 of Chapter I of the Report)

Recommendation (No. 2.21)

2.3 The Committee note that in order to make the cultivation of sugarcane more attractive and profitable, the Government of India has now amended its Sugarcane Pricing Policy and fixed the Fair and Remunerative Price (FRP) of sugarcane payable by sugar mills from 2009-10 sugar season at Rs.129.84 per quintal which is substantially higher over the Statutory Minimum Price (SMP) of Rs.81.18 per quintal announced for 2008-09. The Committee, however, feel that in the ground reality position is far different and the cane growers do not get the announced prices. The Committee feel that in the absence of remunerative price for sugarcane, farmers opt for other cash crops. The Committee, therefore, recommend that adequate FRP of sugarcane should be fixed so as to attract farmers for cultivation of sugarcane crop, thereby ensuring adequate production of sugar by the sugar mills. The Government should fix the FRP every year in advance so that farmers get right price signal and ensure that sugarcane remain equally competitive with other food/cash crops.

Action Taken by the Government

2.4 In order to provide remunerative price for sugarcane to the farmers, the Central Government revised the sugarcane pricing policy by amending the Sugarcane (Control) Order, 1966 on 22.10.2009, i.e. by inserting a 7th criterion under Clause 3(1), which now provides that the farmers will be given margins on account of profit and risk for supplies of their cane. Accordingly, from 2009-10 sugar seasons onwards, the Central Government is fixing a Fair and Remunerative Price (FRP) for sugarcane instead of SMP. The FRP now gives margins on account of profit and risk payable to the farmers upfront which was not available earlier under SMP. Unlike the system of payment under the SMP regime, where there was a provision of sharing of profits of sugar mills at 50:50 ratio with the farmers after the end of the sugar season, the FRP now being determined by the Central Government ensures margins on account of profit and risk to sugarcane farmers on the cost of production and transportation of sugarcane and are paid upfront.

Under the FRP system, the farmers will not be required to wait for the end of the season or for any announcement of the profits by the sugar mills or the Government. The new system also assures the margins on account of profit and risk to farmers in all the years,

irrespective of the fact whether the sugar mills generate profit or not and is not dependant on the performance of any individual sugar mill.

In order to ensure that higher sugar recoveries are adequately rewarded and Considering variations amongst sugar mills, the SMP/FRP are linked to a basic Recovery rate of sugar, with a premium payable to farmers for higher recoveries of sugar from sugarcane.

Accordingly, the FRP payable by sugar mills for 2009-10 sugar season was determined at Rs.129.84 per quintal, linked to a basic recovery rate of 9.5% subject to a premium of Rs.1.37 for every 0.1 percentage point increase in recovery above that level. The FRP fixed at Rs.129.84 per quintal for 2009-10 sugar season was about 51% higher than the SMP of sugarcane of 2008-09 calculated at 9.5% basic recovery rate. The FRP for sugarcane is the benchmark price below which no sugar factory can purchase sugarcane from a farmer subject to other provisions of the Sugarcane (Control) Order, 1966. The farmer is free to sell sugarcane to a sugar factory at a higher price as has been the case throughout the 2009-10 sugar season as per the market economics. The farmers have received cane price well above the FRP in the sugar season 2009-10.

FRP for 2010-11 sugar season has been determined at Rs.139.12 per quintal subject to a premium of Rs.1.46 for every 0.1 percentage point increase in recovery above that level.

The suggestion of the Committee to fix the FRP every year in advance so that farmers get right price signal and ensure that sugarcane remain equally competitive with other food/cash crops has been noted and further action is being taken accordingly.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

Comments of the Committee

(Please see Para No. 1.14 of Chapter – I of the Report)

Recommendation (No. 2.22)

2.5 The Committee note that diversion of sugarcane towards production of Gur and Khandsari is one of the main reasons for less production of sugar by the sugar mills and that too in the year when sugarcane production is less. The Committee observe that the Government has no control over production distribution and pricing of Gur and Khandsari,

which has an adverse effect on the availability of sugarcane for the sugar mills and consequently results in lower production of sugar leading to rise in prices. The Committee, however, observe that consequent upon rise in income and change in taste, consumption of Gur at all India level has come down in both urban and rural areas across all income groups. The Committee also observe that despite there being shifts in consumer preference, there is large scale diversion of sugarcane to the alternative sweetener industry. The Committee are of opinion that due to failure on the part of sugar mills to make timely payment for sugarcane supplied to them by the farmers, there is still large-scale diversion of sugarcane to Gur and Khandsari units, particularly in the years of less production. The Committee, therefore, recommend that the sugarmills should purchase the sugarcane directly from farmers to check the diversion of sugarcane to Gur and Khandsari industries. Further, the Government should persuade the sugarmills to make timely payment of sugarcane to the farmers in cash, rather than by cheque or bank accounts. Besides, they should start the production of sugar in their mills in the beginning of the sugar season so that farmers are not forced to divert their produce to Gur and Khandsari units and they get fair price of sugarcane.

Action Taken by the Government

2.6 The recommendations of the Committee are as below:-

- (i) The sugar mills should purchase the sugarcane directly from farmers to check the diversion of sugarcane to Gur and Khandsari industries.
- (ii) The Government should persuade the sugar mills to make timely payment of sugarcane to the farmers in cash, rather than by cheque or bank accounts.
- (iii) The sugar mills should start the production of sugar in their mills in the beginning of the sugar season so that farmers are not forced to divert their produce to Gur and Khandsari units and they get fair price of sugarcane.

As regards to the recommendation at Sr.No.(i) above, It is stated that the cane supply arrangements to sugar mills vary from State to State. In majority of States, sugar mills purchase the sugarcane directly from farmers. However, in states of U.P. and Uttarakhand, sugar mills purchase cane from farmers through Co-operative Societies. As the matter relates to State Governments, the recommendation of the Standing Committee has been forwarded to the State Governments for necessary action in the matter.

With regard to the recommendation at Sr.No.(ii) above, it is stated that the Explanation (3) below Clause 3 of the Sugarcane (Control) Order, 1966 provides, inter alia, that *'where a producer of sugar purchases any sugarcane from a grower of sugarcane or from a sugarcane growers' cooperative society, the producer shall, pay within 14 days from the date of delivery of sugarcane to the seller, either at the gate of the factory or at the cane collection center or transfer or deposit the necessary amount in the Bank Account of the seller or the cooperative society, as the case may be'*. It may be observed that this provision provides payment of cane price either by cash or cheque or bank accounts. It is upto the State Governments to decide the mode of payment in their respective States. The recommendation of the Standing Committee has been forwarded to the State Governments for necessary action.

In respect of recommendation at Sr.No.(iii) above, it is stated that sugar mills or Gur or Khandsari Units should start crushing operations only when cane gets mature so that they achieve good rate of recovery. Also, it is in the interest of the farmers that they supply mature cane whether to sugar mills or gur or khandsari units which would fetch higher cane price as the matured cane gains weight and payment to farmers is made on weight basis. Generally the sugar mills start crushing operations only when the cane gets matured to ensure optimum sugar production. The recommendation of the Committee has been forwarded to State Governments for necessary action in the matter.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

Recommendation (No.3.18)

2.7 The Committee note that the Central Government has imposed stockholding limit on bulk consumers of sugar using or consuming more than ten quintals of sugar per month vide notification dated 22 August, 2009 providing that they shall not hold stock exceeding 15 days of their requirement from domestically produced sugar with a view to making adequate quantities of sugar available to the household sector and having a sobering impact on prices of sugar. The Committee note with concern that only 23 States/UTs have issued stock holding limits. 4 States/UTs do not consider it necessary to impose any stockholding limit whereas seven States/UTs have not responded. The Committee are of the opinion that if the stock

holding limit is not imposed in all the States, the multi-national companies and private traders may stock the sugar much in excess of their requirement leading to profiteering, hoarding, and black marketing of sugar. The Committee, therefore, recommend that the period of stockholding limit should be fixed in accordance with the need of the time and should be reduced further at the time of scarcity. State Governments should be impressed upon to conduct frequent raids to check the stock and if any company or trader is found hoarding more than the limit, prompt and strict action should be taken against them. The remaining States/UTs should also be impressed upon to implement the stock holding limit in their respective States in letter and spirit to fight the menace of hoarding and black marketing of sugar, thereby curbing rise in price.

Action Taken by the Government

2.8 States /UTs have been urged by the Central Government to impose these limits in their respective States/ UTs. It is the responsibility of the State Governments / UT Administrations to ensure that the limits are scrupulously observed and conduct checks/raids on traders for the purpose. Many States have conducted checks/raids on unscrupulous dealers of sugar and also taken penal actions under the relevant provisions of the Essential Commodities Act,1955. Government of India does not have necessary field formations to carry out raids on dealers of sugar. As such, the recommendation of the Committee has been forwarded to the State Governments / UT Administrations for necessary action. The states of Puducherry, Sikkim, Lakshadweep and Meghalaya have intimated that they have examined the issue and consider it not necessary. However, the recommendation of the committee is again being forwarded to these four states also for necessary action.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

Comments of the Committee

(Please see Para No.1.17 of Chapter – I of the Report)

Recommendation (No.4.17)

2.9 The Committee expresses concern over the rising trend in prices of sugar during the last two years. The Committee have been informed that the mismatch between domestic production and demand for sugar is primarily responsible for rise in price of sugar. The Committee also note from the information furnished to them that increase in international price of raw and white sugar, rumors of very low production of sugar and restriction on movement and transportation of imported raw sugar in the state of U.P. contributed to rise in the price of sugar during the period December 2009 to January 2010. The Committee find that due to various measures taken by the Government, prices of sugar have come down to some extent but the prices are still very high in the open market. The Committee feel that the cyclic nature of sugarcane production, which has been observed over the years, needs to be regulated. It has been observed that two to three years of very high/surplus production results in glut in the market and crash of sugar prices, leading to shifting in cultivation from cane to other crops, in turn resulting in reduced production, shortage, and consequent rise in sugar prices again. The Committee strongly desire that the Government should sincerely work for a long-term policy to deal with the problem. The Committee feel that with the help of scientifically gathered agricultural intelligence, the long term production trend can be assessed and necessary steps taken to deal with the situation. Such a task may involve concerted efforts on the part of a number of Department/ Ministries. The Committee strongly recommend that the government should take immediate necessary steps in this direction so that long-term stabilization of sugar production and prices could be achieved.

Action Taken by the Government

2.10 The Government agrees with the recommendation of the Committee that there should be a long-term policy to deal with the problem of cyclicity of sugarcane and sugar production. However, solution to this problem will have to be found out in consultation with the different stakeholders, viz., State Governments, sugarcane farmers, sugar industry and consumers.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

Comments of the Committee

(Please see Para No.1.20 of Chapter – I of the Report)

Recommendation (No.4.18)

2.11 The Committee note with concern that the Government is not serious to take action against the hoarders and blackmarketers who create artificial scarcity in the market. From the information furnished by the Government, the Committee find that the number of persons prosecuted and convicted under Essential Commodities Act, 1955 and Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980 is very low particularly in 2009. The Committee find that out of 1,88,119 raids conducted during 2009, only 4,848 persons were prosecuted resulting in the conviction of only 118 persons. The information furnished establishes clear slackness and failure on the part of the several States/UTs in taking stringent action against hoarders and black marketers who create artificial scarcity leading to price rise. The Committee strongly recommend that the Department should work for strengthening the enforcement mechanism and persuade the State Governments/UTs to conduct regular raids to check the hoarding and black-marketing.

Action Taken by the Government

2.12 The enforcement of the Essential Commodities Act, 1955 lies with the State Governments/Union Territories. The State Governments/UT Administrations have been delegated powers to take necessary action under the provisions of both “The Essential Commodities Act, 1955 and “The Prevention of Blackmarketing and Maintenance of supplies of Essential Commodities Act, 1980”, to prevent mal-practices in essential commodities. States/UTs have been requested repeatedly from time to time to take necessary action under both the Acts to prevent hoarding and smuggling.

The various measures/steps taken by the Central Government to persuade the State Governments/UT Administrations to effectively implement the provisions of Essential Commodities Act, 1955 are as under:-

(i) To enable the State Governments/UT Administrations to take effective action for undertaking de-hoarding operations under the Essential Commodities Act, 1955, it was decided to enable State Governments to impose stockholding limits by keeping in abeyance

some provisions of the Central Order dated 15.02.2002 in respect of, inter alia, sugar upto 31.12.2010.

(ii) Further, in respect of sugar, the Central Government have also issued Orders providing for stock-holding/turnover limits which are as follows:

Stockholding: (i) in Kolkata and extended area –

(a) Recognized dealers who import sugar from outside West Bengal – 10,000 quintals;

(b) Other recognized dealers – 2000 quintals;

(ii) in other places – 2000 quintals.

Turnover: No dealer can hold the stock of sugar for a period exceeding 30 days from the date of receipt by him of such stock.

(iii) The State Government/Union Territory Administrations have fixed the stock limits as per their requirement, but not less than that fixed by the Central Government. As per information furnished by the State Government/UT Administrations, in respect of sugar, 23 States/UTs have issued stock limit Orders and 4 States/UTs have issued licensing requirements/stock declarations.

(iv) These measures also include d.o.letters, conferences held with Food Secretaries/Chief Secretaries of States/UTs including Video Conference.

(v) The Hon'ble Minister for Consumer Affairs, Food & Public Distribution had written to the Chief Ministers of all the States/UTs vide his letter dated 23.09.2009 and 21.12.2009 where he had reiterated the requirement of strict enforcement of the provisions of the Essential Commodities Act, 1955 and the Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 against unscrupulous elements indulging in malpractices. The latest in the series of interactions with the States/UTs is the Conference of Chief Ministers held under the Chairmanship of Hon'ble Prime Minister on 06.02.2010. A Standing Core Group of State Chief Ministers and concerned Central Ministers was constituted as decided in the Chief Ministers Conference held on 06.02.2010. The first meeting of the Core Group was held on 08.04.2010 under the Chairmanship of Prime Minister. It was decided in this meeting to set up a Working Group, inter alia, on Consumer Affairs to be chaired by the

Chief Minister of Gujarat. This Working Group has since been constituted and is required to suggest strategies/plan of action for reducing the gap between farmgate and retail prices and better implementation and amendment to Essential Commodities Act. The first meeting of the Working Group has been held on 21.10.2010 and the finalization of Report is underway.

Also, the recommendation of the Standing Committee has been forwarded to the State Governments/UT Administrations for necessary action in the matter.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

Recommendation (No.5.16)

2.13 The Committee note that Government of India has created Sugar Development Fund with a view to providing loan to sugar mills for the rehabilitation, modernization and development of sugar industry, carrying out research projects and production of anhydrous alcohol or ethanol from alcohol or molasses as well as building up and maintenance of buffer stock to stabilize price of sugar. The Committee are concerned to note that although a huge amount is released from the Sugar Development Fund every year both in the cooperative and private sector, yet a number of applications are still pending consideration for the year 2009-10 and 2010-11. The Committee have been informed that the Government have now opened two separate windows – one for separate loan assistance programme for sugar mills to be passed on immediately to farmers to buy seeds, fertilizers and pesticides to increase the production of sugar and another for loan at four per cent to encourage sugar mills for processing raw sugar to a large quantity by giving them balancing equipments. While considering it to be a right step, the Committee recommend that concerted efforts should be made for the disposal of pending applications so that the mills could utilize the funds for the intended purpose.

Action Taken by the Government

2.14 Having regard to the estimated production of sugarcane and sugar during 2008-09 and 2009-10 sugar seasons, and feeling the necessity of incentivising improvement in productivity of sugarcane and recovery of sugar, the Central Government announced two short term loan schemes, namely, (1) Short term loan scheme for Modernisation of sugar factories for

simultaneous processing of raw sugar with crushing of sugar cane and (2) Short term cane development loan for purchase of seeds, fertilizers and pesticides as a one time measure. During 2009-10, Rs.80.75 crore and Rs.156.30 crore were disbursed for the two schemes respectively. All the eligible applications stand disposed off.

As regards regular loans under SDF efforts are being made for early disposal of all completed applications. The sanctioned amount in various schemes during 2009-10 and 2010-11 are as follows:

Name of the scheme	Year	Sanctioned amount (Rs. in crore)	Number of Applications
Cane Development	2009-10	32.35	10
	2010-11	115.23	22
Modernisation	2009-10	345.08	25
	2010-11	63.24	4
Cogeneration	2009-10	651.12	27
	2010-11	89.82	4
Ethanol	2009-10	109.91	7
	2010-11	71.51	6

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

Recommendation (No.5.18)

2.15 The Committee regret to note that despite various measures taken by the Government, there is no satisfactory improvement in the recovery of outstanding loans sanctioned to sugar mills from the Sugar Development Fund. The Committee observe that out of Rs. 3858.34 crore sanctioned upto 28.02.2010, an amount of Rs. 664.01 crore which includes Rs. 315.29 crore as principal and Rs. 348.72 crore as interest is still outstanding to be recovered from the sugar mills. The Committee, therefore, recommend that concerted efforts should be made to step up the recovery of the entire funds with interest by removing all procedural obstacles coming in the way of recovery.

Action Taken by the Government

2.16 Concerted efforts are being made to step up recovery of outstanding dues on account of SDF loans given to the sugar mills. The efforts include vigorous pursuance with defaulters to liquidate dues including meetings with major defaulters; adjustment of dues against claims for reimbursement of expenditure on Export and Buffer subsidy ; recovery through the Ministry of Finance from the Annual Central Assistance to State Governments in the cases where the State Govt. have stood guarantee for the repayment of the loan. Further, the monitoring agencies for SDF have been advised to put in extra efforts for early recovery of default amount. The steps taken are showing positive results.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

Recommendation (No.5.19)

2.17 The Committee note that there are 475 sugar mills in operation in the country and majority of them are located in Uttar Pradesh (127) and Maharashtra (139). Similarly, out of 168 sick sugar mills, 59 are in Maharashtra and 35 in Uttar Pradesh. The main causes of sickness of the sugar mills are stated to be (a) non-availability of adequate raw material (b) poor recovery from sugarcane (c) uneconomic size (d) lack of modernization (e) upgradation and diversification (f) high cost of working capital (g) declaration of high State Adversed Price (SAP) of sugarcane by some States (h) control of molasses (i) lack of professional management, overstaffing, etc. The Committee are concerned to note that despite the provisions of financial assistance from Sugar Development Fund for rehabilitation/modernization, sick sugar mills are not availing the benefits of the scheme. The Committee are of the opinion that the Government should view the revival of sugar mills seriously and encourage them to join the mainstream in production of sugar in the country. The Committee feel that the country is already facing the problem of scarcity of sugar thereby causing unexpected rise in its price in the open market. The Committee take a serious note of the fact that until and unless the causes of sickness of the sugar mills are resolved, the number of sick sugar mills may increase in future. The Committee, therefore, strongly recommend

that the Government should improve its monitoring mechanism over the Sugar Development Fund and ensure that the funds are released to sugar mills for their modernization so that the production of sugar is not hampered. The Committee also recommend that the Government should relax the conditions laid down in the rules so that maximum sick sugar mills could avail the benefit of the scheme.

Action Taken by the Government

2.18 Implementation of projects for modernization/rehabilitation/expansion of plant and machinery; bagasse based cogeneration of power projects and projects for production of ethanol undertaken by sugar factories, where SDF loans are given, are monitored on behalf of the Government by the Industrial Finance Corporation of India and the National Cooperative Development Corporation. The cane development scheme funded by SDF loan is monitored by the State Governments in which a sugar factory is situated. In order to further improve the monitoring and control over performance of cane development schemes funded from SDF, the Government has further appointed agencies like IFFCO Foundation, National Federation of Cooperative Sugar Factories Ltd., Indian Sugar Mills Association and Vasant Dada Sugar Institute, Pune to monitor the same on behalf of the Government.

The performance of the schemes being implemented with SDF assistance is also reviewed frequently by the Standing Committee of the SDF chaired by the Secretary of the Department.

As per the provisions of SDF Rules, a sick undertaking is required to get a revival package approved by the BIFR in the case of private and public sector sugar factories and by the Committee on Rehabilitation (COR) in the case of Co-operative sugar mills, with a component of SDF loan in the package. Loan is available from SDF both for cane development and rehabilitation/ modernisation. The eligibility criteria for such loan to a potentially viable sick unit is quite favorable to the sugar factories in so far as loan up to 60% of the project cost (as against 40% in normal cases) can be given from SDF for rehabilitation/ modernisation projects and the moratorium period for repayment can be decided by the Central Government on case to case basis (against a fixed moratorium period of 8 years in

normal cases). Similarly for cane development loan, the 10% contribution required to meet by the sugar factory can be met by the concerned State Government also.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

Recommendation (No.6.12)

2.19 The Committee are pained to note that arrears to the tune of Rs. 2084 crore for the sugar season 2009-10 are still outstanding. The Committee desire that the Government should take appropriate action under Sugarcane (Control) Order, 1966 under which Central/State Government Officers are authorized to recover the arrears of cane price remaining unpaid after 14 days supply of cane by the grower, together with interest @ 15% per annum. The Committee would also like to be apprised of the details of sugar mills which are still to liquidate their outstanding arrears to farmers and reasons for not paying outstanding arrears along with interest. The Committee feel that the interest of farmers should be protected in such a manner that they should continue to cultivate sugarcane without any hindrance. For achieving this, the Committee recommend that all incentive/aid/assistance provided to sugar mills should be contingent upon the liquidation of cane arrears with interest from the mills. In defaulter case, no fund should be released.

Action Taken by the Government

2.20 The main recommendations of the Committee are as below:-

- (i) The Government should take appropriate action under Sugarcane (Control) Order, 1966 under which Central/State Government Officers are authorized to recover the arrears of cane price remaining unpaid after 14 days supply of cane by the grower, together with interest @ 15% per annum.
- (ii) The Government should apprise the details of sugar mills which are still to liquidate their outstanding arrears to farmers and reasons for not paying outstanding arrears along with interest.

- (iii) All incentive/aid/assistance provided to sugar mills should be contingent upon the liquidation of cane arrears with interest from the mills. In default case, no fund should be released.

As regards (i) above, it is stated that the appropriate action under Sugarcane (Control) Order, 1966, to recover the arrears of cane price remaining unpaid after 14 days of cane supply together with interest has to be taken by the State governments, which are having necessary machinery to take such actions. The powers under the Sugarcane (Control) Order, 1966 have been delegated to District Magistrates to recover cane price arrears as arrears of land revenue.

With regard to (ii) above, a statement indicating details of the sugar mills which are still to liquidate their outstanding arrears against the farmers as on 31.8.2010 is enclosed at **Annexure-II**. The reasons for the outstanding cane price arrears alongwith the action taken by the State Governments to recover the outstanding cane price arrears is enclosed at **Annexure-III**.

In respect of (iii) above, it is stated that the Central Government provides assistance to sugar mills from Sugar Development Fund (SDF) inter-alia with a view to improve their capacity to pay cane price to sugarcane farmers e.g. in the years of surplus production, when the prices of sugar decline in the open markets, the cane price arrears get built up. The Government creates buffer Stocks of sugar and also extend assistance for export of sugar to ensure that high production of sugarcane does not lead to mounting cane price arrears. If the recommendation of the Committee is accepted and the assistance to sugar mills under SDF is made contingent upon the liquidation of cane price arrears with interest, it would not be possible for the Government to extend assistance to sugar mills in such a situation.

Details of the sugar mills which are yet to liquidate cane price arrears as on 31.08.2010.

(Rs. In lac.)

Sr. No.	Factory Short Name	Code No.	Name of the Sugar Factory	Sugar Season 2009-10	2008-09	2007-08 & earlier season.
1	YOGESHWARI	52201	YOGESHWARI SUGAR INDUSTRIES LTD.	0	0	116.61
2	VILLUPURAM	30501	RAJSHREE SUGARS AND CHEMICALS LTD.	786.02	0	0
3	VIJAYARAMA	24301	SRI VIJAYARAMA GAJAPATHI COOP. SUG. LTD.	65	0	0
4	VENUS	36101	VENUS SUGAR LTD	196.5	0	554.69
5	VARALAKSHMI	44901	VARALAKSHMI SUGARS LIMITED.	0	0	55.13
6	VALSAD	10901	SHRI VALSAD S K UDYOG MANDLI LTD.	100.01	0	0
7	UTTUR	61601	INDIAN CANE POWER LTD	292	0	0
8	TRIDENT	23602	THE NIZAM SUGAR FACTORY LTD.	0	0	42.23
9	TIRUPATI	25401	SRI VENKATESWARA COOP. SUGAR FACTORY LTD	138	0	0
10	THEUR	13901	YESHWANT SAHAKARI SAKHAR KARKHANA LTD.	762.44	0	0
11	THANDAVA	24201	THE THANDAVA COOP. SUGARS LTD.	93.91	0	0
12	TERNA	18601	TERNA SHETKARI SAHAKARI SAKHAR K LTD.	807.06	0	153.1
13	TANUKU	25601	THE ANDHRA SUGARS LTD.	0	0	458.83
14	TADAUVAI	25602	ANDHRA SUGAR LTD TANKU UNIT 2	0	0	299.48
15	SURYANAGAR	39101	HUTATMA JAYAWANT RAO PATIL SSK LTD.	0	0	557.5
16	SITARGANJ	4601	KISAN SAHAKARI CHINI MILLS LTD.	114.27	0	0
17	SIDHWALIA	22401	BHARAT SUGAR MILLS LTD.	12.84	2.33	13.42
18	SHESHNAGAR	53009	JAI SHIV SHANKAR SSK LTD.	0	0	128.76
19	SEOHARA	5901	UPPER GANGES SUGAR MILLS LTD.	3859.7	0	0
20	SEMMEDU	61801	RAJSHREE SUGAR & CHEMICALS LTD.	473.37	0	0

21	SEHORE	9901	BHOPAL SUGAR INDUSTRIES LTD.		0	1006.92
22	SASAMUSA	22201	SASAMUSA SUGAR WORKS PVT LTD.	0.48	0.35	0
23	SARDARNAGAR	7801	SARAYA SUGAR MILLS LTD.	0	0	1966.94
24	SANGARADI	44701	GANPATI SUGAR INDUSTRIES LTD	0	0	261.26
25	SAMALKOT	25801	NAVA BHARAT FERRO ALLOYS LTD.	0	0	44.56
26	ROSA	6201	ROSA SUGAR WORKS LTD.	485.79	0	0
27	RIGHA	22501	RIGA SUGAR CO. LTD.	1.75	0.28	0
28	RANNANAGAR	45601	RAYATARA SSK NIYAMAT.	298	0	0
29	RAJGAD	34001	RAJGAD S.S.K.LTD	50	0	0
30	RAJA-KA-SHASPUR	6001	AJUDHIA SUGAR MILLS	0	0	135.13
31	PUGALUR	25802	NAVA BHARAT FERRO ALLOYS LTD.	529.43	0	0
32	PONNI	30701	PONNI SUGARS & CHEMICALS LTD.	529.95	0	0
33	PONDICHERRY	31001	THE PONDICHERRY COOP. SUGAR MILLS LTD.	85.44	0	0
34	PLASSEY	23401	KHAITAN AGRO INDUSTRIES.	0.08	0	0
35	PANIARI	10601	SHRI UKAI P K UDYOG SAHAKARI MADLI LTD.	30.81	0	0
36	PANDAVAPURA	26501	PANDAVAPURA SAHAKARI SAKHAR KARKHANA LTD	748	0	0
37	PALSE	12101	NASIK SAHAKARI SAKHAR KARKHANA LTD.	0	0	99.44
38	PALAYASEEVARAM	43501	S.V.SUGARS LTD	0	24.02	0
39	PADRAUNA	8001	CAWNPORE SUGAR WORKS LTD.	0	0	1406.4
40	NIZAMABAD	23701	THE NIZAMABAD COOP SUGAR FACTORY LTD.	0	0	40
41	NINDRA	42601	PRUDENTIAL MOULI SUGAR (P) LTD	255.7	0	220.68
42	NEOLI	6701	NEOLI SUGAR FACTORY	296.41	0	0
43	NELLIKUPPAM	30401	E.I.D. PARRY (INDIA) LTD.	1103.73	0	0
44	NELAVOY	55401	SAGAR SUGARS & ALLIED PRODUCTS LIMITED.	13.14	0	0
45	NCS SUGARS	23609	NCS SUGARS LTD.	0	0	150.58
46	NAYAGARH	32401	THE COOPRETIVE SUGAR INDUSTRIES LTD. (UNDER THE MANAGEMENT OF	40.53	0	0

			DHARNI SUGAR AND CHEMIALS LTD.)			
47	NAYABANS	50601	DAYA SUGAR LTD. NAYA BAANS.	394.27	0	0
48	NARSINHA	54401	NARSINHA S.S.K LTD.	306.26	0	0
49	NARKATIAGANJ	21801	THE NEW SWADESHI SUGAR MILLS LTD.	4.99	0.04	0
50	NANDYAL	24901	THE NANDYAL COOP. SUGARS LTD.	40.23	0	0
51	NADEHI	4501	KISAN SAHAKARI CHINI MILLS LTD.	38.85	0	0
52	MOTIHARI	22101	GOVIND SUGAR MILLS LTD.	0	0	1111.26
53	MORENA	9301	MORENA MANDAL SAHAKARI SAKHAR KARKHANA LTD.		0	34.96
54	MODINAGAR	3601	MODI INDUSTRIES LTD.	1342.66	0	0
55	MAYURA NAGAR	43601	SUDALAGUNTA SUGARS LIMITED.	96.22	0	0
56	MAROLI	10801	SH MAROLI VIBHAG KHAND UDYOG SAHAKARI MANDLI LTD.	506.8	0	0
57	MARHOWRAH	8004	CAWNPORE SUGAR WORKS LTD.	0	0	433.84
58	MANDYA	26201	MYSORE SUGAR CO. LTD.	1413	0	22
59	MALAKPUR	3602	SBEC SUGAR LTD.	4528.26	0	0
60	MAKKAVALLI	49901	COROMANDEL SUGARS.	1880	0	0
61	MAHUVA	10501	SHREE MAHUVA S K UDYOG MANDLI LTD.	63.67	0	0
62	MAHESWARA	28801	MAHADESHWARA SUGARS MILLS LTD.	29	0	0
63	LOHGAON	39201	NARSINHA S.S.K LTD.	0	0	220.53
64	LAKSHMIPURAM	26101	CHALLAPALLI SUGARS LTD.	2.29	0	0
65	LADHOD	43101	SARDAR COOP SUGAR & INDUSTRIES LTD.	0	0	1162
66	KURHA	56701	VIDARBHA SUGARMILLS (PVT) LTD.	0	0	13.85
67	KUMARANTHAM	34901	SHREE VANI SUGAR & INDUSTRIES LTD.	0	0	232.21
68	KRISHAK	51201	KRISHAK S.K.MARYADIT.		0	16.98
69	KOVUR	25201	THE KOVUR COOP. SUGAR FACTORY LTD.	770	0	0
70	KOREGAON	38801	JARANDESHWAR S.S.K LTD	794.99	0	0
71	KOPPA	55501	NSL SUGARS LTD.	733	0	0

72	KHALILABAD	7702	SWADESHI MINING & MANUFACTURING CO. LTD.	0	0	7.85
73	KATHKUIYAN	8002	CAWNPORE SUGAR WORKS LTD.	0	0	560.8
74	KASHIPUR	6101	L.H.SUGAR FACTORIES LTD.	8.8	0	629.73
75	KAMLAPUR	50401	KAMLAPUR SUGAR & INDUSTRIES LTD.	0	81.46	841.76
76	KALAYANALLUR	63701	DHARANI SUGARS AND CHEMICALS LTD.	722.44	0	0
77	KAIJ	37601	SHRI VITTAL RAO VIKHE PATIL SSK LTD.	0	0	96.53
78	K.R.NAGAR	27701	SRI SREERAMA SAHAKARI SAKHAR K LTD.	112	0	0
79	IMAMPUR	40701	THE NARANJA SSK LTD.	0	0	1240
80	HIREBEVANUR	54601	DHYANYOGI SHRI SHIVKUMAR SWAMIJI SUGARS LTD.	182	0	287
81	HINGANGHAT	38901	SHETKARI S.S.K LTD.	0	20.67	0
82	HEMAVATI	27901	HEMAVATI SAHAKARI SAKHAR KARKHANA LTD.	321	0	0
83	HAVARGAON	52901	SHAMBHU MAHADEV SUGAR AND ALLIED INDUSTRIES LTD.	0	0	52.54
84	HASSANPUR	21501	NEW INDIA SUGAR MILLS LTD.	18.26	2.15	4.47
85	HARINAGAR	21701	HARINAGAR SUGAR MILLS LTD.	50.85	11.42	0
86	HARGAON	6801	THE OUDH SUGAR MILLS LTD.	3362.37	0	0
87	GOPALGANJ	22301	THE VISHNU SUGAR MILLS LTD.	2.93	0.78	0
88	GOLEGAON	32301	SHANKAR SAHAKARI SHAKAR KARKHANA LTD.	0	0	15.57
89	GEM SUGAR	54201	GEM SUGAR LTD.	186	0	0
90	GAURIBIDANUR	27301	GAURIBIDANUR SAHAKARI SAKHAR K LTD.	0	0	18
91	GAURIBAZAR	8003	CAWNPORE SUGAR WORKS LTD.	0	0	161.28
92	GANGAMAI	51101	GANGAMAI SUGAR IND LTD.	0	0	143.14
93	GADAURA	37301	J.H.V SUGAR CORPN LTD.	155.21	0	0
94	GADARPUR	4701	KISAN SAHAKARI CHINI MILLS LTD.	85.24	0	0
95	G.S.COMPLEX	43801	SARITA SUGAR LTD.	27.14	0	0

96	ETIKOPPAKA	24101	THE ETIKOPPAKA COOP. AGRI IND. SOC. LTD.	200.51	0	0
97	DAULAT	16701	DAULAT SHETKARI SAKHARI SAKHAR K LTD.	1109.24	0	0
98	DABRA	9601	THE GWALIOR SUGAR CO.LTD.	89.58	0	2.81
99	CHODAVARAM	23901	THE CHODAVARAM COOP. SUGARS LTD.	376	0	0
100	CHITTUR	31301	THE COOPERATIVE SUGAR LTD. PALAGHAT.		0	384.74
101	CHITTOOR	25301	THE CHITTOOR COOP. SUGARS LTD.	541	0	0
102	CHELLURU	25901	SRI SARVARAYA SUGARS LTD.	0	0	388.67
103	CHANPATIA	22001	CHAMPARAN SUGAR CO. LTD.	0	0	662.76
104	CHAMUNDESWARI	28101	SRI CHAMUNDESWARI SUGARS LTD.	413	0	0
105	CHAGALLU	25501	THE VVS SUGARS LTD.	0	0	821.19
106	CAUVERY	30301	CAUVERY SUGARS & CHEMICALS LTD.	555.52	0	0
107	CAPTAINGANJ	7901	THE KANORIA SUGAR & GENERAL MFG. CO. LTD.	0	0	1040
108	BRAHMAWAR	28001	DAKSHINA KANADA SAHAKARI KARKHANA LTD.	0	0	193
109	BIKAPUR	62801	BAGHAULI SUGAR AND DISTILIRIES LTD.	106.12	0	0
110	BHORAS	20301	BELGANGA SAHAKARI SAKHAR KARKHANA LTD.	0	15.45	0
111	BHADRA	27601	BHADRA SAHAKARI SAKHAR KARKHANA LTD.	0	0	242
112	BAS	30902	BANNARI AMMAN SUGAR LTD	380	0	0
113	BARACHAKIA	22002	CHAMPARAN SUGAR CO. LTD.	0	0	399.39
114	BANNARI-AMMAN	30901	BANNARI AMMAN SUGAR LTD.	613.02	0.52	0.71
115	BANMANKHI	21406	BIHAR STATE SUGAR CORPORATION LTD.	0	0	542
116	BAGAHA	21601	TIRUPATI SUGAR LTD.	3.62	0	119.97
117	BADAMI	58401	BADAMI SUGARS LTD	0	0	700
118	ATPADI	15801	MANGANGA SAHAKARI SAKHAR KARKHANA LTD.	0	0	26.61
119	ARUNACHALAM	51801	ARUNACHALAM SUGAR MILLS LTD.	0	0	215.23

120	ARANTANGI	50501	EID PARRY (INDIA) LTD.	354.56	0	0
121	ANANDNAGAR	7701	SWADESHI MINING & MANUFACTURING CO. LTD.	0	0	16.22
122	ANAKAPALLE	24001	ANAKAPALLE COOP. AGRICULTURE IND. SOC. LTD.	86	0	0
123	AMBAJOGAI	19701	AMBAJOGAI SAHAKARI SAKHAR KARKHANA LTD.	0	0	459
124	AIRA	6401	GOVIND SUGAR MILLS LTD	2459.17	0	0
125	AGWANPUR	48401	DEWAN SUGAR LTD	69.17	0	0
126	AGAUTA	36301	AGAUTA SUGAR MILLS LTD.	0	0	275.19
127	GAYATRI	44601	GAYATRI SUGARS LTD	0	0	334.5
128	BELA	55701	PURTI SAKHAR K LTD	323.62	0	0
129	BAROOR	55901	BHAVANI KHANDSARI SUGARS LTD.	200	0	0
130	ANANDGOPI	55801	ANAND AGROCHEM INDIA LTD.	0	0	385.95
	Total. Arrears.			38229.22	159.47	22227.9

Reason for sugar mills not paying the cane price arrears and the action taken against the sugar Mills as per the provisions of the Sugarcane (Control) Order, 1966. :-

Andhra Pradesh: - Sugar Season 2009-10: All the sugar mills have cleared the statutory dues to the farmers.

Bihar:-Certificate Cases have been filed against Tirupati Sugar Mills Ltd. Bagha, West Champaran, and Hanuman Sugar Industry Ltd. Motihari, West Champaran.

Gujarat:- Only one case of delayed payment observed and penalty to the Board of Directors u/s 147 of Cooperative Act was imposed and also various sections of IPC were imposed.

Maharashtra:- Revenue Recovery Certificates have been issued against 18 cooperative sugar factories for the crushing season, 2008-09.

Punjab:-No cane price arrears are pending in the state as on date.

Tamil Nadu: - The arrears against Bannari Aman Sugars Limited, Sathyamangalam, Erode could not be paid for want of documents from the legal heirs. Arunachalam Sugar Mills, Malapambadi, Tiruvannamalai District have closed operation from 2003-04 sugar season due to heavy losses.

Uttar Pradesh:- The State Government has taken the following action:-

2009-10 Sugar season: Recovery Certificate have been issued against Gangalhedhi, Malakpur, Majhoul, Agwanpur and Neoli Sugar mills.

2008-09 Sugar season: Recovery Certificate have been issued against Kamlapur Sugar mill.

2007-08 & 2006-07 sugar season:- Recovery Certificate have been issued against Majhoul, Gopi and Kamlapur Sugar mills. Further the matter relating fixation of cane price of the sugar season 2006-07 and 2007-08 is sub-judice before the Hon'ble Supreme Court.

1994-95, 1995-96, 1996-97, 1997-98, 1998-99, 1999-2000, 2002-03 and 2003-04 Sugar season: The matter regarding cane price is sub judice before the Court/BIFR.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

**Comments of the Committee
(Please see Para No.1.23 of Chapter – I of the Report)**

CHAPTER III

OBSERVATIONS / RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation (No.3.10)

3.1 The Committee observe that the Government has no control over the distribution of non-levy sugar. Consequently, the sugar mills are free to sell non-levy sugar to any sugar dealer in any State/UT. The Central Government is concerned only with the allocation of the 20% of the sugar production by the sugar mills as levy sugar to the State Governments/UT Administrations and its delivery by sugar mill under PDS. It is surprising to the Committee that the Department has no details about the remaining 80% non-levy sugar consumed by the States/UTs, which in the opinion of the Committee is one of the factors responsible for hoarding of sugar and hike in its prices. The Committee feels that the Government should explore the possibility of setting up a mechanism to have some sort of monitoring on the distribution of non-levy sugar so that each State/UT may get sugar as per their requirement. The Committee, therefore, recommend that the Government should devise a mechanism so as to monitor the distribution of non-levy sugar and impress upon the States/UTs to furnish the details regarding consumption of sugar by them which will help the Government for fair distribution of sugar and curb the tendency of hoarding and blackmarketing by the unscrupulous traders. The Committee also recommend that the Government should widen the scope of PDS so that middle-class families including APL may get sugar at reasonable price.

Action Taken by the Government

- 3.2 The Committee has recommended as under:-
- (i) The Government should devise a mechanism to monitor the distribution of non-levy sugar so that each State/UT gets sugar as per its requirement.
 - (ii) The Government should widen the scope of PDS so that middle class families including APL population get sugar at reasonable price.

As regards (i) above, it is stated that under the extant policy of partial control, the Central Government requisition a part production of sugar as levy sugar (10% since 01.03.2002 except for 2009-10 sugar season when it was raised to 20% in view of fall in production of sugar) for distribution under the PDS and rest of the production is allowed to be sold as non-levy sugar (free-sale sugar) through regulated release mechanism. The Government releases the non-levy sugar quota to sugar mills on monthly basis. While releasing the quota, various factors like production, demand and availability of sugar in the country, the ruling prices of sugar in the domestic and international markets, availability of other sweetening agents, etc. are taken into account. If the suggestion of the Committee is accepted, the Government will have to direct sugar mills to sell their non-levy quota in a particular State/UT and also put restrictions on inter-State movement of sugar which will defeat the very purpose of permitting sugar mills to sell their non-levy quota as per their commercial prudence. Therefore, it is not desirable to put restrictions on sale of non-levy sugar quota of sugar mills based on consumption pattern of sugar in the States/UTs and to monitor the distribution of non-levy sugar.

As regards (ii) above, it is stated that in February, 2001, the Central Government in a move towards better targeting restructured the supply of levy sugar under PDS and restricted its supply to BPL families except in the North Eastern States, Hill States and Island Territories where universal coverage was allowed to continue. Accordingly, the allotment of levy sugar is made on the basis of fixed State/UT quotas with effect from 01.02.2001. The annual requirement of levy sugar for distribution under PDS is 28 lac tons (including annual festival quota and supply to Army Purchase Organization/Para-military forces). The levy obligation on sugar mills has been restricted to 10% of the sugar production. Sugar mills supply levy sugar to the Government at a price which is generally less than the price of non-levy sugar in the open market.

The Central Government takes into account 'Fair and Remunerative Price' (FRP) of sugarcane with effect from sugar season 2009-10 while determining the ex-factory price of levy sugar [Prior to 2009-10 season, Statutory Minimum Price (SMP) of sugarcane was taken into account] whereas sugar mills often pay sugarcane price higher than the FRP/SMP of sugarcane. If the suggestion of the Committee is accepted to cover the middle class families including APL population, the levy obligation on sugar mills will have to be increased which will adversely affect the capacity of the sugar mills to pay remunerative cane price to the

sugarcane farmers, which, in turn, would also affect future acreage under sugarcane and hence availability of sugar in future. Hence, it will not be in the interest of the sugarcane farmers and consumers of sugar in the long run, to increase the levy obligation on the sugar mills.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

Recommendation (No.3.11)

3.3 The Committee note that only 35 to 38 percent of sugar is consumed by the household sector and remaining 62 to 65 percent is consumed by non-household sector i.e. commercial sector/business sector. The Committee are dismayed to note that the Government has allowed the sugar mills to sell unlimited quantity of sugar to any industrial organizations like breweries, alcohol industry, confectionary, bakeries, ice-cream manufacturers, soft drinks companies etc., at the same rate at which the general public is getting. The Committee feel that these industries never bring down the rate of their products even when the price of sugar is down in the market and continue to make profit. The Committee are of the firm view that non-levy sugar should be sold to such industrial organizations at higher rate and not at the same price at which it is sold to the household sector particularly, when there is a scarcity of sugar due to less production of sugarcane and sugar. The Committee have been informed that the Department of Food and Public Distribution is seized with the proposal that bulk consumers should only purchase or procure imported white/refined sugar to meet their requirement. The Committee, therefore, strongly recommend that the Government in consultation with Ministry of Law should take quick decision in the matter.

Action Taken by the Government

3.4 The Committee has recommended as under:-

The Central Government has taken a bulk consumer to be that person, establishment or industrial unit who is using or consuming more than ten quintals of sugar per month as a raw material for production or consumption in any manner. Separate categories of bulk consumers have not been identified by the Central Government.

The production of sugar in 2008-09 and 2009-10 sugar seasons was lower than the consumption. The Central Government, with a view to make more sugar available to household sector, had imposed stockholding limit on bulk consumers of sugar vide notification dated 22.08.2009 stipulating that they shall not hold stocks exceeding 15 days of their requirement from domestically produced sugar. Further, the Central Government vide notification dated 05.02.2010 has reduced the stockholding limit on bulk consumers from fifteen days to ten days of requirement, with effect from 20.02.2010, for a period of one hundred eighty days. Vide notification dated 18th May, 2010, the stockholding limit of bulk consumers were restored to 15 days of requirement for a period of 90 days. Now, the stock limit has been increased to 90 days of requirement for a period of 180 days vide Notification dated 18.08.2010.

The Central Government, with a view to induce bulk users to meet their requirement mainly by imports has exempted them from stockholding and turnover limits so far as their imported stocks are concerned. The Central Government has amended the notification dated 16th July,2009 relating to imposition of stockholding and turnover limits on sugar and a proviso was inserted vide notification dated 14th September, 2009 which provided that “ when an actual consumer or user imports white sugar or refined sugar under Open General License, for own consumption or for use in its establishment or process of manufacture, the aforesaid stockholding limit or turnover period of stocks will not apply to such consumer or user.” As per the extant instructions, bulk consumers are permitted to freely import white / refined sugar without any quantitative ceiling upto 31.12.2010. Levy sugar quota and prices are determined by the Government for Public Distribution System purposes. Beyond these measures, it may not be possible to impose restrictions on sugar manufacturers about the selling price of non-levy sugar to any of their clients whether bulk or retail because prices will be determined by the market forces. However, there is no such proposal that bulk consumers should only purchase or procure imported white/refined sugar to meet their requirement.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

Recommendation (No.3.27)

3.5 The Committee note that the Government of India is following a policy of partial control and dual pricing for sugar under which 20% of the levy sugar is requisitioned by the Government for distribution to targeted people under PDS at a price of Rs.13.50 per kg and rest of the 80% as the non-levy sugar, allowed to be sold by the sugar mills to States/UTs under Regulated Release Mechanism. The Committee are of the opinion that if entire control on the manufacturing and distribution of sugar is removed, the Public Distribution System (PDS) scheme would be adversely affected as the sugar mills would be under no obligation to supply levy sugar at ex-factory price fixed by the Central Government. Besides, sugar mills may take benefits of decontrol and stock sugar in their godowns with a view to jack up the sugar prices, especially when there is shortfall in production of sugar. The Committee feel that the country is already facing the problem of deficit production of sugar and decontrol of sugar will add fuel to the fire. The Committee, therefore, recommend that the Government should not adopt the concept of de-control and de-regulation of sugar as it may not be in the interest of farmers as well as consumers.

Action Taken by the Government

3.6 Government will take into account all aspects including availability of sugar, price situation, impact on sugarcane growers as well as consumers of sugar, development of sugar industry and fulfilment of future growth in demand, etc. before taking any decision on decontrol.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

Recommendation (No.5.17)

3.7 The Committee observe that loan from SDF is not given directly to farmers but it is disbursed to sugar factories who in turn pass on this loan to sugarcane farmers. The farmers thus remain at the mercy of sugar factories. The Committee find hardly any justification in giving the assistance for cane development schemes through sugar enterprises, especially

when such functions are to be discharged by cane growers. The Committee feel that the farmers should be directly involved in such a programme. The Committee, therefore, recommend that the loan for cane development from SDF should be given directly to farmers so that they may get the best benefits of the scheme.

Action Taken by the Government

3.8 As regards direct disbursement to the farmers, it may be stated that the Sugar Development Fund has been created for financing activities to improve financial viability of the sugar factories by various methods. The schemes enshrined include giving loans to sugar factories for development of sugarcane in their respective areas. It is not practical to monitor disbursement to and recovery of loan from farmers in the absence of sugar factories taking the responsibility and furnishing the requisite security for SDF loan. The disbursement is monitored both by the Central and the State Government.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

CHAPTER IV

OBSERVATIONS / RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (No.2.20)

4.1 The Committee observe that despite a number of steps taken by the Government, there is no satisfactory improvement in production of sugarcane and sugar in the country. The Committee find that various difficulties are being faced by the farmers in raising the sugarcane crop such as (a) inadequate availability of quality seed of the improved variety; (b) non-availability of water logged resistant varieties; (c) poor sprouting initiation in winter harvested cane; (d) scarcity of labour at reasonable rate; (e) high cost of cultivation; (f) non-availability of sugarcane harvester; and (g) delay and untimely cane price payment. The Committee also observe that over the years, the level of ground water has gone down considerably, thereby creating irrigation problem for sugarcane growers. The Committee are happy to note that the Government is encouraging the farmers to grow early maturing and high yielding cane varieties by providing incentives/assistance so that uninterrupted and regular supply of quality sugarcane is maintained. The Committee desire that the Government should also adopt the drip and sprinkler irrigation system which is within the reach of every farmer and provide plant protection cover to take care of attack of pest and diseases. The Committee also recommend that the nodal Ministry, in coordination with the Department of Agriculture and Cooperation should also complement the efforts of various State Governments by implementing the revised Macro Management of Agriculture (MMA) in letter and spirit for enhancing the production and productivity of sugarcane in the country.

Action Taken by the Government

4.2 The Sugarcane Breeding Institute, Coimbatore makes crosses and fluff of sugarcane supplied to different coordinating centres located in different regions of the country for improvement of sugarcane varieties for commercial cultivation. Further, it produced sugarcane plantlets for supply to sugar mills. Breeder seeds of recommended sugarcane varieties are produced by different coordinating centres of All India Coordinated Research

Project on Sugarcane. The breeder seed is supplied for production of foundation seed and further multiplication and supply by seed producing agencies to farmers.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

Comments of the Committee

(Please see Para No.1.11 of Chapter – I of the Report)

Recommendation (No. 4.17)

4.3 The Committee expresses concern over the rising trend in prices of sugar during the last two years. The Committee have been informed that the mismatch between domestic production and demand for sugar is primarily responsible for rise in price of sugar. The Committee also note from the information furnished to them that increase in international price of raw and white sugar, rumors of very low production of sugar and restriction on movement and transportation of imported raw sugar in the state of U.P. contributed to rise in the price of sugar during the period December 2009 to January 2010. The Committee find that due to various measures taken by the Government, prices of sugar have come down to some extent but the prices are still very high in the open market. The Committee feel that the cyclic nature of sugarcane production, which has been observed over the years, needs to be regulated. It has been observed that two to three years of very high/surplus production results in glut in the market and crash of sugar prices, leading to shifting in cultivation from cane to other crops, in turn resulting in reduced production, shortage, and consequent rise in sugar prices again. The Committee strongly desire that the Government should sincerely work for a long-term policy to deal with the problem. The Committee feel that with the help of scientifically gathered agricultural intelligence, the long term production trend can be assessed and necessary steps taken to deal with the situation. Such a task may involve concerted efforts on the part of a number of Department/ Ministries. The Committee strongly recommend that the government should take immediate necessary steps in this direction so that long-term stabilization of sugar production and prices could be achieved.

Action Taken by the Government

4.4 The Government agrees with the recommendation of the Committee that there should be a long-term policy to deal with the problem of cyclicality of sugarcane and sugar production. However, solution to this problem will have to be found out in consultation with the different stakeholders, viz., State Governments, sugarcane farmers, sugar industry and consumers.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

Comments of the Committee

(Please see Para No. 1.20 of Chapter – I of the Report)

CHAPTER V

OBSERVATIONS/ RECOMMENDATIONS IN RESPECT OF WHICH REPLIES TO THE GOVERNMENT ARE STILL AWAITED

Recommendation (No. 3.26)

5.1 The Committee note that in order to mitigate the hardship of the sugarcane growers, the Government of India had created a buffer stock of 50 lakh tonnes of sugar for a period of one year in 2006-07, and 2007-08 sugar season when there was excess production of sugar. Subsequently, as the production of sugar declined, the Government did not consider it necessary to maintain the buffer stock of sugar. The plea of the Government that to build up the buffer stock of sugar, the Government have to bear carrying cost for the maintenance which would impose heavy burden on the Government exchequer is not acceptable to the Committee. The Committee observe that the country has imported a large quantity of sugar during 2008-09 when there was a heavy shortfall in production. The Committee, therefore, strongly recommend the Government to review its buffer stock policy with regard to sugar. The Committee are of the opinion that the buffer stock of sugar is very much essential not only to meet the requirement of PDS, but also to meet crisis situation in the years of deficit sugar production. The Committee concur with the views of Prof. Abhijit Sen, Member Planning Commission and National Federation of Cooperative Sugar Factories Ltd. and desire that the Government should take appropriate measures to maintain a strategic stock of sugar.

Action Taken by the Government

5.2 The concept of buffer stock of sugar is different from that of foodgrains. In case of sugar, the Central Government creates buffer stock only when there is excess production of sugar in the country with a view to stabilize sugar price in the country and to ensure that excess production does not lead to high cane price arrears. There was excess production of sugar in 2006-07 and 2007-08 sugar seasons and the Central Government created a buffer stock of 50 lac tons for a period of one year (20 lac tons from 01.05.2007 to 30.04.2008 and 30 lac tons from 01.08.2007 to 31.07.2008). However, as there was decline in the production of sugar in the sugar season 2008-09, the buffer stocks were not continued or created. The recommendation of the Committee has been noted and the Government would take

appropriate decision at the appropriate time after making the assessment of production and consumption of sugar in the sugar season.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

Recommendation (No.3.32)

5.3 The Committee are pained to note that while on the one hand, the country faced the deficit of sugar stock in the country due to less production of sugarcane in 2008-09 and 2009-10, on the other hand, the country also exported sugar during this period. The Committee have been informed that there were certain bilateral agreements between India and neighbouring countries and treaty obligation under which sugar was allowed to be exported. In the opinion of the Committee, there should not be any obligation to export the sugar when there is crisis in the country. The Committee feel that there is need to insert a clause in the Bilateral Agreement that in the event of acute shortage, India may not be able to fulfil its commitment to supply sugar to these countries. The Committee, therefore, recommend that the nodal ministry should take up the matter with the Ministry of External Affairs to put a clause in the bilateral agreements to exempt the country from its export obligations in case of shortages.

Action Taken by the Government

5.4 The recommendation of the Committee has been forwarded to Ministry of External Affairs and Ministry of Commerce and Industry, which are awaited. The committee will be informed the decision of the Central Government.

(Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution O.M.No.15(12)/2010-SP.I dated 25th November, 2010.)

NEW DELHI;
17 May,2012
27 Vaisakha, 1934 (Saka)

VILAS MUTTEMWAR
Chairman,
Standing Committee on Food,
Consumer Affairs and Public Distribution

APPENDIX- I

MINUTES OF THE FOURTEENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2011-12) HELD ON THURSDAY, THE 17TH MAY, 2012

The Committee sat from 1500 hrs. to 1545 hrs. in Room No. '115-A', Parliament House Annexe, New Delhi.

PRESENT

Shri Vilas Muttemwar - Chairman

MEMBERS

LOK SABHA

2. Shri Jaywant Gangaram Awale
3. Shri Arvind Kumar Chaudhary
4. Shri Sanjay Dhotre
5. Shri Lal Chand Kataria
6. Shri Marotrao Sainuji Kowase
7. Shri Gobinda Chandra Naskar
8. Shri Chandulal Sahu
9. Smt. Usha Verma

RAJYA SABHA

10. Smt. T. Ratna Bai
11. Shri Lalhming Liana
12. Shri Kaptan Singh Solanki

SECRETARIAT

1. Shri P. K. Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Khakhai Zou - Under Secretary

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee convened for consideration and adoption of the draft Reports on the Action Taken by the Government on the observations/recommendations contained in the (i) Tenth Report of the Committee (2009-10) on the subject 'Production, Consumption and Pricing of Sugar' and (ii) Twelfth Report of the Committee (2010-11) on DFG (2011-12) pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution). In his opening remarks Hon'ble Chairman highlighted the important recommendations contained in both the draft Reports.

3. The Committee then took up for consideration both the above stated draft Reports. After due deliberation, the Committee unanimously adopted the draft Report on the subject 'Production, Consumption and Pricing of Sugar' without any amendments/modifications. However the draft Report on DFG (2011-12) was adopted with minor modifications.

4. The Committee then authorized the Chairman to finalize the aforesaid Reports and present the same to the Parliament.

The Committee then adjourned.

APPENDIX- II
(Vide Introduction of the Report)

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS
CONTAINED IN THE TENTH REPORT OF THE COMMITTEE ON FOOD, CONSUMER
AFFAIRS AND PUBLIC DISTRIBUTION (FIFTEENTH LOK SABHA)**

(i)	Total Number of Recommendations	17
(ii)	Observations/Recommendations which have been accepted by the Government:- Recommendation Nos.2.19, 2.21, 2.22, 3.18, 4.18, 5.16, 5.18, 5.19 and 6.12	Total: 9 Percentage: 52.95%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:- Recommendation Nos. 3.10, 3.11, 3.27 and 5.17	Total: 4 Percentage: 23.52%
(iii)	Observations /Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:- Recommendation Nos. 2.20 and 4.17	Total: 2 Percentage: 11.76%
(iv)	Observations /Recommendations in respect of which the replies of the Government are still awaited Recommendation No.3.26 and 3.32	Total: 2 Percentage: 11.76%