



ABSTRACT

Sugar – Supply of sugar under Public Distribution System – Revision of issue price of sugar – Orders – Issued.

Co-operation, Food and Consumer Protection (D1) Department

G.O.(Ms) No.149

Dated 27.10.2017

திருவள்ளூர் ஆண்டு, 2048
ஹேவிளம்பி வருடம், ஐப்பசி, 10

Read:

From the Joint Secretary to Government of India, Ministry of Consumer Affairs, Food and Public Distribution, Department of Food and Public Distribution D.O.Letter No.D.2(1)/2017, dated 12.05.2017.

ORDER:

Sugar is one of the essential commodities being supplied in Public Distribution System in Tamil Nadu. The present scale of supply to all rice card holders is 500 gms per head per month subject to a maximum of 2 kg per month and for sugar card holders, the scale of supply is 1.5 kg per head subject to a ceiling of 5 kg per month. The Government of Tamil Nadu is supplying sugar at subsidized rate of Rs.13.50 per kg to all family cards. The off-take used to be in the order of 21,000 MT per month during 2005-2006 and it has gone up to 33,636 MT per month on an average during 2016-2017.

2. The Government of India used to allot 10,833 MT of sugar per month under levy system upto May 2013. At that time the Government of Tamil Nadu used to supply 37,163 MT of sugar per month on an average under Public Distribution System at Rs.13.50 per kg. The balance quantity of sugar over and above the levy allotment was procured by the State Government from Cooperative Sugar Mills at open market rate and the subsidy on the differential cost was borne by State Government. With effect from June 2013, the Government of India withdrew the levy sugar allotment and had committed to provide subsidy by means of reimbursement at Rs.18.50 per kg for a limited quantity of 10,820 MTs per month being the differential cost between the market price of Rs.32/- per kg prevailing at that time for the States which continue to have retail price of Rs.13.50 per kg at Fair Price Shop. Accordingly, Government of Tamil Nadu was claiming on an average a subsidy of Rs.20 crore per month from Government of India. As the market price of sugar went to Rs.45/- per kg, the cost over and above the subsidy of Rs.18.50 per kg provided by Government of India on the allotment of 10,833 MT was also borne by State Government with an additional burden of Rs.14 crore per month.

The Tamil Nadu Government however maintained the full quota of supply to the cardholders at the subsidized rate of Rs.13.50 per kg under Public Distribution System to all card holders.

3. The Government of India in its D.O. letter read above has stated that National Food Security Act, 2013 is now being implemented by all 36 States/UTs. Under the NFSA, there is no identified category of BPL, however, the Antyodaya Anna Yojana (AAY) beneficiaries have been identified. On review of the sugar subsidy scheme, to give access to consumption of sugar, as a source of energy in diet, for the poorest of the poor section of the society, i.e., AAY families, the Government of India has decided that the existing system of sugar distribution through PDS may be continued as follows:

i) the scheme of supply of subsidized sugar through PDS shall now be continued only for the coverage of AAY families. The AAY families will be provided 1 kg of sugar per family.

ii) the current level of subsidy at Rs.18.50 per kg provided by the Central Government to States/UTs for distribution of sugar through PDS may be continued only for the AAY population as identified under the NFSA 2013 and its corresponding Rules.

iii) the States/UTs may continue to pass on any additional expenditure on account of transportation, handling and dealers commission etc., over and above the retail issue price of Rs.13.50 per kg to the beneficiary or bear it themselves.

4. In view of the decision above, the Government of India has withdrawn the subsidy on sugar w.e.f.1.6.2017 and restricted the subsidized sugar only for 1,864 MT to be supplied to 18.64 lakhs AAY cards. Because of these changes, the subsidy reimbursement from Government of India has come down from Rs.20 crore per month to Rs.3.45 crore per month. This subsidy burden ultimately fell on the State Government and its commitment has gone up further substantially from Rs. 85.92 crore to Rs. 108 crore per month. Due to the withdrawal of levy sugar allotment and further reduction in the subsidized sugar allotment from 10,820 MT to 1,864 MT per month w.e.f 1.6.2017 by Government of India, the subsidy burden to the State Government due to sugar alone has gone upto Rs.1300 crores per annum for the monthly supply of 33,636 MT of sugar per month under Public Distribution System. The entire quantity of sugar was procured by State from Cooperatives and in the open market.

5. In view of these changes and in order to control expenditure, the State has decided to continue the supply of sugar at Rs.13.50 per kg only for AAY cards for eligible quantity as stipulated by Government of India and to revise the selling price of sugar for other cards to Rs.25/- per kg for the eligible quantity with effect from 1.11.2017. Accordingly, the Government order that

i) the present issue price of sugar for AAY card holders at the rate of Rs.13.50 per kg shall be maintained for the eligible quantity.

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ii) the issue price of sugar in respect of family cards other than AAY cards shall be revised as Rs.25/- per kg with effect from 1.11.2017 for eligible quantity.

6. Even after this revision the difference between the market price of Rs.45/- per kg, at which the Government procure sugar and subsidized rate of Rs.25/- Per kg at which sugar will be supplied to all cards other than AAY cards, will be Rs.20/- per kg and the State Government will have to bear this subsidy. The amount of subsidy on account of sugar alone to the State Government will be Rs.836.29 crores per annum.

7. This order issues with the concurrence of Finance Department vide its U.O.No.55057/Fin(CF&CP)/2017, dated 27.10.2017

(BY ORDER OF THE GOVERNOR)

KUMAR JAYANT
PRINCIPAL SECRETARY TO GOVERNMENT

To

The Managing Director, Tamil Nadu Civil Supplies Corporation,
Chennai-600 010

The Commissioner of Civil Supplies and Consumer Protection,
Chennai - 600 005.

The Registrar of Cooperative Societies, Chennai-10

The Principal Secretary, Industries Department, Chennai -600 009

The Commissioner of Sugar, No.690, 2nd Floor, Periyar Building, Anna Salai,
Nandanam, Chennai-600 035.

The Managing Director, Tamil Nadu Co-operative Sugar Federation Limited,
Periyar EVR Building, 690, Anna Salai, Nandanam, Chennai -600 035.

The Accountant General (A & E), No.361, Anna Salai, Teynampet,
Chennai-600 018

The Accountant General (Audit.I), No.361, Anna Salai, Teynampet,
Chennai-600 018

The Pay and Accounts Officer (East), Chennai-600 008.

Copy to

The Principal Personal Assistant to Secretary-II to Hon'ble Chief Minister,
Chennai-600 009.

The Special Personal Assistant to Hon'ble Minister (Food & Civil Supplies),
Chennai-600 009.

The Special Personal Assistant to Hon'ble Minister (Industries, Steel Control,
Mines and Minerals and Special Initiative), Chennai-600 009.

The Special Personal Assistant to Hon'ble Deputy Chief Minister,
Chennai-600 009.

The Industries / Finance Departments, Chennai-600 009.

SF/SC

//forwarded / by order//

N. V. Narayan
SECTION OFFICER.
27-10-2017