

Sugar

5.37 Production of sugar in sugar year 1998-99 (October-September) is estimated to be 155.20 lakh tonnes. Availability of sugar during the current year remained comfortable and prices too were stable. Retail prices of sugar during 1999-2000 ranged between Rs.14 to 17.50 per kilogram.

5.38 Since 1979, the Government has been following a policy of dual prices through which a specified percentage of total production of each sugar factory is procured as levy sugar at notified prices for distribution through the PDS. The ratio of levy and free sale sugar since 1992-93 is 40:60. This ratio has been changed to 30:70 from January 2000.

5.39 Sugar prices in the open market are indirectly regulated through the monthly release of freesale quota so as to maintain stability in sugar prices. The PDS retail issue price with effect from February 15,1999 is Rs.12/kg. The difference between the PDS issue price and ex-factory levy price constitutes sugar subsidy. The sugar subsidy since 1990-91 is given below :

Sugar Year	Subsidy (Rs. in crore)
1991-92	Nil
1992-93	Nil
1993-94	Nil
1994-95	566
1995-96	422
1996-97	900
1997-98	400
1998-99	400
1999-2000(BE)	360

5.40 Sugar import is on Open General License (OGL) since March, 1994 and no import duty was charged until April 1998, when Government imposed a 5 percent customs duty and countervailing duty of Rs.850 per tonne. In January 1999, this was raised to 20 percent along with the continuance of countervailing duty of Rs.850 per tonne. With the change in the customs duty rate structure in the budget proposals for the financial year 1999-2000, the customs duty on imports of sugar was revised to 25 percent along with surcharge of 10 percent with effect from February 28,1999. The import duty on sugar was raised to 40 percent with effect from December, 30 1999. The 10 percent surcharge imposed in the 1999-2000 budget was done away with so that the effective duty remained at 40 percent only. The import duty has now been raised to 60 percent with effect from February 9, 2000.

5.41 From December 1999, imported sugar is also covered under the monthly release order of the Government. This is meant to offset the disadvantage to the domestic suppliers who not only part with 40 percent as levy but whose sale of the balance output in the free market is also restricted to specific controlled quantities under the Sugar Control Order 1966. Now all importers are required to declare their stocks at the end of each fortnight.