

Quick action on sugar decontrol: Govt

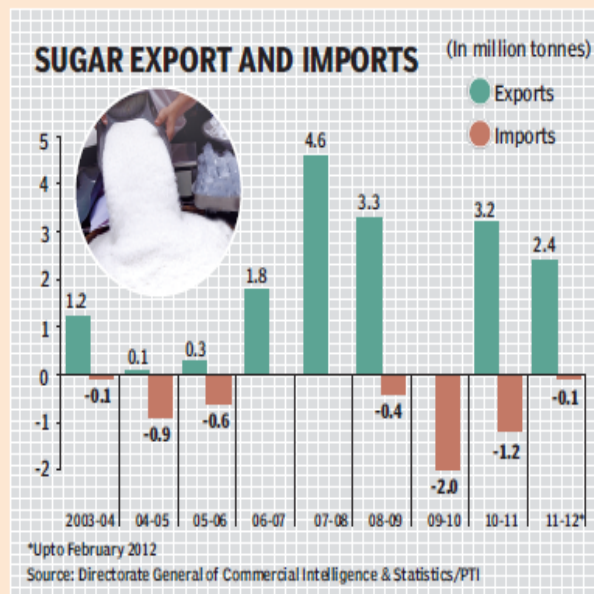
■ Minister assures Rangarajan panel report will not meet the fate of earlier reports

fe Bureau
New Delhi, Oct 15

THE government will take a time-bound decision on the Rangarajan committee's recommendations to deregulate the ₹80,000-crore sugar sector, food minister KV Thomas said on Monday. "It will not meet the fate of earlier reports and a time-bound decision will be taken after receiving views from the PMO (Prime Minister's Office)," Thomas said. The report will get due importance, he said, after discussing with agriculture minister Sharad Pawar issues relating to the sugar sector. The statement is important as the food ministry is the administrative authority of most of the government controls over the sector.

The government had appointed the Mahajan committee in 1998, Tuteja committee in 2004 and Thorat panel in 2009 to consider decontrolling the sugar sector, but their recommendations were hardly implemented. While all of them had suggested doing away with controls on sugar sales in the open market, the Mahajan committee had also recommended mandatory supplies by mills at subsidised rates for state-run welfare programmes be scrapped.

The Rangarajan panel, set up by Prime Minister Manmohan Singh in



January, on Friday had suggested freedom to mills from the obligation of supplying subsidised sugar for the PDS. The committee, headed by Prime Minister's Economic Advisory Council chairman C Rangarajan, also pitched for the scrapping of the release order mechanism through which the government controls sugar sales in the open market and sought to link the price of sugarcane to its by-products.

At present, mills are mandated to

sell 10% of their output to the government for the PDS, known as levy sugar, at cheaper rates that cover just around 70% of their cost of production. The government also fixes the quarterly quota of sugar that mills are required to sell in the open market, aimed at discouraging hoarding and keeping supplies steady.

Indian Sugar Mills Association director general Abinash Verma last week said apart from linking cane prices to the byproduct rates

where states have a role, all other major recommendations, including on levy sugar and release order mechanism, would have to be implemented by the Central government. "So there is no reason why the Central government can't implement these suggestions," he had added.

Thomas also said the government will continue with its policy of curb-free sugar exports in the current marketing year through September, as production would exceed demand. In May, the government had decided to lift quantitative restrictions and free sugar exports until September 30 to enable mills to gain from higher global prices.

Thomas said both Pawar and he agreed the government shouldn't not adopt a "switch-on and switch-off" policy on farm items trade. The government and industry bodies in India, the world's biggest consumer and second-largest producer of sugar, expect output to be in the range of 23 million to 24.5 million tonnes, compared with the consumption of 22 million tonnes. Thomas said domestic supplies won't be a problem, despite free exports, as the country has carry-forward stocks of six million tonnes from 2011-12.

The country's sugar exports hit a four-year high of around 3.3 million tonnes in 2011-12.