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

UNSTARRED QUESTION NO:1364
ANSWERED ON:13.08.2013
NEW SUGAR POLICY
Anandan Shri K.Murugeshan;Bapurao Shri Khatgaonkar Patil Bhaskarrao;Bhoi Shri Sanjay;Gaikwad Shri Eknath Mahadeo;Lagadapati Shri Rajagopal;Paranjpe Shri Anand Prakash;Siricilla Shri Rajaiah

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

(a) whether the new sugar policy introduced by the Government allows the sugar mills to sell the sugar in the open market at higher price rather than providing it to the Government as levy for Public Distribution System;

(b) if so, the details thereof and the manner in which the Government proposes to compensate the States for distribution of sugar to the poor;

(c) whether some States have requested the Government for allowing more time to implement the new scheme;

(d) if so, the details thereof and the reasons therefor along with the reaction of the Government thereto; and

(e) the corrective measures taken/being taken by the Government in this regard in order to protect the interests of the poor consumers?

Answer

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

(a) & (b): The Central Government has recently decontrolled the sugar sector partially by removing the levy obligation on sugar mills and doing away with the regulated release mechanism on open market sale of sugar. Prior to it, sugar mills were mandated to supply 10% of their production in the Public Distribution System (PDS) at cheaper rates. Sugar mills are now free to sell their entire production in the open market as per their commercial prudence. However, under the new dispensation, to make sugar available in the PDS at the existing retail issue price of Rs.13.50 per kg, the State Governments/UT Administrations have been asked to procure it from the open market through a transparent system. The Central Government would provide fixed subsidy of Rs.18.50 per kg, limited to the quantity based on their existing allocations.

(c) & (d): State Governments of Arunachal Pradesh, Nagaland, Assam, Manipur, and Meghalaya have requested to continue with the earlier system of supplying sugar through Food Corporation of India (FCI) for one more year. These States along with the States of Bihar, Jharkhand, Mizoram and UT of Dadra Nagar Haveli are yet to initiate steps for procurement of sugar for distribution through the PDS. All other 26 States/UTs have initiated action in this regard. The reasons cited by States seeking continuance of the earlier system include paucity of funds/inadequate budget to meet the extra expenditure, adverse geographical situation, and absence of sugar mills and Civil Supply Corporations in the State etc. The Central Government has advised the States to take urgent steps for procurement of sugar from open market and its transportation to the designated stations and also to use the godowns of FCI/CWC (Central Warehousing Corporation), if available, as per the mutual terms and conditions agreed to between them.

(e): As mentioned in part a) above, the Central Government would provide fixed subsidy of Rs. 18.50 per kg to States/UTs for maintaining the current retail issue price of Rs. 13.50 per kg. Besides, with a view to ease out the financial burden of the State Governments, the Central Government has decided to release advance subsidy for the first quarter to all State Governments/UT Administrations who approach the Central Government for the same.