

**PRESS RELEASE**

Text of the D.O. Letter dated 30.5.2013 addressed by **Selvi J Jayalalithaa**, Hon'ble Chief Minister of Tamil Nadu to **Dr. Manmohan Singh**, Hon'ble Prime Minister of India is reproduced below:

"This is with reference to the decision of the Government of India to remove the levy obligation on sugar mills and to decontrol the regulated release mechanism. At the outset, I would like to register my strong protest against this decision taken by the Government of India as it will adversely impact the supply of sugar through the PDS and hence the welfare of the poor and downtrodden in the long run.

At present, levy sugar released to Tamil Nadu by the Government of India is only 10835 MT per month which meets only one third of the total requirement for distribution under PDS. The State Government is already incurring heavy expenditure towards providing subsidy for the supply of sugar through the PDS. Under the new dispensation, the Government of India will provide a subsidy of Rs.18.50 per kg only for the quantity committed under levy, but to be procured in the open market, with a rider to retain the retail price of Rs.13.50 per kg at Fair Price Shop levels. As per the communication received this subsidy by the Government of India will be available only for the financial years 2013-2014 and 2014-2015. There is no clarity whether this arrangement will continue beyond 2014-2015. The sudden withdrawal of levy obligation on Sugar Mills will expose the supply of PDS sugar to the vagaries of the market and the resultant volatility. Further, any price fluctuation over Rs.32 per kg. in the open market will have to be borne by the State, which is already saddled with a huge subsidy burden. Further, this arrangement will only create uncertainty in ensuring adequate supply of sugar through the PDS at affordable cost to the poor, as the State will have to procure the entire stock from the open market.

As the present decision of the Ministry of Food and Public Distribution to do away with the levy obligation on sugar will have a severe impact on the welfare of the poor and downtrodden who depend fully on the PDS for sugar, I request you to reconsider the decision of withdrawing the levy sugar obligation on Sugar Mills and continue with the existing levy system of sugar in the interest of the public, or to guarantee that the entire difference between the open market price of sugar and issue price in the PDS would be borne as subsidy by the Government of India and continue the subsidy beyond 2014-2015 as well.

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