

# Hill states grapple with logistical challenges in buying PDS sugar

New Delhi, May 20: India's north-eastern and hill states, including Jammu & Kashmir, have expressed concerns over logistics for undertaking sugar procurement from the open market for PDS purpose while big states like Andhra Pradesh have already issued tenders for the same.

The Centre has partially decontrolled the sugar sector and mills are no longer obligated to supply sweetener to the Centre for the Public Distribution System (PDS). States are asked to start procurement of sugar from the open market to meet the PDS demand from next month onwards.

"Some states such as Delhi and Andhra Pradesh have issued tenders for procurement of sugar. However north-eastern, hilly states and island territories have said they do not have a system in place to undertake the procurement," a senior food ministry official said.

According to sources,

A long, winding road



**STATE GOVERNMENTS HAVE ARGUED THAT A SUBSIDY OF ₹18.50 PER KG WOULD NOT BE SUFFICIENT AS SUGAR PRICES EXCEED ₹45 PER KG IN THE RETAIL MARKET**

states — such as Assam, Mizoram, Arunachal Pradesh, Nagaland, Manipur, Meghalaya, Tripura, Jammu & Kashmir, Lakshadweep and Andaman & Nicobar — have suggested that Food Corporation of India (FCI) should buy for them from the open market for PDS sale at ₹13.50 per kg.

Also, these state governments have argued that a subsidy of ₹18.50 per kg (including all administrative, transportation, distribution and other expenses) would not be sufficient as sugar prices are more than ₹45 per kg in the retail market of hill and north-eastern states.

Since much of the ex-

pense in hilly areas is on transportation, the states feel that it would be better if the FCI provides sugar for PDS sale for an year and within that time, the states will put in place a system for sugar procurement, they added.

Meanwhile, the Delhi government has invited tenders for procurement of 700-2,000 tonne of sugar per month for PDS supply during June, July and August. Andhra Pradesh has issued tenders for procurement of 11,000 tonne for supply in June.

To ensure that sugar is sold at a subsidised price of ₹13.50 per kg in PDS shops, the Centre has decided to give a subsidy of ₹18.50 per kg to the states effective June 1 this year for the next two years.

The annual demand of PDS sugar is around 2 million tonne while the country's total production is estimated at 24.5 million tonne in the 2012-13 marketing year (October-September).

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