

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

UNSTARRED QUESTION NO:2927

ANSWERED ON:27.08.2013

SUBSIDY ON SUGAR .

Bhagat Shri Sudarshan;Das Gupta Shri Gurudas;Jawale Shri Haribhau Madhav;Lingam Shri P.

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

- (a) the benefits likely to accrue to the consumers and the farmers from the decontrol of the sugar sector;
- (b) whether the Union Government has decided to provide subsidy of only Rs. 18.50 per kilo of sugar to the States for procurement of sugar for the Public Distribution System (PDS) under the new policy;
- (c) if so, whether some States have represented that the said subsidy is inadequate and it should be calculated at the current retail price;
- (d) whether the Government has fixed a uniform subsidy of Rs. 18.50 per kilo for all States irrespective of the distances from the sugar producing States, including for North-Eastern States and Islands; and
- (e) if so, the reasons for fixing a uniform subsidy for all States and the corrective steps taken/proposed to be taken by the Government to compensate these States as per the actual expenses?

Answer

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

(a): 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. These measures seek to increase competitiveness, improve efficiency and promote development of the sugar sector on sustainable basis which in turn would help to meet the aspirations of consumers for better prices and adequate availability of sugar. Further, the de-regulation of the sugar sector is likely to improve the financial health of the sugar mills, increase the cash flow, reduce their inventory cost and also result in timely and better payment of cane price to sugarcane farmers in the country.

(b)&(c): Yes Madam. Under the new dispensation, to make sugar available in the Public Distribution System (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. The Central Government has received requests for an enhanced subsidy to meet the higher costs of transportation and distribution incurred by some States.

(d) & (e): The Central Government has decided that the States which continue distribution of sugar under the PDS at the retail issue price of not more than Rs. 13.50 per kg will be reimbursed the difference between the retail issue price of Rs. 13.50 per kg and the all inclusive fixed retail market price of Rs. 32 per kg for the Financial Years 2013-14 and 2014-15. This arrangement will be reviewed after two years.