

**INAUGURAL ADDRESS OF PROF. K.V. THOMAS, HON'BLE MINISTER OF STATE (I/C) OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION, GOVERNMENT OF INDIA AT THE 79<sup>TH</sup> ANNUAL GENERAL MEETING OF THE INDIAN SUGAR MILLS ASSOCIATION (ISMA) ON WEDNESDAY, THE 11<sup>TH</sup> DECEMBER, 2013 AT 10:30 A.M. AT THE OBEROI HOTEL, NEW DELHI:**

Shri Sudhir Kumar, Secretary, Department of Food & Public Distribution, Shri M. Srinivasan, Shri Ajit S. Shriram, the outgoing and incoming Presidents respectively of the Indian Sugar Mills Association (ISMA), Shri Abinash Verma, Director General, ISMA, Committee Members of the ISMA, friends from the media, ladies and gentlemen:

2. I am very happy to be here today at the 79<sup>th</sup> Annual General Meeting of the ISMA. As you all know, 2013 has been a watershed year for the Indian sugar industry as the Government has been able to remove the major regulatory controls on the sugar sector and laid the roadmap for its further liberalization. The industry is now free to sell its main product i.e. sugar without governmental directions and the levy obligation, which has been a major aspect of discontent in the industry and this has, now, been removed. The Government has willingly taken over an additional subsidy burden of around Rs. 3000 crore per annum to ensure the sugar supply at concessional rates for Public Distribution System. I am sure the industry, especially the mills, has been working on reaching this benefit to the people in general and the sugarcane farmers in particular.

3. While being part of this epoch decision making gives me immense satisfaction, I am equally worried and concerned about the slump witnessed in the domestic sugar prices in the last few months. The current situation has not only created cash flow and profitability issues for the sugar mills but has also led to pendency of Cane payments to the sugarcane farmers on account of supplies made by them during 2012-13 sugar season. We all know that the major reason for the scenario that we are in today is the simultaneous glut in production seen globally which has made the exports of the surplus sugar stocks from India a difficult proposition.

4. As is well-known, India has entered into the fourth year of production of sugar over and above the domestic consumption requirements. While during the initial years of this phase of high production, the global prices of sugar ruled above the domestic prices and costs, and the equilibrium was provided by exports. But this is not so, from the sugar season

