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MINISTRY OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION

(Department of Sugar and Edible Oils)

DEMANDS FOR GRANTS (2000-2001)

SIXTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

April, 2000/Chaitra, 1922 (Saka)

SIXTH REPORT

STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION
(THIRTEENTH LOK SABHA)

MINISTRY OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION
(Department of Sugar and Edible Oils)

DEMANDS FOR GRANTS (2000-2001)

Presented to Lok Sabha on 20.4.2000
Laid in Rajya Sabha on 20.4.2000

LOK SABHA SECRETARIAT
NEW DELHI

April, 2000/Chaitra, 1922 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION (1999-2000)

Shri Devendra Prasad Yadav — *Chairman*

MEMBERS

Lok Sabha

2. Shri A.P. Abdullakutty
3. Prof. S.P. Singh Baghel
4. Shri Shyamlal Bansiwal
5. Shri Ranen Barman
*6. Shri Surender Singh Barwala
7. Shri Sujan Singh Bundela
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17. Shri Mansinh Patel
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19. Shri Baju Ban Riyan
20. Shri Vishnu Dev Sai
21. Shri Abdul Rashid Shaheen
22. Shri Kodikunnil Suresh
23. Shri Ram Naresh Tripathee
24. Shri Ram Chandra Veerappa
25. Shri Sahib Singh Verma

* Shri Surender Singh Barwala ceased to be a member of the Committee *w.e.f.* 24.01.2000 *Vide* Bulletin Part II (Para No. 400) dated 24.01.2000.

**26. Shri Akhilesh Yadav

****27. Shri Tejveer Singh

****28. Shri Kishan Lal Diler

****29. Shri Ramshakal

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****31. Shri P.D. Elangovan

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***32. Shri Sushil Barongpa

33. Shri W. Angou Singh
34. Shri Abdul Gaiyur Qureshi
35. Shri Lajpat Rai
36. Shri Dawa Lama
37. Shri M.A. Kadar
38. Shri Kaushok Thiksey
39. Shri D.P. Yadav
40. Shri Nanaji Deshmukh
41. Vacant
42. Vacant
43. Vacant
44. Vacant
45. Vacant

SECRETARIAT

1. Shri Harnam Singh — *Joint Secretary*
2. Shri Krishan Lal — *Deputy Secretary*
3. Shri R.S. Mishra — *Under Secretary*
4. Smt. Manju Chaudhry — *Committee Officer*

** Nominated to the Committee *w.e.f.* 14th March, 2000 *vide* Bulletin Part II, No. 667, dated 14th March, 2000.

*** Shri Sushil Barongpa ceased to be a Member of the Committee consequent upon his retirement from Rajya Sabha *w.e.f.* 2.4.2000.

**** Nominated to the Committee *w.e.f.* 6th April, 2000 *vide* Bulletin Part II, No. 708 dated 6th April, 2000.

INTRODUCTION

I, the Chairman, Standing Committee on Food, Civil Supplies and Public Distribution (1999-2000) having been authorised by the Committee to submit the Report on their behalf, present this Sixth Report on Demands for Grants (2000-2001) relating to the Ministry of Consumer Affairs and Public Distribution (Department of Sugar and Edible Oils).

2. The Committee examined/scrutinised the detailed Demands for Grants (2000-2001) of the Ministry which were laid on the Table of the House on 13th March, 2000

3. The Committee took evidence of the representatives of the Ministry of Consumer Affairs and Public Distribution (Department of Sugar and Edible Oils) on 24th March, 2000.

4. The Committee wish to express their thanks to the Officers of the Ministry of Consumer Affairs and Public Distribution (Department of Sugar and Edible Oils) for placing before them detailed written notes on the subject and for furnishing the information to the Committee, desired in connection with the examination of the subject.

5 The Report was considered and adopted by the Committee at their sitting held on 11th April, 2000.

6. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

NEW DELHI;
17 *April*, 2000
28 *Chaitra*, 1922 *(Saka)*

DEVENDRA PRASAD YADAV,
Chairman,
Standing Committee on Food,
Civil Supplies and Public Distribution.

CHAPTER I

Introductory

The Department of Sugar & Edible Oils consists mainly of two Divisions *viz.* Sugar Division and Edible Oils Division. Two attached offices assist the Department namely: (i) Directorate of Sugar and (ii) Directorate of Vanaspati, Vegetable Oils and Fats. There are two subordinate offices *viz.* (i) National Sugar Institute, Kanpur and (iii) National Institute of Sugarcane and Sugar Technology, Maunath Bhanjan, U.P. and one Public Sector Undertaking *viz.* Hindustan Vegetable Oils Corporation Ltd., New Delhi under the Department.

1.2 The Department of Sugar and Edible Oils is responsible for development and regulation of the Sugar Industry, formulation/adoption of a suitable programme aimed at ensuring adequate supply of sugar at reasonable prices, safeguarding the interest of cane growers, allocation of sugar for Export and administering the Sugar Development Fund set up under the sugar Development Fund Act, 1982. In so far as edible Oils is concerned, the Department deals with policy matters relating to import of edible oils for the Public Distribution System (PDS) including allocation to various States/UTs, management of edible oils economy including vanaspati, vegetable oils, oil cakes etc. The Department also monitors the production, quality control, processing and distribution of these items.

1.3 The Demand for Grants of Department of Sugar and Edible Oils were laid on the table of Lok Sabha on 13th March, 2000. Demand No. 41 of the Ministry contains the figure of Revenue as well as Capital expenditure of Plan and Non-Plan activities which were as follows:—

(in crores of Rs.)

	B.E. 1999-2000			R.E. 1999-2000			B.E. 2000-2001		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue	2.61	668.51	671.12	2.62	544.48	547.10	3.11	370.37	373.48
Capital	6.39	(-)5.75	0.64	3.99	17.65	21.64	4.89	(-)4.25	0.64
Total	9.00	622.76	671.76	6.61	562.13	568.74	8.00	366.12	374.12

1.4 The details of the Budget Estimates and Revised Estimates for (1999-2000) as well as Budget Estimates for (2000-2001) are as under :-

	Major Head	1999-2000 Budget			1999-2000 Revised			2000-2001 Budget		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
	1	2	3	4	5	6	7	8	9	10
Revenue Section										
Secretariat—Economic Services	3451	0.10	1.75	1.85	0.10	1.76	1.86	0.10	2.06	2.16
Food, Storage and Warehousing	2408	2.51	649.74	652.25	2.52	506.18	508.18	3.01	330.41	333.42
Industries	2852	-	0.02	0.02	-	0.02	0.02	-	0.02	0.02
Civil Supplies	3456	-	50.00	50.00	-	50.00	50.00	-	50.00	50.00
Total Revenue Section		2.61	701.51	704.12	2.62	557.96	560.58	3.11	382.49	385.60

	1	2	3	4	5	6	7	8	9	10
Capital Section										
Capital Outlay On Food, Storage and Warehousing	4408	6.39	-	6.39	3.99	-	3.99	4.89	-	4.89
Loans for	6860	-	200.00	200.00	-	200.00	246.00	-	220.00	220.00
Total Capital Section		6.39	200.00	206.39	3.99	246.00	249.99	4.89	220.00	224.89
Grand Total		9.00	951.51	910.51	6.61	803.96	810.57	8.00	602.49	610.49

The details of recoveries adjusted on account in reduction of expenditure for revenue and capital section are as under:—

	2	3	4	5	6	7	8	9	10
Revenue	2.61	668.51	671.12	2.62	544.48	547.10	3.11	370.37	373.48
Capital	6.39	-5.75	0.64	3.99	17.65	21.64	4.89	-4.25	0.64
Total	9.00	662.76	671.76	6.61	562.13	568.13	8.00	366.12	374.12

1.5 The Ministry of Consumer Affairs and Public Distribution (Department of Sugar and Edible Oils) has furnished the following statement regarding their actual Plan and Non-Plan expenditure alongwith their percentage upto Feb., 2000 on different Heads are as under:

(Rupees in crores)

Sl. No.	Scheme	Major Head	BE 1999-2000	RE 1999-2000	Actuals upto 2/2000	% of expenditure to BE	% of expenditure to RE
	Plan						
1.	Secretariat	3451	0.10	0.10	-	-	-
2.	National Institute of Sugarcane & Sugar Technology	2408	2.00	0.93	0.32	16.00	34.40
		4408	5.75	3.35	0.70	12.17	20.89
3.	Other Programme of Food Storage & Warehousing	2408	0.51	1.59	-	-	-
		4408	0.64	0.64	0.01	1.56	1.56
	Non-Plan						
1.	Secretariat	3451	1.75	1.76	1.39	79.42	78.97
2.	Food Subsidy (Sugar)	2408	360.00	235.00	80.63	22.39	34.31
3.	Transfer to Sugar Development Fund (SDF)	2408	250.00	250.00	250.00	100.00	100.00
4.	SDF Transactions						
	(i) Administration of SDF	2408	4.20	4.80	0.40	9.52	8.33
	(ii) Buffer stock of Sugar	2408	24.00	6.50	6.44	26.83	99.07
	(iii) Grants-in-aid	2408	2.80	1.25	0.34	12.14	27.20
	(iv) Loans for modernisation/Rehabilitation of Sugar Mills	6860	175.00	200.00	143.88	82.21	71.94
	(v) Loans for cane Development	6860	25.00	25.00	10.05	40.20	40.20
	(vi) Loans for Hindustan Vegetable Oils Corporation	6860	-	21.00	21.00	-	100.00
5.	Other Programmes of Food Storage & Warehousing	2408	8.74	8.63	7.57	86.61	87.71
6.	Consumer Industries Amritsar Oil Works	2858	0.02	0.02	-	-	-
7.	Reimbursement of losses to STC in trading operation of edible oils	3456	50.00	50.00	50.00	100.00	100.00

1.6 When the Committee enquired as to what are the reason for less expenditure of Budget allocation, Secretary (Sugar and Edible Oils) deposed before the Committee as under:—

"The project for National Institute of Sugar and Sugarcane Technology was sanctioned some years back. The total cost of the project was Rs. 22.32 crore. The major expenditure is on the Capital Account and about Rs. 1.3 crore on the revenue side. Now, the major delay was due to construction of building and due to requirement of other infrastructure. We execute this scheme through CPWD and we give an authorisation of expenditure on the estimate given by them. Then, only towards the end of March, we know how much money they have actually used and the exact amount they are booking under our Budget. We have actually authorised out of the RE, Rs. 316.23 lakh for the CPWD on the basis of their request for spending them during current year's work. They have already used Rs. 202 lakh so far and they are likely to use another Rs. 48 lakh during the current year, the total of which will come to Rs. 250 lakh. We are only giving authorisation and the expenditure indicated by them is out of their own Suspense Account. But if you look at the overall figure, it is good which is almost 65 per cent of the BE and much higher percentage, almost 90 plus of RE."

1.7 Adding further the reasons for less expenditure in food subsidy during (1999-2000), the Secretary (S&EO) stated as under:—

"In the last year, there was a delay in the announcement of the final levy price. In fact, we did it only on 29th November. We had just carried forward the old price. Now the difference has to be calculated. The entire provision is towards that and the transport charges. Because of this delay in announcement of the final prices till December, the Food Corporation could not make the claims. Now, they are in the process of making the claims. We will be completely spending the amount in the month of March. But I am not able to deny, in fact, I am accepting that partly there was a lot of delay because of procedure, etc. as to what should be the modalities. We were ready in February, 1999 with the levy price, but unfortunately, the mills made a lot of representations and the whole thing got delayed."

1.8 The Committee note that Budget allocation of National Institute of Sugarcane and Sugar Technology (NISST), Mau under Head 2408 was Rs. 2 crore in BE (1999-2000) which was reduced to Rs. 0.93 crore in RE (1999-2000). Out of this reduced allocation, only an amount to the tune of Rs. 32 lakh could be spent which is 16% of BE (1999-2000) and

34.40% of RE (1999-2000). Similarly for the Head 4408, the BE (1999-2000) was Rs. 5.75 core which was reduced to Rs. 3.35 crore in RE (1999-2000). The actual expenditure was only to the level of Rs. 70 lakh which amount to 12.1% of BE. For other Programme of Food Storage and Warehousing under the Head 2408, the plan allocation BE (1999-2000) was Rs. 51 lakh which was increased to Rs. 1.59 crore in RE (1999-2000). But no actual expenditure could take place upto Feb. 2000. For the same plan scheme under the Head 4408, the BE & RE (1999-2000) was Rs. 64 lakh, however, upto Feb. 2000 only Rs. 1 lakh could be utilised which amounts to only 1.56%. Similarly for other non-plan schemes like Food Subsidy (Sugar), Grants-in-Aid, loan for Cane Development etc. the actual expenditure is not satisfactory and no pain seems to have been taken to utilise the funds fully. When the Government agrees that the Budget Estimate/Revised Estimate provided in a particular Financial Year should be fully utilised during the year, no effort has been made to adhere to principle strictly. Since the spill-over of the one scheme has its bearing on another alongwith cost-escalation and discontinuation/non-taking up of another new scheme, the Committee, therefore, recommend that all efforts should be made by the Government to utilise the fund within a particular financial year and the actual expenditure incurred during (1999-2000) be intimated to the Committee for all its plan and non-plan schemes. The Committee would also like to know the steps taken by the Govt. to utilise the funds earmarked under plan and non-plan schemes for the year (2000-2001) in an even manner and progress achieved in this regard in six months time.

CHAPTER II

(i) Sugar Development Fund

2.1 Under the Sugar Cess Act, 1982 a cess of Rs. 14.00 per quintal is being collected on all sugar produced by any sugar factory in India except on sugar exported.

2.2 The Sugar Development Fund Act, 1982 provides that an amount equivalent to the proceeds of the duty of excise levied and collected under the Sugar Cess Act, 1982 reduced by the cost of collection as determined by the Central Government, together with any moneys received by the Central Government for the purposes of this Act, shall after due appropriation made by Parliament by Law be credited to the Fund.

2.3 As provided under the Sugar Development Fund Act, the Fund is to be utilized by the Government of India for the following purposes:—

(i) Making loans for undertaking of any scheme for development of sugarcane in the area in which any sugar factory is situated.

(ii) Making loans for facilitating the rehabilitation and modernization of any sugar factory.

(iii) Making grant for the purpose of any research project aimed at development of sugar factory.

(iv) Defraying expenditure for the purpose of building up and maintenance of buffer stock of sugar with a view to stabilizing the price of sugar.

(v) Defraying any other expenditure for the purpose of the Act.

2.4 The year-wise position of Funds sanctioned and disbursed for different non-plan schemes since 1983-84 are as under:—

(Rs. in Crores)

Year	Cane Development			Modernisation			Grant in Aid			Buffer Subsidy	Total	
	No. of cases	Amount sanctioned	Amount disbursed	No. of cases	Amount sanctioned	Amount disbursed	No. of cases	Amount sanctioned	Amount disbursed	Amount disbursed	Amount sanctioned	Amount disbursed
1983-84	-	-	-	-	-	-	-	-	-	8.00	-	8.00
1984-85	-	-	-	-	-	-	-	-	-	36.52	-	36.52
1985-86	- -	-	-	2	1.79	1.79	-	-	-	16.53	1.79	18.32
1986-87	37	45.89	21.42	5	4.46	4.46	-	-	-	10.65	50.35	36.53
1987-88	64	70.10	27.87	8	3.89	3.89	-	-	-	0.86	73.99	34.62
1988-89	63	77.34	27.66	24	48.09	37.17	1	0.45	0.12	0.38	125.88	65.33
1989-90	82	84.90	64.67	25	62.25	57.89	4	23.60	2.11	0.02	170.75	124.69
1990-91	21	26.54	46.20	18	54.42	50.38	1	6.05	5.55	-	87.01	102.13
1991-92	21	31.00	10.40	29	133.57	39.13	-	-	0.08	-	164.57	49.61
1992-93	17	36.16	17.07	15	69.19	92.78	-	-	4.52	-	105.35	114.37
1993-94	22	50.71	37.78	11	55.19	77.50	-	-	0.16	1.21	105.90	116.65
1994-95	6	16.06	13.26	6	34.88	50.27	1	0.1	1.47	1.46	51.04	66.46
1995-96	-	-	9.01	10	49.74	46.06	-	-	0.28	7.72	49.74	63.07
1996-97	13	28.03	13.71	10	83.98	54.29	-	-	2.25	69.98	112.01	140.23
1997-98	128	109.04	14.80	19	157.70	78.84	9	2.54	-	177.49	269.28	271.13
1998-99	136	81.66	99.90	16	154.19	153.55	2	0.46	2.43	130.86	236.31	386.74
1999-2000 (31-12-99)	1	3.00	10.58	8	85.27	139.95	3	0.91	0.33	5.05	89.18	155.87
Total	611	680.43	414.33	206	1000.41	889.93	21	34.11	19.3	466.73	1695.15	1790.29

2.5 During the period of 1982-83 to 1999-2000 (upto 31.12.99) a cess amount of Rs. 2366.00 crores has been transferred to the Sugar Development Fund. An amount of Rs. 1709.29 crores has been disbursed from the fund upto 31.12.99. As on 31.12.99 an amount of Rs. 441.77 crores has been recovered from the sugar mills as principal plus interest against loans advanced to them.

2.6 The provision of BE & RE (1999-2000) actual expenditure upto 10.3.2000 alongwith the BE (2000-2001) are as under:—

(Rs. in lakhs)

	1999-2000 B.E.	1999-2000 R.E.	Actual Exp. upto 10.3.2000	2000-2001
1 2	3	4	5	6
1. Administration of SDF	420.00	480.00	40.66	522.00
2. Subsidy for maintenance of buffer stock	2400.00	650.00	643.74	200.00

1	2	3	4	5	6
3.	Grant-in-aid for development of Sugar Industries	280.00	125.00	33.50	250.00
4.	Loan to sugar Mills for Cane Development	2500.00	2500.00	1338.27	2000.00
5.	Loan for Modernisation/ Rehabilitation	17500.00	20000.00	14387.64	20000.00
	Total	23100.00	23755.00	16443.81	22972.00

2.7 When the Committee desired to know the reasons for less utilisation of cane development loans, the Ministry in their written reply furnished as under:—

> "The amount indicated that could not be utilised in 1997-98 for the reasons mentioned related to the provision made for short term loans for inputs. Sugar Mills were asked to speed up the completion of documentation and the budget provision made in this regard has been almost completely utilised in 1998-99. The scheme of short term loans for inputs was in operation from 22.11.97 to 31.3.98."

The average expenditure for cane development loan during the last 5 years has been kept in view while seeking funds for cane development loan. It may be seen that the funds required have not exceeded Rs. 20.00 crores in any year as indicated below:—

	(Rs. in crores)
1994-95	13.26
1995-96	9.01
1996-97	13.71
1997-98	14.80
1998-99	14.06

As on 10.3.2000 the expenditure under the Cane Development Loan was Rs. 13.38 crores. Besides an amount of Rs. 8.64 crores is presently under process disbursement.

The budget provision of Rs. 20.00 crores for cane development loan in BE (2000-2001) has been proposed on account of the following reasons:—

> "As there will be no fresh demand for disbursal of loans for inputs under Rule 17 (A) of the SDF Rules and based on the average trend of disbursals/expenditure for cane development in the last 5 years, the budget provisions made are considered reasonable and adequate."

2.8 When the Committee asked the Ministry about the reasons for less utilisation of fund for modernisation/rehabilitation of sugar mills, the Ministry in the written reply submitted as under:—

> "The reasons for less expenditure to the tune of Rs. 5.00 crores in the financial year 1998-99 as compared to RE of Rs. 158.00 crores is due to the fact that the 1st instalment amount of Rs. 381.00 lakhs in respect of one unit could not be released due to non-clearance of outstanding dues in the said case.
>
> As on 10th March, 2000, out of RE of Rs. 200.00 crores for the year 1999-2000 an amount of Rs. 14387.648 lakhs (say Rs. 143.88 crores) have disbursed to 18 sugar units by way of release of Ist or 2nd or both the instalment under the scheme of Modernisation/Rehabilitation.
>
> The requirement of funds for Modernisation/Rehabilitation loans under BE 2000-2001 has been projected keeping in view the applications received till date and anticipating the volume of applications likely to be received from sugar units next year. The amount will be utilised for disbursement of loans for modernisation/rehabilitation/expansion purposes to sugar units".

2.9 When the Committee desired to know the reasons for less utilisation of fund for cane development and modernisation, the Secretary (Sugar and Edible Oils) deposed before the Committee as under:—

> "A Committee has been constituted under the chairmanship of the Secretary. For instance, in regard to modernisation, mills are shy of coming to us. We have a lot of procedure. Even in the case of a private mill, the concerned State Government has to execute a tri-partite

agreement. Several State Governments do say that they do not want to come into the picture in case of a private mill as the private mill is not under their control. We also insist on Government guarantee. Some State Government has said, 'if you find that it is viable, you can give the loan''.

We are disappointed that we do not have as many applications as possible. Even when we sanction it, there are some problems as per the rules. The rules say that the mill undertaking modernisation or expansion can come for the next loan after a period of 13 years. In 13 years, the entire industry will go. We are making ad-hoc exemptions because there could be audit objections and comments on that. We are revamping the rules. I assure the Committee that we will be completing the exercise. We are also having interactions with the State Governments, private mills, co-operative mills, all India financial institutions and NCDC. We will be making a pro-active rule in regard to modernisation and also about sick mills, about which this Committee is going to look into it later. We have constituted a Committee for this purpose".

2.10 When the Committee desired to know on what grounds Government has decided not to continue with the short term loans which was for fertilizers, seeds and pesticides to the farmers and also out of the 161 units whom short term loans has been disbursed only 29 have set up their monitoring committee, what steps had been taken in this regard, the Ministry in their post evidence replies submutted as under:—

"A provision for allowing "loans for providing inputs for sugarcane development" which provided for purchase of fertilizers, seeds and pesticides was incorporated in the SDF Rules 1983 on 21.11.1997, by way of an amendment to the Rules. The provision for allowing loans for providing inputs for sugarcane development was made as during 1996-97 and 1997-98 sugar seasons, it was observed that sugar mills in several areas were finding it difficult to get adequate sugarcane for full utilization of their installed capacity. It was also observed that there had been a marked trend for cultivators to shift to other corps. However for availing this loan for which a bank guarantee is required as security, an exception was made with approval of the Ministry of Finance by which a second/extended charge on the mill's assets was also made acceptable for only one year. Applications availing the benefit of this exception, were called for up to 31.3.98.

All the sugar units to whom short term loans have been disbursed are required, under the SDF Rules 1983, and the bipartite agreement entered by the Government of India with the sugar factory, to constitute the monitoring committee with representatives from ISMA, NFCSLF, the local State Government functionary, the concerned sugar mill and representative of the sugar growers. Of the sugar units to whom short term loan has been disbursed, information has been received from 29 of them about having set up monitoring committees. The remaining sugar units have been asked to indicate the information regarding setting up of the monitoring committees. The matter is being pursued to ensure that the Committees are constituted in all the cases and reports obtained about the proper utilization of the short term loans".

2.11 When the Committee desired to know the position of recovery of SDF loan and also the efforts made by the Government for the recovery of repayment, penal interest and interest, the Ministry in their post evidence reply has submitted as below:—

"There are two schemes under the SDF in which loans are given to the sugar units from the SDF. These are (1) Loans for modernization/rehabilitation and (2)(a) Loan for sugarcane development (b) Loans for providing inputs for sugarcane development. The scheme of loan for providing inputs for sugarcane development was introduced w.e.f. 21-11-1997. However the disbursement of loans commenced from 1998-99 financial year.

The position of its recovery is given below:—

(Rs. in lakhs)

Year	Recovery
1	2
1985-86	—
1986-87	—
1987-88	27.02
1988-89	176.95
1989-90	519.26
1990-91	1515.27

1	2
1991-92	1756.81
1992-93	3559.97
1993-94	4742.16
1994-95	4795.90
1995-96	3403.37
1996-97	4688.05
1997-98	4859.39
1998-99	7390.49
1999-2000 (up to 31.12.99)	6742.52
TOTAL	44177.02

Continuous efforts are made by this Department for recovery of SDF loans. The outstanding dues are monitored and at the end of each quarter the position of such dues is assessed. The two federations of sugar mills in this country, the Indian Sugar Mills Association for private sector mills and the National Federation of Cooperative Sugar Factories for sugar mills in the cooperative sector are addressed requesting them to urge their member mills who are in default, to clear their dues. The matter is also taken up with the Secretary/Commissioner in charge of sugar in the concerned State Governments to have the dues cleared in respect of sugar mills in their respective States. The last such request to the Secretaries/Commissioners for expeditious clearance of SDF dues has been issued on 31.12.99. Wherever possible the SDF dues are adjusted against other claims of the defaulter sugar units pending in this Department. The position of recovery of loans is regularly monitored by the Standing Committee of the SDF."

2.12 **The Committee observed that the BE and RE (1999-2000) for cane development loan was Rs. 2500 lakh, however, the actual expenditure upto 10th March, 2000 was only to the tune of Rs. 1338.27 lakh which is about 49% utilisation. The reasons given by the Ministry for less expenditure that the sugar units do not approach the Govt. for cane development loan in time is not convincing to the Committee. In their view the needy farmer require the loans in time, but sugar undertakings** come in their way through whom the application of loan is to be processed. The Govt.'s assertion that it would be difficult to pass the loans to farmers directly due to their large number and vastness of the country is not appealing due to the fact that it is the responsibility of the Govt. to make available loans to the needy farmers well in time. The Govt., however, without analysing the reasons for less utilisation of fund have further reduced the amount in the BE (2000-2001) with reasons which do not sound well. The Committee, therefore, strongly recommend that the Govt. should make all efforts to utilise the amount allocated in the Budget Estimate for the year (2000-2001) under the scheme. Vigorous efforts should be made to persuade the sugar units to pass the loans to the needy farmers and if need arises, the budget allocation for the year (2000-2001) should be increased at the RE stage.

2.13 It has come to the notice of the Committee that a provision for granting loans to the farmers under the cane development schemes for procuring inputs like fertilizers, seeds and pesticides for the cultivation of sugarcane was incorporated in the SDF Rules, 1983 on 21.11.1997, but this scheme was operational only upto 31.3.98 and thereafter no loan has since been disbursed. The Committee do not agree with the reasons put forth for non-disbursal of loans on this account which is very much essential for cane cultivation. The Committee, therefore, strongly recommend that the Govt. should encourage the sugar undertakings to come forward with the applications for short term loans which in turn will increase the sugar cane production.

2.14 The Committee are of the view that for short term loan, each sugar unit is required to constitute a monitoring committee having representatives from ISMA, NFCSFL, the local Govt., concerned sugar mills and representatives of sugarcane growers. However, out of 161 units whom short term loan were disbursed, only 29 units have set up the monitoring committee. No effort seems to have been taken by the Govt. to persuade the sugar mills to constitute the monitoring Committee. The Committee, therefore, recommend that the Govt. should direct the sugar mills to constitute the monitoring committee without further delay.

2.15 The Committee note that the loan for modernisation/rehabilitation under BE (1999-2000) was Rs. 17500 lakh which was increased in RE (1999-2000) to Rs. 20000 lakh. However, the actual expenditure upto 10.3.2000 was Rs. 14387.64 lakhs. As on 31.1.2000 out of 487 installed sugar mills,

220 are of the capacity less than 2500 TCD. The mills having capacity less than 2500 TCD are not considered viable and are bound to become sick which may result in less sugar production. The Govt.'s assertion that the mills are not coming forward for grant of loan for modernisation is not convincing. The Committee, therefore, recommend that Govt. should take concrete steps to formulate a plan to modernise mills with capacity below 2500 TCD in a phased manner so that these mills may become viable by attaining the capacity of 2500 TCD. Meanwhile the Govt. may encourage Khandsari units having Vaccum Pan Technology, if necessary, by modifying the existing Sugarcane Control Order (1966). Further, the Govt. should also consider to relax of 13 years moratorium for the mills having sound repayment capacity.

2.16 The Committee observe that the total disbursement for both the scheme of modernization/rehabilitation and sugarcane development has been 124791.20 lakh upto 31.12.1999. Out of this, only an amount of Rs. 44177.02 lakh has been recovered and Rs. 80614.18 lakh is still outstanding. Even considering the exemption of payment due to moratorium for different schemes, a large amount is still recoverable. Since SDF loan is a soft loan with varying interest of 6% to 9% p.a. sugar units might not be repaying the dues to the Govt. in time and diverting the same for other purposes. The Committee are of the view that the Govt. should adopt strict measures in consultation with concerned State Govt. to realise the outstanding loans so that other needy mills may be benefited and diversion of fund is totally discouraged. Steps taken and progress achieved in this regard should be communicated to the Committee within three months.

(ii) Sugar Subsidy

2.17 Sugar subsidy is paid to the Food Corporation of India and others on account of levy sugar, import of sugar etc. The BE & RE (1999-2000) for sugar subsidy was 360 crore and 325 crore. In BE (2000-2001) it has been kept at Rs. 110 crore as Finance Minister announced in the Budget Speech that no allocation will be made under PDS for income tax assesses and also that the PDS price has been increased to Rs. 13 per kg. In this connection when the Committee asked how the Government ensure that the system for identification of income tax assesses is fool proof, the Ministry furnished in written reply:—

"Distribution of Sugar through Public Distribution System is being looked after by State Governments. The task of excluding the income tax assessees from the PDS has to be accomplished by the respective State Governments. They are also required to work out the modalities for making the system foolproof.

If an individual is income tax assessee, then his family would stand excluded for PDS sugar. The income tax authorities are having the list of income tax assessees. The State Government have been advised to get in touch with the concerned Commissioners of income tax and initiate the exercise of identification of such families".

2.18 The need of sugar of the people of the country is met in two ways, partly through the Public Distribution System (PDS) and partly through the open market. For the purpose of distribution of sugar through PDS, the Government is procuring 30% of production of sugar as levy quota with effect from 01.01.2000 (prior to this, it was 40%). The balance 70% of sugar is allowed to be sold by sugar factories in the free market. The releases of levy and freesale quotas are made on monthly basis to the State Governments in respect of levy sugar and to the sugar factories in respect of the freesale sugar. The monthly levy sugar quota is allocated on the basis of the projected population as on 01.03.1999. The monthly levy sugar quota for the month of the March was 4,44,412 M.Ts. for the entire country. The State-wise break up is at Annexure-I. Over and above the monthly quota, the State Governments are also being allocated festival quota. The State-wise break up of the festival quota is also given in the Annexure-I.

As there is no restriction on movement of freesale sugar, it is not possible to indicate the quantity of sugar sold out of the allotted quota, in a particular State. The releases of freesale sugar during the last year (April, 1999-March 2000) have been in the range of 7.45 lakh tonnes to 9.00 lakh tonnes per month (Annexure-II).

2.19 While identifying BPL family during implementation of TDPS, it has been observed that some genuine people has been left, while others undesirable people are getting its advantage. Pointing towards the same repetition, when the Committee asked about the criteria of identification the Secretary (Sugar and Edible Oils) deposed as under:

"There are two things that we have done. First, we have talked to the Chairman of the Central Board of Direct Taxes and had instructions issued to all the Commissioners of Income-Tax to give ward-wise details of income-tax assessees. There is some problem in this because in some places the corporate and individual assessees are mixed up.

Secondly, each State has got its own procedure for distribution of cards. Some people have more than one types of card. So, we have been in constant touch with all of them. We are all identifying the issues for which they need our guidelines. These issues have more or less been framed and very shortly we are going to have a joint meeting with the Income-Tax people and the State Civil Supply Commissioners. We will be giving shape to this. The State Government have more or less done the preliminary work. They are asking for further clarifications. For instance, the card may not be in the name of the income-tax assessee but one of the members may be an income-tax payee. Some such issues are coming up. We are getting together so that each State will be able to share information. If a State has done some pioneering work, the other States can benefit from that. We are meeting the Income-tax people very shortly.

I am giving the guidelines. That is why I am confident. They have already started finalising it. They have asked the card-holders to get some affidavits".

2.20 When the Committee asked what was the total requirement of levy sugar in preceding three years and what would be the reduced requirement of levy sugar after exclusion of income tax assessees, the Ministry in their written reply furnished as under:—

"The monthly quota of PDS levy sugar on the basis of 1991 population data which was the basis of PDS allocations from 1.1.1996 till February, 2000 was 3.68 lakh Mts. In addition, there was annual festival quota of 99950 Mts., and the annual requirement for Army Purchase Organisation/ Para Military Forces, Bhutan etc. were of 1.50 lakh Mts. However, with effect from 1.3.2000, the population base has been shifted to the projected population as on 1-3-1999. Accordingly, the monthly quota of levy sugar has been increased to 4.44 lakh Mts., including the annual festival quota, annual requirement for Army Purchase Organisation etc. The annual requirement works out to 53.28 lakh Mts.

On the assumption that each income tax assesee would have 5 members, the excluded number of beneficiaries from PDS sugar would be 868.10 lakhs. Assuming again that every person gets on an average 425 grams of PDS sugar every month, the requirement of PDS sugar for 868.10 lakhs comes to 4.43 lakhs tonnes per annum (868.10 lakhs x 425 gms x 12 months). Thus, the requirement of PDS sugar would be less by 4.43 lakh tonnes per annum."

2.21 The Government has reduced levy obligation to sugar mills from 40% to 30% *w.e.f.*01.01.2000. In this regard when the Committee asked What would be the reduced quantity of levy sugar accrual after reducing the percentage of levy sugar from 40 percent to 30 percent & how the Government will meet this deficit keeping in view the increase in population, the Ministry in their written reply furnished as under:—

"When the percentage of levy obligation was 40%, the effective accrual of levy was 32% taking into account the incentives to the sugar mills. With the reduction in the levy obligation to 30% with effect from 1.1.2000, the effective accrual of levy sugar would be 24%. The production for the sugar season 1999-2000 is provisionally estimated at 160 lakh tonnes. At this level of production, the levy accrual would be 38.4 lakh tonnes. The levy accrual would have been 51.2 lakh tonnes, had the levy obligation remained at 40%. As such, the Government would get reduced quantity of levy sugar to the tune of 12.8 lakh tonnes due to said reduction in levy obligation. The deficit in the levy requirement in the past has been met either by taking loan or making purchase from sugar industry or both. Therefore, the deficit, if any, occurring in future, the same shall be met in the aforesaid manner".

2.22 To bridge the gap of levy sugar due to increased demand and increase in population, the Government has imposed 30% levy for all imported sugar. When the Committee asked what is the target of levy sugar to be received by involving 30% of levy, the Ministry replies as under:—

"The imposition of 30% levy on imported sugar is at par with the levy obligation on domestic producers of sugar. As imports of sugar is on Open General License (OGL), the quantum of imports cannot be estimated. As such, no targets for receiving levy on imported sugar could be fixed."

2.23 There is situation of glut and scarcity of sugar in the country for several years. When the Committee asked whether Government have proposed to make any short-term/long-term policy to make the country self-reliant in sugar for all the time, the Ministry in the written reply submitted as under:—

"The following table will indicate the situation of glut/scarcity of sugar in the country since 1988-89 onwards:

(In Lakh tonnes)

Season	Carry over stock in the beginning of the season *i.e.* 1st October	Production during the season	Total domestic availability	Consumption	Exports
1988-89	25.32	87.52	112.84	99.19	0.28
1989-90	12.65	109.89	122.54	102.83	0.35
1990-91	21.78	120.47	142.25	107.15	2.07
1991-92	33.03	134.11	167.14	112.25	5.83
1992-93	49.06	106.09	115.15	120.05	3.97
1993-94	31.13	98.24	129.37	111.29	0.75
1994-95	21.93	146.43	168.36	119.74	0.41
1995-96	54.95	164.29	219.37	131.72	8.87
1996-97	79.07	129.05	208.12	136.75	5.36
1997-98	66.01	128.44	194.45	139.78	0.97
1998-99	53.70	155.20	208.90	141.45	0.22

It may be seen from the above that there was shortage of sugar in the country during 1989-90 due to low production in the preceding year *i.e.* 1988-89 resulting in low carry-over stocks with the result the Government had to import the sugar. The shortage of sugar in the country occurred again during 1993-94 due to fall in production in the two consecutive seasons, namely, 1992-93 and 1993-94. The Government, therefore, allowed import of sugar under Open General License (OGL) with zero, import duty. The sugar production, thereafter has improved considerably.

The cyclical fluctuation in the production has been narrowed down since 1993-94. The production of sugar reached in the country at an all time high level of 164.29 lakh Mts during 1996-97 and 128.44 lakh MTs during 1997-98. In spite of some fall in production, due to large carry over stocks of the previous year, there has not been any shortage of sugar in the country. The production of sugar has again taken a rising trend. During 1998-99 the sugar production touched a level of 155.20 lakh MTs. As per the estimates made on the basis of the information received from various State Governments the sugar production during the current season which was earlier estimated at 160 lakh tonnes is likely to exceed that level and may touch above 165 lakh tonnes as against the domestic requirement of 147.21 lakh tonnes."

2.24 The Committee note that the Govt. has reduced the levy obligation of mills from 40% to 30% *w.e.f.* 1.1.2000 and the population basis of 1991 for allocation of sugar under PDS has been shifted to the projected population on 1.3.1999 *w.e.f.* 1.3.2000. On this projected population leaving aside the income tax assesses, the annual requirement of PDS sugar will be 48.85 lakh tonne while the effective levy sugar procurement will be only to the tune of 38.4 lakh tonnes. Thus there will be a gap of 10.45 lakh tonne of levy sugar. Though the Govt. has imposed 30% levy on all imported sugar, it has not fixed any target of collection of levy procured from imported sugar. If the Govt. procure less than 10.45 lakh tonne of sugar from importers, the remaining quantity would have to be managed through loan or purchase from sugar industry, but in the case of purchase, it will further increase the sugar subsidy bill. The Committee, therefore, recommend that the shortfall in domestic levy sugar be compensated from the levy on imported sugar and in case of further gap, the shortfall should be fulfilled from loan from the industry. The Commitee would also like to know the manner in which the Govt. is thinking to implement the recommendations of Mahajan Committee in a phased manner as has been assured on the floor of both Houses.

2.25 The Committee is aware that the purpose/object of any scheme is defeated by implementing agencies and the unscrupulous element of the society enjoys the benefit by misusing the loopholes of the provisions/guidelines. Even in the identification of below poverty line people, it has been observed that at some places genuine people have been deprived the benefit while those who are unentitled are enjoying the benefit at the cost

of poor. The Committee, therefore, desire that while excluding the income tax assesses, no genuine persons be excluded and no unentitled person remain on the list.

(iii) National Institute of Sugar Cane and Sugar Technology, Mau

2.26 The Government of India decided to establish the National Institute of Sugarcane and Sugar Technology at Maunath Bhanjan (U.P.) in the year 1993-94 with a view to improving the sugarcane cultivation and efficiency of the factories working in the backward areas of Eastern Uttar Pradesh and Bihar.

2.27 The Plan allocation in BE & RE (1998-99), BE & RE (1999-2000) and BE (2000-2001) for this institute are as under:—

(In Crore)

Major Head	1998-99 BE Plan	1998-99 RE Plan		1999-2000 BE Plan		1999-2000 RE Plan	1999-2000 RE Non-Plan	2000-2001 Plan
2408	2.76	0.67		2.00		0.93	6.05	2.40
4408	5.97	3.95	—	5.75	—	3.35	—	4.25

Years	BE	RE
1998-1999	8.73	4.62
1999-2000	7.75	4.28
2000-2001	6.65	—

2.28 When the Committee desired to know about the reason for less expenditure, the Ministry in its written reply submitted as below:

> "Less utilisation of funds can be attributed mainly to non-completion of construction work at Mau. As a result the Administrative Block, Main Office Building and other necessary infrastructure is not complete. Staff has not therefore been fully recruited. Also, machinery and equipment could not be purchased due to non-completion of infrastructural facilities. This has resulted in non-utilisation of funds under the head "Salaries", "Machinery and Equipment" and other heads of appropriation."

2.29 When the Committee desired to know about the repercussion of less utilisation of fund for NISSF, Mau, the representatives of Ministry submitted as under:—

"Basically, the lapse of funds has taken place in the case of National Institute of Sugar and Sugar Technology. This is a new institute, which was taken up in 1993. As far as the new institute is concerned, in 1996, there was a re-thinking as to whether we should proceed with this institute because there is already an institute at Kanpur. They were thinking whether to go ahead with the institute or not. Then, a Committee was constituted. They asked us why we are going ahead with this particular institute and whether it was necessary or not. So, there was a delay in the particular year. No works were sanctioned during 1997-98. Only later, the Government had taken a final decision to go ahead with the execution of this particular project. That is why, this project was suffering very severely from year to year. I have got some figures about this institute. A budget provision of Rs. 7.03 crore was made in the year 1995-96. The actual expenditure was Rs. 9 lakh in that year, that is, 1995-96, in 1996-97, we had a budget provision of Rs. 8 crore. The revised estimate was Rs. 4.88 crore. The actual expenditure was Rs. 1.43 crore. In 1998-99, we had a budget provision of Rs. 5.97 crore. The revised estimate was Rs. 3.95 crore. The actual expenditure so far was Rs. 2.55 crore. In 1999-2000, as you aware, Rs. 5.70 crore is the budget provision. Rs. 3.3 crore is the revised estimate. The actual expenditure was Rs. 2.25 crore. There has been a substantial delay in the construction of this particular project".

2.30 When the Committee asked the Ministry for funds allocated in the previous years to NSI and NISST could not be completely utilized because of slow progress in construction work by CPWD, what steps have been taken by the Ministry to expedite construction work by CPWD and what were the achievement thereof. Whether this matter was taken up at the level of Secretary and Minister with the Ministry of Urban Development, the Ministry furnished as under:—

"The major portion of the funds allocated for construction work in which CPWD is involved is in respect of the NISST. The NISST, Mau was commenced in the financial year 1993-94. Initially, the NISST was conceptualized and planned to function as an institute providing training and extension work in the field of sugarcane & sugar technology and sugar engineering. This phase of activity in respect of NISST is known as the 1st phase. In October, 1996, in a meeting of all FAs, addressed by the Finance Minister, the Hon'ble Minister desired that the Project NISST be reviewed and steps be taken to dispose of buildings constructed already suitably, if there was no justification for locating a new Institute at Mau. The matter was referred to the Ministry of Finance who re-iterated the desire expressed by the Minister earlier and recommended winding up of the project. Consequently, further construction activity at Mau was stopped in April 1997. However, later, the Ministry of Finance was again requested to review its decision of winding up NISST, which was acceded to and in May, 1997, it was decided that the project be allowed to continue and work was re-started.

In 1998, it was decided that NISST should operate as an Institute of teaching leading to Post Graduate Degrees in the fields connected with Sugarcane & Sugar Technology etc. as distinct from NSI, Kanpur, which trained students leading to Diploma of ANSI. It was, therefore decided to include Post Graduate teaching courses in Sugarcane Technology, Sugar Technology, Sugar Engineering and Industrial Fermentation in the activities of the Institute. A Standing Finance Committee meeting was held for this purpose and the project for inclusion of teaching courses was approved in August, 1998. This formed the 2nd phase of the project, which envisaged building of additional academic blocks, laboratories, hostel rooms and other infrastructural facilities for the students. A target of three years was set up for completion of the second phase. Additional staff also was approved to meet the teaching needs of the Institute apart from research and extension activities. Work on this project was started during the financial year 1998-99.

With a view to effectively monitoring and expediting, construction activities at Mau, a number of review meetings at the Joint Secretary level and on one occasion at the level of Secretary of this Department, with the Chief Engineers of the CPWD have been held both at Delhi and at Mau. The last such meeting was held on 6th October, 1999 under the Chairpersonship of JS (Coordination). As a result of this all works connected with the 1st phase of the project have been completed, except minor electrical work, installation of fire-fighting arrangements, levelling and paving of roads at some places inside the campus and installation of lift. Installation of lift was approved in 1998 and work on this has commenced. As far as the second phase of the works is concerned, civil work connected with the following have been completed as indicated. Hostel— 70%; Academic block—60% and Additional Residential Quarters—80%, Electrical work, which is normally taken up after the civil works is complete, has been completed to the extent of 20%. The state of progress of the works by CPWD has been taken up with the Director General, CPWD at the Joint Secretary level from this Ministry on 10.01.2000.

The next meeting is to be held at the level of Secretary of the Department in April, 2000".

2.31 When the members of the Committee expressed their resentment towards the slow progress of construction work by CPWD and also what steps were take to augment the work, Secretary (Sugar and Edible Oils) deposed before the Committee as under:—

"We are having a regular coordination meeting with the CPWD on a quarterly basis at the level of Joint Secretary. Now, we do not know what is the local problem with the CPWD. I have convened a meeting later in the month with the DG, CPWD and my counterpart in the Ministry of Urban Development so that we do not have further delays.

Sir, with due respect, I want to say that this is my project and I am fully responsible for it. The CPWD has not done it. However, it is my responsibility to get it done. I fuly own my responsibility. I am not claiming any quarters from you. We are coordinating at our level. Please do not think that I am trying to shift the blame. Government is one entity. When I am before you, I fully take the responsibility. As decided by the Committee, we will complete this project by June, 2001 and we will see that this Institute starts functioning and achieve the objectives for which it was set up".

2.32 The Committee are not at all satisfied with the progress of construction work in NISST, MAU. First of all, the way this very project was dealt at the Ministry level, shows a lot of poor planning and lackdustre attitude of concerned officers/departments. At one time, it was decided to wind up the project and dispose off the buildings already constructed, later on it was decided to continue the project. Though the Government has constituted a monitoring Committee at Ministry level headed by Joint Secretary, no effective result seems to have been achieved. The Committee

feel with great concern as to why the matter was not taken up with the Ministry of Urban Development in the right earnest. Further, the reason putforth by the Ministry for the slow progress of the construction work such as delay in furnishing estimates, vetting up estimates, issue of sanction letter are not at all convincing as these procedural delay could have been avoided by effective monitoring. The Committee, therefore, strongly recommend that the matter should be taken up with the Ministry of Urban development at the highest level to ensure that the project is completed within the current financial year. Further, the Ministry should also examine the reasons for delay in various construction activities taken up by the Ministry and responsibility should be fixed on erring officials for delay. Steps taken and progress achieved should be communicated to the Committee within three months.

(iv) Sick Sugar Mills

2.33 About 38 private/public sugar mills are sick and 78 cooperatives mills have their net worth negative. When the Committee enquired of what are the plans of Government to make these units viable, the Ministry in their written reply submitted as under:—

> "The closure/sickness of sugar units in the country could be due to variety of factors such as inadequate cane availability, uneconomical size old age, bad condition of plant and machinery, technical and managerial incompetence, excessive high cane price not commensurate with sales realization and various other factors.
>
> The sugar units in the country are grouped in three sectors namely, Public, Private and Cooperative. The sick sugar units belonging to private and Public Sectors are covered under the provisions of the Sick Industrial Companies (Special Provision) Act, 1985 (SICA). The sick sugar mills under Public and Private Sector are required to make reference to the Board for Industrial and Financial Reconstruction (BIFR) for determination of sickness. The main objective of the Act is to determine sickness and expedite revival of viable units or closure of unviable units.

The criteria to determine sickness under SICA for Public and Private companies are as under:—

(i) Accumulated losses should be equal to or more than the net worth (paid up capital plus free reserves).

(ii) The industrial company should have completed five years after incorporation.

(iii) the company should have employed not less than 50 industrial workers during the preceding 12 months.

According to Section 15 of SICA, where public/private company has become sick, the Board of Directors of the company shall within 60 days from the date of finalisation of audited accounts of the company has become sick, make a reference to the BIFR. The Board on preliminary enquiry registers such reference and enquiry is conducted.

The sick companies registered with the Board are dealt with in accordance with the provisions SICA and wherever feasible, rehabilitation schemes sanctioned by BIFR include various measures like restructuring the capital, induction of fresh funds by the promoters, merger with other companies, change of management, provision for working capital and term loans by banks and financial institutions. As on 31.12.1999, 42 sugar mills cases were registered with the Board under the provisions of SICA. State-wise details and year of registration with BIFR is placed at Annexure-III. Out of 42 cases 4 mills were registered twice at different point of time. In view of that actually 38 mills were registered with BIFR. The state-wise details are placed at Annexure-II and the status of cases registered with BIFR is as under:

1.	Rehabilitation scheme sanctioned	8
2.	Reference for declaring the company sick dismissed as non-maintainable	8
3.	Draft Rehabilitation Scheme circulated	3
4.	winding up recommended	6
5.	Under enquiry	7
6.	Declared no longer sick	6
		38"

2.34 In Maharashtra 28 sugar mills have negative net worth. In Uttar Pradesh 18 sugar mills are reported sick 20 mills have their net worth negative. The same situation prevails in other parts of the country. When the Committee desired to know what are the delay in report of BIFR, the representatives of Ministry submitted before the Committee as under:—

"As far as the issue concerns to Bihar, STM has been told that he should study these mills. STM has studied two-three mills, it was necessary, the structuring work was to be done by state Government. We had also written but State Government did not took any solid step. That is why no action could take place. Whatever cases come in BIFR either of Private Sectors mills or Public Sector Mills, but the responsibility is of State Government. In Maharashtra, a Committee has constituted under Chairmanship of Godbole. I have written what are the facts about it. Therefore, it was stated in Mahajan Committee Report that a Committee should be constituted under the Chairmanship of Secretary (Sugar and Edible Oils), NABARD will also be a member. It has been mentioned what help can be from SDF in this regard. When this Committee will come into action, the Bihar, U.P. and Maharashtra cane have its benefit."

2.35 The Ministry further in their post evidence replies have stated as under:—

"The references registered with the BIFR are processed in accordance with provisions of SICA. In the first instance the case registered with BIFR is scrutinised whether the company registered with BIFR is as per the provisions of SICA and fulfils all the conditions as prescribed in SICA or not. If the BIFR feels that the company does not fulfil the provisions of SICA, the BIFR passes the order that the company is declared non-maintainable and out of the purview of BIFR.

In cases where a rehabilitation scheme is not feasible and BIFR after making inquiry under Section 16 and after consideration of all the relevant facts and circumstances and after giving an opportunity of being heard to all concerned parties, is of opinion that it is just and equitable that the sick industrial company should be wound up, it may record and forward its opinion to the concerned High Court.

(ii) The cooperative sugar mills are not covered by SICA. They fall under the Cooperative Societies Act of respective states. The State Governments are expected to prepare suitable rehabilitation scheme for the revival of sick cooperative sugar mills with or without the participation of the financial institutions including National Cooperative Development Corporation (NCDC).

As per the information provided by the National Bank for Agriculture and Rural Development (NABARD) as on 31.3.1998 out of 244 number of sugar mills under cooperative sector. 78 mills were having negative net worth. The state-wise details is as follows:—

State	Number of Mills	Number of Mills with negative Net-worth
Maharashtra	116	28
Gujarat	19	4
Andhra Pradesh	18	4
Haryana	10	2
Punjab	15	9
Uttar Pradesh	32	20
Tamil Nadu	16	10
Karnataka	18	1
Total	244	78"

2.36 When the Committee asked whether it is true that the Sugar Technology Mission has prepared a project report with respect to close sugar mills in Bihar and there was a discussion between Secretary (Sugar and Edible Oils), Govt. of India and the Secretary (Sugarcane) Bihar Govt. on 26.08.1998 and that there is no progress even after two years to revive these mills, the Ministry in their post evidence reply stated as under:—

"An expert team was constituted in the Sugar Technology Mission to take up the survey of the Goraul and Motipuri units of the Bihar State Sugar Corporation Limited for exploring the possibilities of their survival. The expert team submitted its report in October-November, 1997. Since the recommendations pertained to the units belonging to the Bihar State Sugar Corporation Limited, a State Government Undertaking, the Government of Bihar vide letter dated 19.12.97 was requested to communicate their views on the suggestions made by the Sugar Technology Mission.

2. The matter was discussed on 26.06.1998 in the Chambers of the then Secretary (S&EO) with Shri Mithilesh Kumar, Secretary (Sugarcane), Govt. of Bihar in the presence of Director (STM). In the meeting a definite time schedule for taking action was decided as under:—

(i) in respect of Motipur factory, the Director, STM will immediately give a report to government indicating that a separate company would have to be set up by hiving off this Unit from Bihar State Sugar Corporation. M.D., Bihar State Sugar Corporation will meet Director, STM on 8.7.1998 when the Memorandum and Articles of Associations can be discussed with a Chartered Accountant.

(ii) In respect of Goraul Unit, Director, STM will arrange to have the scrap machineries of the unit valued. This work would be completed by 15.07.1998. Director, STM, will, therefore, frame an advertisement inviting entrepreneurs for takeover of this unit. Subsequently, Director, STM will report to government that this unit needs to be hived off from the Bihar State Sugar Corporation and incorporated as a separate entity. The Memorandum and Articles of Associations of this company will also be discussed by M.D., Bihar State Sugar Corporation on 8.7.1998 alongwith Chartered Accountant to formulate the appropriate draft.

3. The above decisions were duly communicated to the Government of Bihar vide letter dated 1.7.98. In addition on 29.6.1998 the Department of Sugar & Edible Oils wrote to the Bihar Government, wherein, *inter alia* it was suggested that while it may not be possible for Bihar State Sugar Corporation in its entirely to be taken up to revival on account of pending matter in the Patna High Court, it would be worth considering the revival package of the Motipur Unit of the Corporation as an independent scheme for which Bihar Government may consider

approaching the High Court. The STM submitted a report on 6.8.1998 Assessment of Value of Disposal Assets in respect of Goraul unit of the Bihar State Sugar Corporation Limited.

4. The State Government was duly reminded vide letters dated 24.12.1998. On 9.1.1999, a meeting was held with the Secretary (Sugarcane). Govt. of Bihar by the Secretary, Department of Sugar and Edible Oils to consider further action by the Bihar Government. The Bihar Government informed that the project reports for the two mills i.e. Motipur and Goraul were still under their examination. Subsequently, on 16.12.1999 and 22.12.1999 reminders were also sent to the Bihar Government. So far the State Government has not intimated the action taken by it on the recommendations made by STM in respect of the aforesaid two units of the Bihar State Sugar Corporation."

2.37 The Committee note with concern that as per information furnished by the Ministry, 38 Private/Public Sugar Mills are sick and 78 Cooperative Mills have their net-worth negative. However, nothing concrete seems to have been done by the Ministry in making these mills viable. The Committee, therefore, urge the Ministry to make concrete and sincere efforts to run the closed/sick cooperative sugar mills in right earnest in consultation with the respective State Government. If need be, finance may be arranged through SDF, ICICI, IDBI and IFCI. In case the Government finds it difficult to finance closed/sick /Public sector sugar mills, they may think to turn towards privatization of these mills. Special efforts should be made in the states of U.P., Bihar, Tamilnadu, Maharashtra where closed/sick sugar mills are more in number.

(v) Import of Sugar

2.38 Import of sugar, which was placed under Open General Licence (OGL) with zero duty, in March 1994 continued with zero duty up to 27.4.1998. Government imposed a basic customs duty of 5% and a countervailing duty of Rs. 850.00 per tonne on imported sugar with effect from 28.4.1998. The basic custom duty was increased from 5% to 20% w.e.f. 14.1.1999 in addition to the countervailing duty. In the Union Budget for the year 1999-2000 duty on imported sugar was further increased from 20% to 25% with surcharge of 10%. The customs duty on imports of sugar was again increased to 40% on 30.12.99 and 60% on 9.2.2000 along with continuance of countervailing duty of Rs. 850/-

per tonne. The importers of sugar are required to register their import contracts with the Agricultural Processed Foods Export Development Authority (APEDA).

2.39 When the Committee desired to know about the quantity of sugar imported in India during 1999-2000 from different country and the impact on import due to increase in import duty from 40% to 60%, the Ministry in their written reply, submitted as under:—

"As per the data latest data published by DGCIS-Calcutta during financial year 1999-2000 (upto November, 1999), a quantity of 8,84,024 MTs (or 8.84 lakh tonnes) has been imported. The country-wise break-up is given in below in 'Statement-A'.

As regards the impact of increasing the import duty on sugar from 40% to 60%, it may be mentioned that after this increase in import duty w.e.f. 9.2.2000, a declining trend has been noticed in registration of import contracts by the importers with APEDA and during the week ending 3.3.2000 APEDA has reported NIL registration. Further, as per the information collected from various ports/Amritsar Customs, the arrival of imported sugar which was 63,032.5 MTs (P) during the month of January, 2000 has declined to 34,084.0 (P) Mts during the month of February, 2000.

Statement-A

Country-wise import of sugar during the financial year 1999-2000 (upto November, 1999) as per DGCIS, Calcutta

S. No.	Name of country	Quantity (in MTs)
1	2	3
1.	Brazil	337007
2.	Canada	24
3.	China PRP	129632
4.	Ecuador	344
5.	France	6970

1	2	3
6.	German FRP	675
7.	Indonesia	607
8.	Korea RP	27400
9.	Mexico	21727
10.	Nepal	69
11.	Pakistan	56955
12.	Singapore	1662
13.	South Africa	6336
14.	Thailand	206576
15.	U. Arab Emts.	74469
16.	U.K.	9864
17.	Ukraine	2149
18.	U.S.A.	1659
	Total	884024

2.40 When the Committee expressed concern over the volume of import of sugar during the last several years, the Secretary (S&EO) during oral evidence before the Committee deposed as under:—

> "As far as import is concerned, since we are moving towards WTO, it is not possible to have quantitative restriction on imports. So, last year we increased the duty. Today it is at 60%. We cannot have a quantitative restriction. Sugar and other commodities will necessarily be under the OGL. But at the same time, we have certain leeway in the matter of essential commodities and agricultural commodities to have a much higher duty. In fact, our bound rate of tariff at WTO is 150 in respect of sugar. But in the Budget, the Hon'ble Finance Minister has kept a band upto 100%. There is glut of sugar in the international market. Brazil is carrying a huge stock of sugar. European sugar is costly. Australian and Brazil are opposing Europe extensively pushing exports through huge subsidy because of fall in the international prices over the last three years from the level of 400 dollars per tonnes to 170 dollars per tonne. Brazil was

> shipping its sugar totally subsidizing the cost. Similarly, Pakistan subsidizes export entrepreneurs and susbsidized its sugar factories and sent sugar across. Sir, since it is under the OGL, neither the Commerce Minister nor our Ministry can help it. So, the only instrument available for us to control is through import duty on sugar, and the Government has taken a decision that they will keep track of the international prices of sugar. From the international prices of sugar, given the present Band of duty, we know what is the likely landed cost of sugar, whether that landed cost will create problems for the domestic sector, etc. In fact, we are reviewing it on a weekly basis in the High Powered Price Monitoring Board.

Our main idea is to see that the domestic industry also does not overcharge from the consumer.

2.41 When the Committee desired to know the reasons for such a large imports of sugar, and what the steps have been taken by the Government to reduce the import of sugar whether Ministry of Commerce been consulted, the Ministry in post evidence reply stated as under:—

> "During the year 1999-2000, sugar has been imported by the private traders under the Open General Licence (OGL) from various countries. As per the latest available information the sugar has been imported by the private traders from Brazil, China PRP, Thailand, Pakistan and United Arab Emirates (UAE) etc. The C.I.F. cost of sugar from the above 5 countries is as under:—

Country	Unit C.I.F. price (in Rs./Kg)
Brazil	9.54
China PRP	10.68
Thailand	9.90
Pakistan	9.67
U. Arab Emirates	11.51

The countervailing duty (CVD) and the customs duty are levied over the C.I.F. cost.

2. The import of sugar is under OGL. It may be stated that due to glut of sugar in the global market and a very sharp decline in the international price of sugar, imports were viable and resorted by the trade.

3. At the time of increase in the custom duty on imported sugar, Ministry of Commerce was consulted as:

4. The Government, in order to check the large scale import of sugar, has taken the following steps:—

(i) Customs duty on import of sugar was raised to 5% alongwith imposition of countervailing duty (CVD) of Rs. 850 per MT on 28.04.98. This continued till 13-1-1999. On 14.1.1999, the Central Government increased the customs duty on import of sugar from 5% to 20% alongwith continuance of CVD of Rs. 880 per MT. This continued till 27.2.1999. On 28.2.1999, the Government changed the customs duty rate structure and the customs duty on import of sugar was revised to 25% along with surcharge of 10% i.e. effective customs duty of 27.5%. The CVD of Rs. 850 per MT continued. On 30.12.1999 the Custom duty was raised to 40%. With effect from 9-2-2000, the customs duty on import of sugar was further increased to 60% alongwith continuance of CVD of Rs. 850 per MT.

(ii) Government has issued Sugar (Control) Amendment Order, 1999 dated 14th June, 1999, thereby amending the Sugar (Control) Order, 1966, so as to bring importers of sugar within the purview of the said order and have introduced the release mechanism on imported sugar. Under the release mechanism, all importers of sugar are required to sell their stocks of imported sugar against the monthly release orders issued by the Directorate of Sugar.

(iii) Government has also empowered itself to impose the levy obligation on imported sugar whereunder 30% of imported sugar may be procured as levy sugar."

2.42 The Committee have been informed that a quantity of 884024 MTs of sugar has been imported in the country. Due to glut in the global market and a very sharp decline in the international price of sugar, the Govt. of Brazil, China, Thailand and Pakistan etc. are providing the huge

subsidy on their sugar to clear off their excess stock and save the interest of their domestic sugar industry. The total availability of sugar during 1998-99 was 208.8.90 lakh tonnes including the carrying over stock of 54.70 lakh tonnes, while the internal consumption was only 141.45 lakh tonnes. In such a situation the domestic industry is finding it difficult to sell their stock. Though Govt. have increased the custom duty from 40% to 60% w.e.f. 9.2.2000, a lot requires to be done at this front. The Committee, therefore, recommend that Govt. should make all out efforts to get the stock of sugar mills cleared and import be only allowed to the extent it maintains the reasonable price level throughout the country and this country should not be made a dumping ground for cheap quality of subsidized sugar which is not fit for health of domestic sugar industry.

(vi) Cane Price Arrear

2.43 The Statutory Minimum Price (SMP) of sugarcane for 1996-97 season was fixed at Rs. 45.90 per quintal linked to a basic recovery of 8.5%. Statutory Minimum. Price of Rs. 48.45 and 52.70 per quintal was announced for the season 1997-98 and 1998-99 respectively. The Statutory Minimum Price of sugarcame payable by sugar factories for the year 1999-2000 sugar season has been fixed at Rs. 5610 per quintal, linked to basic recovery of 8.5% subject to a premium of Rs. 0.66 for every 0.1% increase in the recovery above the level. The full cane price is not paid in time which results into arrears.

2.44 When the Committee asked about the State-wise percentage of cane price arrears alongwith the arrears in 1999-2000, the representatives of Ministry stated as under:—

> "1999-2000, the cane price payable is Rs. 4487.34 crore; cane price paid is Rs. 3457.96 crore; the balance to be paid is Rs. 1029.38 crore; so, the percentage of arrears in 22.94. About 78 percent has a ready been paid. If you compare it in the preceding four years, the figures are like this. In 1998-99, the percentage as on 15th February is 21.3; for 1997-98, it is 19.8 and for 1996-97, it is 84.1. The current year's percentage of cane price arrears of 22.94 is almost at par with what was in the earlier years. But it is better than 1996-97.
>
> Sir, there are 6-7 major states in which 342.62 crore is of Uttar Pradesh i.e. 23.52%, similar situation is in other states. If we see sector-wise Public sector has 41.81%, cooperatives has 19.23% and private sector

has 23.8%. That is about 23.52 percent. In the case of Maharashtra, it is about Rs. 128.15 crore, the percentage being 23.52, in the case of Andhra Pradesh, the arrears is Rs. 122.01 crore, the percentage being 37.7; in the case of Karnataka arrears is Rs. 118.59 crore and the percentage is 39.05; in the case of Tamil Nadu, the arrears is Rs. 93.33 crore and the percentage is 32.76; in the case of Haryana, it is Rs. 7,069 crore and the percentage is 26.9; in the case of Bihar, it is Rs. 52.72 crore and the percentage is 45.57".

2.45 The Cane Price arrears remain outstanding for several years. Though there is provision in sugarcane (Control) order 1996 for imposition of 15% p.a. interest on the dues, if it is not paid within 14 days, the provision is seldom invoked. In this context when the Committee asked what steps have been taken by the Government for payment a cane price arrears and whether 15% p.a. has been recovered from any sugar mills, the Ministry furnished as under:—

"The responsibility of ensuring timely payments of cane price dues lies with the State Governments which have the necessary powers under the Sugarcane (Control Order) and field organisations to enforce such payments. The Central Government, is however, fully aware of the cane price arrears and is therefore, keeping a close watch on the cane price dues of the sugar factories to ensure that they are cleared expeditiously. For the purpose, from time to time communications have gone to the concerned State Governments at various levels including those from Minister of Consumer Affairs and Public Distribution to Chief Minister of the of the major sugar producing states on 20.12.1999 and 31.1.2000.

In addition, on its part the Central Government had taken the following remedial measures to improve the financial health of the domestic sugar industry with a view to enabling it to reduce the cane price arrears:

(i) Customs duty on import of sugar was raised to 5% alongwith imposition of countervailing duty (CVD) of Rs. 850 per MT on 28.4.98. This continued till 13.01.99. On 14.1.1999, the Central Government increased the customs duty on import of sugar from 5% to 30% alongwith continuance of CVD of Rs. 850 per MT. This continued till 27.2.1999. On 28.2.1999, the Government changed the customs duty rate structure and the customs duty on import of sugar was revised to 25% alongwith surcharge of 10% i.e. effective customs duty of 27.5%. The CVD of Rs. 850 per MT continued. On 30.12.1999 the Custom duty was raised to 40%. With effect from 9.2.2000, the customs duty on import of sugar was further increased to 60% alongwith continuance of CVD of Rs. 850 per MT.

(ii) The Central Government has also reduced the levy obligation of domestic sugar factories from 40% to 30% with effect from 1.1.2000 with a view that the financial position of the sugar factories would improve which would enable them to pay the cane price dues promptly.

(iii) The Central Government has also been pursuing a policy of encouraging stability and reasonable level of sugar price in the domestic market through judicious releases of free sale sugar quotas to enable the sugar factories to clear the cane price dues of the farmers.

There are different practices followed by the States in regard to payment of cane prices. In Gujarat, the cane prices are paid in instalments. In the South Gujarat Zone, the cane prices are paid in three instalments, first instalment is paid at the time of crushing, second instalment at the closure of the season and the third and final instalment after the end of the sugar year taking into account the estimated profit and loss. In the Saurashtra region, the cane prices are paid in two instalments, the major amount is paid as first instalment at the time of crushing while the second and final instalment is paid after the end of sugar year taking into consideration the estimated profit and loss.

In Maharashtra, the cane price is paid in two instalments. The first instalment is paid taking into account the SMP fixed by the Central Government, overall availability of the sugarcane, market prices of sugar etc. The first instalment to be paid is decided by a Committee headed by Chief Minister. The second and final instalment is paid taking into account the working results of the factories after permissible deductions.

In Uttar Pradesh, a uniform State Advised Price is fixed for payment in one instalment after delivery of cane.

In Karnataka, the sugar factories are generally required to the paid the State Advised Prices in one instalment except in the Northern Karnataka where the cane prices are paid ex-field in instalments.

In Tamil Nadu, the sugar factories are required to pay the State Advised Prices.

However, in several States, private sugar factories have moved the Courts and obtained stays against payment of SAP from year to year. Cooperatives and State owned sugar factories, however, have paid the SAP.

State Governments have been requested from time to time to indicate interest, paid, if any, on account of delayed payment of cane price dues by sugar factories. So far, no factory/State Government has reported payment of interest to the farmers on account of delayed clearance of cane price dues beyond the stipulated period as prescribed in the Sugarcane (Control) Order, 1966."

2.46 The Committee note that the Cane Price Arrears for the sugar season (1998-99) is Rs. 13253.98 lakh and the arrears outstanding for the year 1997 and earlier year is Rs. 18098.68 lakh. The cane price payable for the year 1999-2000 is Rs. 4487.34 lakh. The position of cane price arrear in the States of Punjab, U.P., Maharashtra, Bihar and Tamilnadu is worse. Though there is provision of charging 15% p.a. interest on amount payable after 14 days of delivery of sugarcane, this provision is not being invoked and sugar undertaking are using this money for their own purpose. The Central Govt. is even unaware of the fact as to whether any sugarmill has paid the cane arrears to the farmers alongwith the interest accrued on it. In the opinion of the Committee, the collection of data relating to the cane price payment is the responsibility of the Govt. The Committee, therefore, strongly recommend that Central Govt. should monitor the cane arrear position effectively in close coordination with the State Government so that cane price arrears are paid to the farmers in time with interest and it also be ensured that the cane arrears are paid to the farmers at the end of each sugar seasons to obviate accumulation arrears for long.

CHAPTER III

(A) Directorate of Vanaspati Vegetable Oils and Fats

The Directorate of Vanaspati, Vegetable Oils and Fats (DVVO&F) is an attached office of the Department of Sugar and Edible Oils under the Minis.ry of Consumer Affairs and Public Distribution which is a nodal Department for vegetable oils, particularly edible oils, and is responsible for the coordinated management of vegetable oils particularly edible oil distribution, prices and internal trade and commerce, vanaspati, vegetable oils, oil cakes and meals, administration of industries as also all possible matters relating to these items. A major responsibility of Directorate of Vanaspati, Vegetable Oils and Fats is to assess the Demand-Supply situation of edible oils in the country and to assist the Ministry in the formulation of Edible Oils Plan, harmonising the interest of the consumers, farmers and producers. This Directorate is headed by the Chief Director-cum-Edible Oils Commissioner for India who in turn is assisted by two Directors and other officers, and assists the Ministry in all matters relating to vegetable oils including edible oils. In addition to this, nine Field Officers stationed in different zones of the country have been assigned the job of inspection etc.

3.2 The DVVO&F perform regulatory, developmental and advisory functions in respect of all matters relating to vegetable oils, particularly edible oils and vanaspati. The regulatory functions are exercised through the Orders as named below:

(i) Vegetable Oil Products (Regulation) Order, 1998;

(ii) Edible Oil Packaging (Regulation) Order, 1998;

(iii) Solvent Extracted Oil, De-oiled Meal and Edible f· ·r (Control) Order, 1967, and

(iv) Pulses, Edible Oilseeds and Edible Oils (Storage Control) Order, 1977.

3.3 The Directorate is operating three Plan Schemes. The total approv plan outlay for the Ninth Five Year Plan for these plan schemes is Rs. 6: lakhs. For the year 1999-2000, the budget estimate was Rs. 30 lakhs. This h been revised to Rs. 138 lakhs. For the year 2000-2001, the fund requirement Rs. 190 lakhs. The break-up of the amount is as follows:

(Rupees in Lakl

Name of the Scheme	Approved Outlay for 9th Five year Plan	Proposed Outlay for the year 1999-2000	1999-2000		Propos Outlay f the yei 2000-200
			Budget Estimate	Revised Estimate	
R&D Programme for development of Vegetable Oils	625	150	25	105	18
Modernisation of the Laboratory of the Directorate of VVO&F	20	15	4	5	
Strengthening of the Directorate of VVO&F	40	5	1	28	

(i) R & D Programme

3.4 When the Committee asked about the reasons for increase i BE (1999-2000) from Rs. 25 lakhs to Rs. 105 lakhs in RE alongwith the propose increase BE (2000-2001) to Rs. 180 lakhs the Ministry in the written repl submitted as under:—

> "The committed expenditure for the nine on-going proposals is aroun Rs. 20 lakhs and 25 new R&D proposals with a total fund requiremer of Rs. 478 lakhs have been received. The fund requirement for the firs year was Rs. 270 lakhs. On the assumption that the 50% of the proposal could be approved by the Science and Technology Advisory Committe (STAC), the fund requirement worked out to be Rs. 135 lakhs roughly This does not include the funds requirement for the development o analytical facilities at the Regional Offices of the Directorate of Vanaspati Vegetable Oils and Fats (DVVO&F) mainly of Calcutta, Mumbai an Chennai this was the reason for increase in BE (1999-2000) from Rs. 2: lakhs to Rs. 105 lakhs in the Revised Estimates (RE).

It may be mentioned that the total approved outlay for the 9th Five-Year plan period (1997-2002) is Rs. 685 lakhs. After taking into account the expenditure incurred till 1999-2000, the balance amount of the approved outlay for the period 2000-2001, 2001-2002 is about Rs. 490 lakhs. Further, in consonance with the Government's Policy, this Department has recently identified development of pre-processing facilities for tree-borne oilseeds which grow mostly in areas inhabited by the Tribals (SCs/STs), as a thrust area for the R&D efforts. Since the funds are available, it has been considered desirable to propose increase of the BE for 2000-2001 to Rs. 180 lakhs.

3.5 There had been 3 meetings of the Science and Technology Advisory Committee (STAC). The STAC scrutinises the R&D proposals received from various Research institutions/Organisations/Universities and, in all, has approved 13 new R&D proposals, technically and financially. In this regard when the Committee desired to know what are research activity on Palm Fruit for extracting Palmolein and which units are producing Palmolein in India, the representatives of Ministry furnished as under:

> "There is nothing like palmolein. There are two factious one is palmolein and other is crude oil.
>
> What you are talking, is crude Palm oil. If you want to ask about Cooperative, you may ask. In Cooperative Sector, there is A.P. Oilseed Federation in Paravid, Andhra Pradesh. There is a Unit of four tonne capacity."

3.6 When the Committee desired to know what were the achievements of Government in regard to converting the Non- Edible oil to edible oils during the last three years, the Ministry in the post evidence reply stated as under:

> "The newer technological developments such as physical *i.e.*, refining micella refining, refining in presence of solvent/namely hexane have been recognised and allowed by the Government to facilitate upgradation of non-edible oils to edible oils.
>
> However, despite these measures, during the last 6 years there have been no significant increase in the upgradation of non-edible oils to edible oils as may be observed from the following figures of production of rice bran oil.

Production of Rice-bran Oil

(Figures in lakh tonne

S. No.	Year	Edible oils	Non-Edible oil	Total
1.	1994-95	3.1	1.7	4.8
2.	1995-96	3.1	1.7	4.8
3.	1996-97	3.5	1.5	5.0
4.	1997-98	3.3	1.5	4.8
5.	1998-99	3.5	1.3	4.8
6.	1999-2000	3.7	1.3	5.0

There are certain technical constraints which need to be removed if w have to harness the fuller potential of these sources of oils. It may be noted tha rice bran oil finds the major marketing outlet through the vanaspati route However, there is a major technical constraint in the form of Unsaponifiabl Matter (UM). The UM content in vanaspati as specified under the Prevention c Food Adulteration (PFA) Act administered by the Health Ministry is not t exceed 2.5%. Raw Rice bran oil contains about 6.7% UM. Refined rice bran o contains upto 4.5% UM. PFA specification for refined rice bran oil however i 3.5% UM, approximately.

It has been established and accepted by various scientific studies that ther is no harmful component in the UN of rice bran oil. The UM of rice bran oil ha been shown to lower bad cholestrol in blood. In fact it has a rejuventing effec In Japan, where people are no less health conscious, the UM of rice bran oil i specified to be upto 5%

This Department has taken up the issue with the Health Ministry fc amendment of PFA specification. Once the views of the Department, which ha also been endorsed by an independent study by the National Institute of Nutritio are accepted by the Ministry of Health and PFA specifications modified to perm higher UM upto 5% more rice bran oils will become edible.

(ii) Modernisation of Laboratory

3.7 At present there is only one Laboratory of the Directorate of Vanaspa Vegetable Oils and Fats. It is located at the Head Office New Delhi. STAC in i third meeting held on 13.01.2000 has approved development of analytical facilities at the Regional Office of the DVVO&F located in Calcutta, Mumbai and Chennai. No analytical facilities is yet available in those places. Efforts are being made to set them up.

3.8 When the Committee asked what are the achievements of Cousumer Services Cell at Delhi and whether Government has at least one laboratory in each district of the country as well as what efforts are being made by Central Government and State Governments in this regard, the Ministry replied as under:—

> "The most imporatnt achievement of the Cosumer Cell at Delhi has been its ability to provide analytical access to the common consumer for testing his sample at nominal fee of Rs. 10 per test. So far there is only one Consumer Service Cell at the Super Bazar, Cannaught Place, New Delhi. Inadequacy of staff has been one of the main constrants coming in the way of expanding the facility."

3.9 The Committee note that though the Government increased the Budget estimate for the year (1999-2000) from Rs. 25 lakh to Rs. 105 lakh at RE stage and have proposed an amount of Rs. 180 lakh in BE (2000-2001) for R&D Programme for the development of vegetable oils but nothing substantial has been achieved as yet. it seems that no concrete effort has been made by the Govt. to acquire self-sufficiency in Edible Oils. In the opinion of the Committee, Govts. all over the world are exploiting their domestic resources for meeting their domestic requirements and to save foreign exchange. Malaysia with the production of Palm oil of about 16 lakh tonnes in 1975 has been successful to extract about 90 lakh tonne in 1999 which has virtually boosted its economy. Though there is vast availablity of good quality of Palm fruit in India mainly in States of Bihar, Assam, Orissa, U.P and Andhra Pradesh, no concrete step including the research work has been taken by the Govt. to extract oil from the Palm fruit. The Committee, therefore, recommend that the Govt. should conduct Research work on Palm fruit available in the country so that the country may become self-sufficient in production of Edible Oils and save valuable foreign exchange being spent on the import of edible oils.

(B) Demand & Supply Position of Edible Oils

3.10 Production of oilseeds, the main source of edible oils in the country has appreciably increased during this decade from 186 lakh tonnes in 1990-91 to 252.1 lakh tonnes in 1998-99 Potential of the secondary sources of edible oils like cotton seed copra rice brand and oil bearing materials from tree and forest origin have also been exploited moderately and these sources are now contributing to the level of 25% of the domestic vegetable oil production. Despite this supply from indigenous sources still falls short because demand of edible oils on its side has also been increasing at a pace faster than that of production due to growth in population and improvement in the standards of living of people.

3.11 Figures pertaining to production of major cultivated oilseeds availability of oils from indigenous sources and its demand during the last five years are as under:—

(In lakhs tonnes)

Oil Year	Estimated Production* of Oilseeds	Estimated availability of the edible oils from indigenous sources	Demand of Edible Oils	Group
1994-95	213.40	62.54	69.10	6.38
1995-96	221.10	64.28	72.54	11.61
1996-97	243.80	70.89	75.32	12.83
1997-98	220.20	62.00	78.16	18.93
1998-99	252.10 (Provisional)	72.61	91.99	19.36

3.12 During the current oil year 1999-2000 the net availability of edible oils from all domestic sources is likely to be around 81.87 lakh tonnes as against estimated demand of 96.43 lakh tonnes leaving a short-fall of 14.56 lakh tonnes.

3.13 When the Committee wished to know the position in production of oilseeds, the representatives of the Ministry deposed before the Committee as under:—

"With the implementation of centrally sponsored schemes and Oil

Technology Mission the production of oilseeds increased from 10.83 million tonnes in 1985-86 to the level of 25.20 million tonnes in 1998-99. But during the current year, due to a long dry spell in Gujarat and Andhra Pradesh, the groundnut production fell dead by 32 lakh tonnes. Then, some shortfall has been encountered in soyabean and sunflower. We are expecting to reach 216 lakh tonnes this year as against 252 lakh tonnes achieved during last year. In groundnut and sunflower there is a shortfall. But we are hoping to improve this position during next year by implementing this programme."

(I) Import of Edible Oils

3.14 Since there has been a continuous gap between the demand and supply of edible oils from indigenous sources, import of edible oils has been resorted to for more than two decades to make this item of mass consumption easily available to consumers at reasonable prices.

3.15 Imports of edible oils remained canalized through STC and on Government account till April, 1994. Thereafter, the import policy on edible oils has been continuously liberalized over the years. With effect from 1.4.1999, the import policy has been further liberalized allowing import of all edible oils except coconut oil. The quantities of edible oil imported during 1997-98 to 1999-2000 (upto October, 1999) are as under:

(In lakh tonnes)

Year (Nov.-Oct)	Quantity of oil imported
1997-98	20.83
1998-99	43.93
1999-2000	36.00 (Tentatively)

3.16 The duty on import of edible oils has been reduced progressively from 65% in 1993-94 to 15% (basic) in July, 1998. A further surcharge of 10% was imposed in the Union Budget 1999-2000. With effect from 30th December, 1999, the import duty on refined vegetable oils has been raised to 25%

(basic)+10% surcharge. However, the import duty on vegetable oils of edible grade has been kept unchanged at 15% (basic)+10% surcharge. With effect from 21st February, 2000, the import of palm oil and fractions thereof of edible grade have been allowed at an import duty of 15% (basic)+10% surcharge by vanaspati manufacturers.

3.17 When the Committee pointed out that the import of edible oils during 1999-2000 has become more than double the estimated gap in demand and supply and enquired what monitoring Govt. is during in this regard the Secretary (S&EO) submitted before the Committee as under:—

> "I would like to submit here that supply estimates are based on the oilseed production figures given by the Ministry of Agriculture,. Now, we find that there is a very wide variation between the figures reported by the Ministry of Agriculture and the figures reported by the Industry. In fact, last year while the Ministry of Agriculture claimed that the production was about 25.60 million tonnes, the industry's figure was less than 22 million tonnes. This year the figure given by the Ministry of Agriculture is 21.60 million tonnes and the industry's figure is just short of 20 million tonnes".

On the demand side, we have got many estimates, starting from the Planning Commission's estimates to what we, ourselves, have been trying to do in our own department. Based on the population growth and the income growth factor the demand have been placed somewhere around 102 lakh tonnes to 92 lakh tonnes. Then there is another feeling, which is also confirmed by the trade sources that since the international prices of oil fell, the import came at a much lower price. For instance, a few months back, imported Palmolein was selling, at Rs. 200 per quintal.

Because of that, a lot of people could afford to buy oil. So, the demand picked up. Our own feeling is that going by the import figure of almost 43.4 lakh tonnes last year, there could have been about 10 lakh tonnes or so for speculative and carry-over stock. Even then, more than 33 lakh tonnes went towards fulfilling a demand which was because of the natural increase in population growth, increase in the incomes and also because it was also available at a much lower price. So, it has been very difficult for us to predict what is the acceptable level of imports that will be necessary to meet the Indian consumption requirement.

Another important factor is the price of oil in the market. In spite of this heavy flow of imported oil, while RBD palmolein oil was available at Rs. 200-220 per quintal, the price of traditional oils has remained stable. Groundnut oil has been moving between Rs. 34-36 and the mustard oil has been Rs. 40 plus. There has not been a very significant fall in the price of such oils in the market. However, it is true that last year, there was a little bit of crisis in the Soyabean Producing Centre, Indore and the price of soyabean had fallen below the minimum support price. The NAFED had to buy seeds. Because of that, the Government increased the duty on refined oil from 16.5 per cent to 27.5 per cent. That is where it stands now. The mustard oil crop is arriving. We want the farmers to set the Government announce minimum support price of Rs. 1,100. We are watching the price. The market arrivals have started. They are hovering around Rs. 1040-1050. So, probably this is the time that we will be discussing it with the Ministry of Agriculture and putting it for consideration of Government whether the support purchase efforts should be made or whether the duty should be further adjusted upwards.

Similarly, in the case of sugar and oils, we will be watching the price trend in the next couple of weeks. In consultation with the Ministry of Agriculture, we can take up a paper for examination about the imports.

(II) Import of Edible Oils by STC for PDS during 1998-99 & 1999-2000

3.18 It was decided in July, 1998 to import 1.50 lakh tonnes of RBD Palmolein by State Trading Corporation (STC) to meet the requirement of the States/UTs for Public Distribution System during August to November, 1998. Subsequently when prices of RBD Palmolein in the International market rose very high the STC was given flexibility to consider importing of other soft oils instead of Palmolein only. In pursuance of the above decision, STC contracted 1.50 lakh tonnes of edible Oils comprising 1.38 lakh tonnes RBD Palmolein and 12000 tonnes refined soyabean oils. All the oils contracted reached the country by December, 1998. During the beginning of the December, 1998 when the edible oil scenario in the country did not reflect the desired relief in the prices, the Government decided to import an additional quantity of 1.00 lakh tonnes edible oils to continue allocation to States/UTs during the calendar year 1999.

Contract-Wise Price of RBD Palmolein Imported during 1999-2000

S.No.	Date of Contract	Price in US$ (C.I.F. Kandla)	Quantity arrived (in tonnes)
1	2	3	4
1.	12.02.1999	579	11911
2.	10.05.1999	481	11966
3.	11.05.1999	475	5949
4.	04.06.1999	427	11935
5.	21.06.1999	407	5996
6.	05.07.1999	399	11971
7.	15.07.1999	375	11953
8.	27.07.1999	353	5967
9.	27.07.1999	349.5	3989
	Total		**81637**

3.20 When the Committee desired to know what are the possible of stocking of Edible oils and what are the hurdles, the Secretary (S&EO) stated as under:—

We go by the demands of the States for distribution under the PDS. The maximum demand at any point of time is of the order of 35,000 tonnes or so. Earlier, we used to import oil just before the festival season, that is during September-October to keep prices under control. We felt that we have to have some stock. So one lakh tonnes were authorised to be imported. 30,000 tonnes were imported before April, and 70,000 tonnes were imported after April in September-October, the market price had fallen and off take was virtually zero. In fact we keep track of the quality of oil. We have to dispose of almost 10,000 and odd tonnes as non-edible oil by way of public auction. Even now we have 30,000 tonnes of oil and there are no indents virtually any State Government.

[illegible] has petered down to a few thousand tonnes. A few States like, West [illegible] Karnataka had lifted oil, but the other States are not lifting oil. [illegible] tonnes were imported by trade under OGL just like sugar was [illegible]

(III) Allocation and Lifting of Edible Oils under PDS

3.21 The allocation and lifting of edible oil during the last three years are given in the following table:

(Qty. in lakh tonnes)

Financial year	Allocation	Lifting
1996-97	1.93	1.80
1997-98	1.36	0.62
1998-99	1.90	1.51

(IV) Central Issue Price

3.22 The prices of edible oils in the open market had drastically come down in the first quarter of the financial year 1999-2000 and oil in the market was available at the rates cheaper than PDS retail prices. This had necessitated downward revision of the Central Issue Price of edible oils supplied to States for PDS to improve off-take of oil under PDS. Accordingly, the Central Issue Price has been revised with the approval of CCP *w.e.f.* 27.7.1999 as under:—

	Pre-revised CIP (Rs.per tonne)	Revised CIP (Rs. per tonne)
Oil supplied in bulk	30,000	20,000
Oil supplied in 15 kg. tins	33,000	22,000

3.23 The Committee note that more than 29 lakh tonnes of edible oils has been imported under OGL in the country during (1999-2000) while the estimated short-fall was only to the tune of 14.56 lakh tonnes. Out of

19.38 lakh tonnes of short-fall, last year the import was to the tune of about 43 lakh tonnes. This excess import of edible oil has virtually resulted in downward revision of Central Issue Price as it was available at the rate cheaper than PDS retail price in the market. The Committee feel that if this trend continues, the Govt. would be compelled to downgrade the CIP of edible oil again. The Committee, therefore, recommend that the Govt. should not allow import of edible oils more than the shortage in the country and closely monitor its availability so that losses/subsidy provided by the Govt. in trading operation of edible oils is reduced to the maximum extent possible.

(C) Hindustan Vegetable Oils Corporation Ltd. (HVOC)

3.24 Hindustan Vegetable Oils Corporation Ltd. (HVOC) a PSU under the administrative control of the Ministry of Consumer Affairs and Public Distribution was set up by taking over the management of two undertakings namely, the Ganesh Flour Mills Company Ltd. and the Amritsar Oils Works under the Industries Development and Regulation Act, 1951, in the years 1972 and 1974 respectively. Subsequently, these undertakings were nationalised with the main objective of sustaining and strengthening the nucleus of public owned or controlled units required for ensuring supply of wholesome vanaspati and refined oils to the public at reasonable prices, under Public Distribution System. As a consequence, the HVOC was incorporated under the Companies Act, 1956 on 31.3.1984 as a public limited company fully owned by the Government of India with equity capital of Rs. 5.00 crores. Presently, the authorised capital is Rs. 10.00 crores and paid up capital is Rs. 7.71 crores.

3.25 HVOC have been seven units at Delhi, Mumbai, Chennai, Calcutta, Bangalore, Amritsar and Kanpur engaged in production of vanaspati refining/ packing of edible oil and a Breakfast Food Unit in New Delhi manufacturing breakfast cereals like cornflakes and oats besides packing edible oils. The Delhi vanasapti Unit has been closed since November 1996 consequent upon Supreme Court order in the case of M.C. Mehta Vs. Union of India directing all polluting industries to stop their production and realocate the units. The units of Amritsar and Kanpur manufacturing vanaspati had also stopped production since 1997-98 due to cost of production being non-competitive. The machinery of these units is old and obsolete. The Vanaspati Unit in Calcutta also remains closed since 1996 as per orders of the Supreme Court. Thus, the Hindustan Vegetable Oils Corporation is at present engaged in the activity of packaging edible oils for Public Distribution System in bulk packs and in small packs after obtaining order from the State Governments. The Hindustan Vegetable Oils Corporation is manufacturing cornflakes and oats but its production and market share are declining due to severe competition faced from multi-national corporations entering the breakfast food market in a big way with new varieties and attractive selling strategies.

3.26 HVOC has been incurring cash losses since 1991-92 due to reduction in the import of edible oils, non-availability of sales tax exemption being given to new units, obsolete technology and excess manpower due to reduced activity under PDS. Despite the odds, the Mumbai, Chennai, Bangalore and Break Fast Food units have been found marginally profitable during the year 1998-99. The HVOC has been declared a sick industry by the BIFR under Sick Industrial Compaines (Special Provision Act) 1985.

3.27 The net worth of the Corporation has eroded more than 50% *i.e.* (-) Rs. 8.29 crores as on 31th March, 1998 and a reference has been made to the BIFR in terms of Section 23 of SICA.

3.28 When the Committee asked how much idle salary have paid to the employees of HVOC from 1991-92 the Ministry furnished as under:—

> "HVOC has not conduced any study on idle wages. However it is stated that the Delhi Vanaspati Unit was closed with effect from 30.11.1996 as per orders of the Supreme Court and the units at Kanpur and Amritsar had also almost stopped production of Vanaspati since 1996. The performance of these units is given separately in Annexure. The total wage bills of these units during the last few years has been as under:—

(Rs. in crores)

Year	Amritsar	Kanpur	Delhi
1993-94	1.46	1.94	2.10
1994-95	1.39	1.92	2.18
1995-96	1.52	1.98	2.19
1996-97	1.64	2.13	2.17
1997-98	2.03	2.57	2.30
1998-99	2.30	3.00	2.52

"The wages include provident fund contribution of employer, staff welfare expenditure also."

3.29 The future of HVOC Ltd. is not good when the Committee asked what efforts have been made to make viable the different units of HVOC, Secretary (S&EO) submitted as under:—

"There are three parts. They have Vanaspati units in Delhi, Amritsar and Kanpur. Also the Indian Vanaspati Industry in the country as a whole is on the decline. The preference of the people has shifted. People are more used to refined oils and so on. The demand for Vanaspati is coming down. The capacity utilisation in the Indian Vanaspati industry is less than 30 per cent today. Even, the units in the eastern part of the country are not able to withstand the competition as Vanaspati is being imported from Nepal under Indo-Nepal Treaty. We are not able to think of investing on this.

We have also given a note on ICICI Committee. Apart from technology and generally shrinking market demand, it is very difficult for us to think in terms of that. The packing unit has a very low technology. They were charging Rs. 4/- per kilo for packaging and supplying to the State Government. People are prepared to get it at less than one rupee. Because of the losses incurred in the other units, their operations have gradually come down. Even in the case of Modern Food, they sold the unit because they realised that under the public sector framework, it may be difficult to work in an industry, which requires a lot of dynamic moves in the retail market. For the consumer product, you have to be ready to pay commission, brokerage, etc. Now, the decision of the Disinvestment Commission is before the Cabinet. We will very shortly know the final decision. On that basis we will be taking further action, inform the BIFR, and also we will be taking care of labour."

3.30 The Committee desired clarification about the custom duty on vanaspati product for actual user and other, the Secretary (S&EO), during oral evidence, informed as under:—

"That is customs duty. When the actual user imports crude oil, it works out to 16.5 per cent. When it is imported by other than the actual user, it works to 38.5 per cent. Now, this is something, which has been verified by the Port authorities and Customs."

3.31 The Committe note that the Hindustan Vegetable Oils Corporation is at present engaged in the activity of packaging of edible oils for Public Distribution System in bulk and small packs. The corporation is also manufacturing cornflakes and oats. However, the corporation is running into losses since 1991, due to managerial inefficiency, shortsightedness, obsolete technology and competition form multinational. All efforts to modernise the corporation has proved futile. It seem that corportion has become redundant and their staff/officer are getting salary/wage virtually for no work. The Committee have been informed by the Ministry that recommendations of disinvestment commission in regard to HVOC is under consideration of the Cabinet. The Committee, therefore, recommend that the Ministry should make positive efforts to get the recommendation of the Disinvestment Commission approved by the Cabinet at the earliest.

DEVENDRA PRASAD YADAV,
Chairman,
Standing Committee on Food,
Civil Supplies and Public Distribution.

NEW DELHI,
17 April, 2000
28 Chaitra, 1922 (Saka)

PART II

MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION HELD ON THURSDAY, THE 24TH MARCH, 2000

The Committee sat from 11.00 to 17.30 hours.

PRESENT

Shri Devendra Prasad Yadav — *Chairman*

MEMBERS

Lok Sabha

2. Shri A.P. Abdullakutty
3. Shri Ranen Barman
4. Shri Namdeo Harbaji Diwathe
5. Shri Rameshwar Dudi
6. Shri Abdul Hamid
7. Shri Jai Prakash
8. Shrimati Preneet Kaur
9. Shri Brijlal Khabri
10. Shri Shyam Bihari Mishra
11. Shri Mansinh Patel
12. Shri Laxmanrao Patil
13. Shri Baju Ban Riyan
14. Shri Abdul Rashid Shaheen

Rajya Sabha

15. **Shri Sushil Barongpa**

16. **Shri Lajpat Rai**

SECRETARIAT

1. Shri Krishan Lal — *Deputy Secretary*
2. Shri R.S. Mishra — *Under Secretary*

WITNESSES

Ministry of Consumer Affairs and Public Distribution
(Department of Sugar and Edible Oils)

1. Shri P. Shankar, Secretary (Sugar & Edible Oils)
2. Shri C.S. Rao, AS & FA
3. Smt. Rajni Razdan, Joint Secretary (Edible Oils)
4. Shri R.N. Das, Joint Secretary (Sugar)
5. Dr. M.K. Kundu, Chief Director (VVOF)
6. Shri Arvind Pandalai, G.M. (STC)

2. At the outset, the Chairman welcomed the representatives of the Ministry of Consumer Affairs and Public Distribution (Department of Sugar and Edible Oils). The Chairman then asked the Secretary to introduce his colleagues and the Secretary introduced his colleagues.

3. The Committee then discussed with the representatives of the Ministry of Consumer Affairs and Public Distribution (Department of Sugar and Edible Oils) the various points mentioned in the List of Points. The queries of Members were resolved by the representatives. The evidence was concluded.

4. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION HELD ON TUESDAY, THE 11TH APRIL, 2000

The Committee sat from 11.40 to 15.00 hours.

PRESENT

Shri Devendra Prasad Yadav — *Chairman*

MEMBERS

Lok Sabha

2. Shri A.P. Abdullakutty
3. Shri Shyamlal Bansiwal
4. Shri Namdeorao Harbaji Diwathe
5. Shri Abdul Hamid
6. Shri Jai Prakash
7. Shrimati Preneet Kaur
8. Shri Brijlal Khabri
9. Shri Shyam Bihari Mishra
10. Shri Aditya Nath
11. Shri Sisram Ola
12. Shri Abdul Rashid Shaheen
13. Shri Tejveer Singh
14. Shri Ram Mohan Gadde

Rajya Sabha

15. Shri Lajpat Rai
16. Shri Dawa Lama

SECRETARIAT

1. Shri Krishan Lal	—	*Deputy Secretary*
2. Shri R.S. Mishra	—	*Under Secretary*

(i) Consideration and adoption of Draft Fourth Report.

2. ** ** ** **

(ii) Consideration and adoption of Draft Fifth Report.

3. ** ** ** **

(iii) Consideration and adoption of Draft Sixth Report.

4. The Committee, then, considered the Draft Sixth Report on the Demands for Grants (2000-2001) relating to Department of Sugar and Edible Oils, Ministry of Consumer Affairs and Public Distribution. The Committee adopted the report with certain modifications.

5. The Committee, then, authorised the Chairman to make consequential changes arising out of the factual verification of the reports by the Department of Ministry of Consumer Affairs and Public Distribution and present/lay the same in both the Houses of Parliament.

The Committee then adjourned.

ANNEXURE I

(Please *see* Para 2.18 of Chapter II)

LEVY SUGAR QUOTA OF STATES/UTS

S.No. State/UT	Monthly Quota In M/Ts	Annual Festival Quota IN M/Ts
1	2	3
1. Andhra Pradesh	31712	7614
2. Andaman & Nicobar	377	74
3. Arunachal Pradesh	809	94
4. Assam	18114	2896
5. Bihar	41707	10078
6. Chandigarh	525	112
7. Dadra & Nagar Haveli	78	14
8. Delhi	17054	2316
9. Goa	671	150
10. Daman & Diu	59	12
11. Gujarat	20212	4878
12. Haryana	8307	1924
13. Himachal Pradesh	4582	608
14. Jammu & Kashmir	6796	868
15. Karnataka	21860	5350

1	2	3
16. Kerala	13592	3600
17. Lakshadweep	112	22
18. Madhya Pradesh	33294	7536
19. Maharashtra	38301	9014
20. Manipur	1709	208
21. Meghalaya	1651	200
22. Mizoram	645	78
23. Nagaland	1140	128
24. Orissa	15102	3730
25. Pondicherry	627	88
26. Punjab	9896	2392
27. Rajasthan	22872	5092
28. Sikkim	379	50
29. Tamil Nadu	26033	6790
30 Tripura	2566	302
31. Uttar Pradesh	70722	15936
32. West Bengal	33138	7796
Total	144142	99950

ANNEXURE II

(Please *see* Para 2.18 of Chapter II)

MONTH-WISE RELEASES OF FREE SALE SUGAR DURING (1999-2000)

Month	Quantity (in M.Ts)
April 1999	7.45
May 1999	8.00
June 1999	8.25
July 1999	8.25
August 1999	8.20
September 1999	8.70
October 1999	9.00
November 1999	8.00
December 1999	8.00
January 2000	8.00
February 2000	8.25
March 2000	8.50

ANNEXURE III

(Please *see* Para 2.33 of Chapter II)

Details of Sick Sugar Mills Registered Yearwise, Statewise with BIFR As on 31.12.1999

State	87	88	89	90	91	92	93	94	95	96	97	98	99	Total cases registered
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Andhra Pradesh	2	-	-	-	-	-	-	-	-	-	1	-	-	3
Bihar	2	-	-	-		-	-	-	-	1	-	-	-	3
Kerala	-	-	-	-	-	-	-	-	1	-	-	-	-	1
Karnataka	2	2	-	-	-	-	-	-	-	-	-	-	1	5
Madhya Pradesh	-	1	-	-	-	-	-	-	-	-	-	2	1	4
Maharashtra	1	2	-	-	-	-	-	-	-	-	-	-	-	3
Punjab	-	1	-	-	-	-	-	-	-	-	-	-	-	1
Rajasthan	1	-	-	-	-	-	-	-	-	-	-	-	-	1
Tamil Nadu	1	-	-	-	-	-		-	-	1	-	-	2	4
Uttar Pradesh	1	3	1	-	-	1	1	-	5	1	2	-	1	16
West Bengal	-	1	-	-	-	-	-	-	-	-	-	-	-	1
Total	10	10	1	-	-	1	1	-	6	3	3	2	5	42

ANNEXURE IV

(Please *see* Para 2.33 of Chapter II)

STATEWISE DETAILS OF SICK SUGAR MILLS REGISTERED WITH BIFR AS ON 31.12.1999

Sl.No.	State	No. of Mills
1.	Andhra Pradesh	3
2.	Bihar	3
3.	Kerala	1
4.	Karnataka	5
5.	Madhya Pradesh	3
6.	Maharashtra	3
7.	Punjab	1
8.	Rajasthan	1
9.	Tamil Nadu	3
10.	Uttar Pradesh	14
11.	West Bengal	1
		38