



Cabinet

# Cabinet approves extension of the validity of Central Order in respect of sugar for six months

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The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given its approval for extending the validity of the existing Central Order dated 27.10.2016 in respect of sugar for a further period of six months from 29.04.2017 to 28.10.2017.

The main objective of the decision is to enable the State Governments to issue control order with the prior concurrence of Central Government, for fixing stock limits/licensing requirements in respect of sugar, whenever need is felt by them. This is expected to help in the efforts being taken to improve the availability of these commodities to general public at reasonable rates, and control the tendencies of hoarding and profiteering.

The current decision will be notified by the Government and communicated to all the States/UTs for further action at their end.

## Background

The Cabinet in its meeting held on 27.10.2016, decided to enable the States to regulate supply, distribution, sale, production, stock, storage, purchase and movement etc, in respect of sugar for a period up to six months. Accordingly, S.O. 3341(E) dated 27.10.2016 was issued, for enabling administrative department, States & UTs to decide stock limits etc. on sugar upto 28.04.2017, by amending the Removal of Licensing Requirements, Stock limits and Movement restrictions on Specified Foodstuffs Order, 2016 dated 29.09.2016 notified as G.S.R. 929(E).

The prices of sugar are being monitored by the Department of Food & Public Distribution regularly at factory gate as well as in the domestic market. In September, 2016 it was noticed that the retail prices had shown a sudden spurt. The price rise appeared to be more on sentiment than actual shortage. In order to regulate supply of sugar and address issue of speculative prices, fixing of appropriate stock limit on need basis was essential. In addition, despite adequate availability of stocks for consumption in the current season, hoarding and consequent profiteering is anticipated due to drop in production over previous year and hence further extension of stock limit would be needed.

To support the sugar sector, the Government had recently extended soft loan assistance of Rs.4305 crore to the industry which has been directly credited to farmers account on behalf of sugar mills through banks benefitting about 32 lakh farmers. Also a performance based production subsidy has been extended @Rs.4.50 per quintal of cane crushed which was directly credited to the farmers account on behalf of sugar mills.

In order to maintain domestic prices at reasonable levels, the Government has allowed import of a restricted quantity of 5 lakh MT of raw sugar at zero duty by millers/refiners having their own refining capacity. This restricted quantity will help the sugar industry to augment their liquidity and enable them to pay cane dues of farmers.

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