DEPARTMENT OF FOOD
BACKGROUND NOTE FOR ECONOMIC EDITORS CONFERENCE
3RD-4TH Nov., 2009

1. STORAGE DIVISION

1.1 Introduction Of Negotiable Warehouse Receipt System

The main objective of the Warehousing (Development and Regulation) Act, 2007 is to ensure that negotiable warehouse receipts issued by warehouses registered under the Act enjoy the fiduciary trust of the depositors and the banks. The Act, rules and regulations to be made under it provide for various provisions in this direction as given below:-

1. Warehouses which intend to issue negotiable warehouse receipt (NWR) would be accreditated by an accreditation agency duly approved by the Warehousing Development and Regulatory Authority (WDRA), an Authority being setup under the provisions of the Act. The accreditation would be based on technical and financial norms prescribed by the Authority.
2. Only warehouses registered with the Authority would be eligible for issuing the negotiable warehouse receipts. These warehouses would have all necessary facilities for the safe storage of commodities.
3. The warehouses would be manned by trained personnel.
4. There is provision of compulsory insurance of commodities to be deposited in the warehouses.
5. Liabilities and duties of warehousemen for safe storage of goods have also been prescribed in the Act. Provisions have also been made to check malpractices in the warehouses. There are provisions for stringent penalties for offences committed by the warehousemen.
6. There is a provision of compensation in the event of damage of goods stored in a registered warehouse.

It may be mentioned that the Warehousing Development and Regulatory Authority (WDRA) is in the process of being setup. The said Authority will register warehouses intending to issue negotiable warehouse receipts under the Act and ensure implementation of various provisions of the Act to ensure the interest of depositors.

7. A Stakeholder awareness plan has also been formulated by the Department to sensitize different stakeholders by organising workshops for officers and farmers on various provisions of the Act

(i) Eleven workshops for Training of trainers were held during 2008-09 imparting training to 275 officers besides orgainsing 92 workshops for farmers to create awareness among the farming community in which 2760 farmers participated.

(ii) Training programmes were organised with the help of Central Warehousing Corporation, Indian Grain Storage Management and Research Institute, Hapur, TOPIC Training Centre, Gurgaon and National Institute of Agricultural Extension management, Hyderabad.

1.2 National Policy On Handling, Storage And Transportation Of Foodgrains.

With a view to minimize storage and transit losses and to introduce modern technology, Government approved the National Policy on Bulk Handling, Storage and Transportation of Foodgrains in June 2000. Under this Policy, integrated bulk handling, storage and transportation facilities to the tune of 5.5 Lakh MTs were to be created at identified locations in producing and consuming areas through public private participation on Build-Own-operate (BOO) basis.

2. For creation of bulk handling, Storage and transportation facilities through private sector participation, M/s RITES was appointed consultant by FCI for preparing the tender documents for short listing the Developer-Cum-Operator (DCO). The locations on producing and consuming areas for creation of bulk handling and storage facilities have been finalised by the Ministry in consultation with FCI and Ministry of Railway, as given below:-

Circuit, locations of Base and Field Depots (silos) and their capacity.

Circuit 1		**Circuit 2**	
Location	**Storage Size (MTs)**	**Location**	**Storage Size (MTs)**
Base Depot		**Base Depot**	
Moga(Punjab)	200,000	Kaithal(Haryana)	200,000
Field Depots		**Field Depots**	
Chennai(TN)	25,000	Navi Mumbai	50,000
Coimbatore	25,000	Hooghly(WB)	25,000
Bangalore(Karnataka)	25,000		

3. The technical and financial bids were evaluated by RITES and M/s. Adani Exports limited was selected as Developer-Cum-Operator for both the circuits. A Service Agreement was signed between M/s. Adani Agri Logistics Limited & FCI on 28.06.2005. The project was to be implemented in 36 months. The entire work on base depots at Moga (Punjab), Kaithal (Haryana) and five field depots at Chennai, Coimbatore, Navi Mumbai, Hooghly and Bangalore has since been completed.

1.3 Central warehousing Corporation

Central Warehousing Corporation (CWC) was set up on 2nd March, 1957. The main objective of the CWC is to provide scientific storage facilities for agricultural produce and other commodities. CWC is an ISO 9001:2000 and ISO 14000:2004 Organisation.

The Corporation has been recently upgraded to Schedule "A" Mini Ratna Organisation. As on 1st October, 2009, CWC is operating 488 Warehouses with a total storage capacity of 106.40 lakh MTs, with an average utilization of 88%.

CWC has achieved highest ever turnover of Rs. 849.25 Crore during the year 2008-09 as against Rs. 776.23 Crore during the preceding year. It has set a turnover target of Rs. 914.44 Crore for 2009-2010. The Corporation has been rated Excellent by the Government on its MoU parameters since 2004-2005 to 2007-2008.

The Central Railside Warehousing Company Ltd., a 100% subsidiary of Central Warehousing Corporation with the objective of development of Railside Warehousing complexes /multinodel logistics Hubs is also now fully operational and has been categorized as Schedule 'C' by the Department of Public Enterprises during the year.

2. BASIC PLAN AND PUBLIC DISTRIBUTION DIVISION

2.1 Targeted Public Distribution System (TPDS)

In spite of constraints on availability of fodgrains in the Central Pool, the scale of issues under the BPL and Antyodaya Anna Yojana has been maintained at 35 kgs per family per month. Further, since July 2002, Central Issue Prices under the TPDS have been kept unchanged.

The Government of India has been emphasizing the need to take proactive steps to curb leakages and diversions of foodgrains under TPDS. The issue has been discussed with State Food Ministers and State Food Secretaries in different meetings held at national and regional levels. Based on the outcome of these meetings, the Department of

Food & Public Distribution prepared a nine point Action Plan and sent to all the State Governments/UT Administrations with the request to take effective steps to control the diversions/leakages of foodgrains. Besides taking action on the 9- points action plan circulated by this Department, the state Governments and UT Administrations have been requested to take the following steps to strengthen TPDS.

A. Measures to strengthen monitoring and vigilance

- (i) Implementation of the Nine Point Action Plan
- (ii) Review to detect and eliminate bogus ration cards and action against those with Bogus Ration Cards
- (iii) Greater involvement of Panchayati Raj Institutions (PRIs)

B. Increased transparency in functioning of TPDS

- (i) Adoption and implementation of revised Model Citizens' Charter.to facilitate use of Right to Information Act.
- (ii) Introduction of monthly certification of delivery of foodgrains at price shops and their distribution to ration card holders
- (iii) Publicity-cum-awareness Campaign on TPDS
- (iv) Display of allocation of foodgrains – district and FPS wise on websites for public scrutiny.

C. Use of ICT tools

- (i) Pilot Scheme on Computerization of TPDS Operations in four states.
- (ii) Pilot Scheme on Smart Card based Operations in Haryana and Chandigarh
- (iii) Piloting of new technologies for tracking movement of vehicles transporting TPDS Commodities

D. Improve the efficiency of FPS operations

- (i) Doorstep delivery of foodgrains to FPS
- (ii) Timely availability of fooodgrains at FPS
- (iii) Distribution of wheat flour/fortified wheat flour under TPDS
- (iv) Allotment of Fair Price Shops to Institutions and Groups
- (v) Sale of non–PDS items by FPS
- (vi) Revision of Commission paid by State Government to FPS licensees

A profile on PDS operations in India is given as under:

2.2 <u>Profile On TPDS Operations In India</u>

1. Till 1992, the PDS was functioning as general scheme for all consumers without targeting specific section of the people.

2. Since June, 1997, under the PDS specific poor population of the country has been covered and named in as Targeted Public Distribution System (TPDS) .

3. The total number of category wise families as per Planning Commission's Poverty estimates (1993-94) and Registrar General's Population Projection as on 1.3.2000 were as :-

APL	11.52 crore
BPL	4.02 crore
AAY	2.50 crore
Total	18.04 crore

The total number of ration cards category-wise issued by State Govts. /UTs as on 30.09.2009 are as under :-

APL	13.26 crore
BPL	8.54 crore
AAY	2.43 crore
Total	24.23 crore

Number of Fair Price Shops spread over the country - 5.02 lakh.

Category-wise status of Scale of Issue of foodgrains (kg. per family per month)

Effective from	**APL**	**BPL**	**AAY**
June, 1997	Not fixed	10	-
April, 2000	-do-	20	-
July, 2001	-do-	25	25 (from Dec., 2000)
April, 2002	35	35	35

Category-wise Central Issue Prices(CIP)

(Rupees per Kg.)

APL		**BPL**		**AAY**	
Wheat	**Rice (Gr. A)**	**Wheat**	**Rice (Gr. A)**	**Wheat**	**Rice (Gr. A)**
6.10	8.30	4.15	5.65	2.00	3.00

TPDS - Economic Cost and Central Issues Prices of wheat and rice, and Subsidy provided by Government of India

(RS. PER QTL.)

ECONOMIC COST 2006-07			**AAY**	**BPL**	**APL**
WHEAT	1214.39	CIP	200	415	610
		Subsidy	1014.39	799.39	604.39
		Percentage subsidy	83.53	65.83	49.77
RICE	1411.60	CIP	300	565	830
		Subsidy	1111.60	846.60	581.60
		Percentage subsidy	78.75	59.97	41.20
ECONOMIC COST 2007-08					
Wheat	1353.24	CIP	200	415	610
		Subsidy	1153.24	938.24	743.24
		Percentage subsidy	85.22	69.33	54.92
RICE	1563.70	CIP	300	565	830
		Subsidy	1263.70	998.70	733.70
		Percentage subsidy	80.81	63.87	46.92
ECONOMIC COST 2008-09					
Wheat	1392.68	CIP	200	415	610
		Subsidy	1192.68	977.68	782.68
		Percentage subsidy	85.64	70.20	56.20
RICE	1789.78	CIP	300	565	830
		Subsidy	1489.78	1224.78	959.78
		Percentage subsidy	83.24	68.43	53.63
ECONOMIC COST 2009-10					
Wheat	1504.39	CIP	200	415	610
		Subsidy	1304.39	1089.39	894.39
		Percentage subsidy	86.7	72.4	59.5
RICE	1893.71	CIP	300	565	830
		Subsidy	1593.71	1328.71	1063.71
		Percentage subsidy	84.2	70.2	56.2

Details of TPDS allocation per month [as on October,2009]

(Figures in lakh Tons)

	BPL	**APL**	**AAY**	**Total**
Rice	9.49	5.99	5.60	21.08
Wheat	5.08	12.22	2.90	20.20
Total	14.57	18.21	8.50	41.28

2.3 Trend of TPDS offtake

The details of TPDS Offtake are as under:- [APL+BPL+AAY]

(Figures in lakh tons)

Year	**Total TPDS Offtake**
2001-02	135.67
2002-03	200.66
2003-04	239.31
2004-05	293.55
2005-06	311.05
2006-07	313.69
2007-08	332.90
2008-09	346.01
2009-10(upto August, 09)	182.15

The details of BPL and AAY allocation are as under

(Figures in lakh tons)

Year	**BPL**	**AAY**	**BPL+AYY**
2001-02	178.66	19.60	198.26
2002-03	227.71	41.28	268.99
2003-04	225.70	45.56	271.26
2004-05	212.72	60.60	273.32
2005-06	192.01	80.67	272.68
2006-07	180.04	93.69	273.73
2007-08	173.65	100.97	274.62
2008-09	174.05	101.96	276.01
2009-10(upto August, 09)	72.55	42.48	115.03

The details of BPL and AAY off-take are as under:-

(Figures in lakh tons)

Year	**BPL**	**AAY**	**BPL+AYY**
2001-02	100.52	16.78	117.30
2002-03	137.24	35.38	172.62
2003-04	158.04	41.65	199.69
2004-05	174.52	54.71	229.23
2005-06	156.43	74.42	230.85
2006-07	142.39	86.62	229.01
2007-08	151.29	94.39	245.68
2008-09	156.56	95.25	251.81
2009-10(upto August, 09)	70.03	42.02	112.05

Norms of allocation under the TPDS

2.4 BPL/AAY allocation norms

- Allocation of foodgrains under the Targeted Public Distribution System (TPDS) is made for Below Poverty Line (BPL) families including Antyodaya Anna Yojana (AAY) families on the basis of 1993-94 poverty estimates of the Planning Commission projected on the population estimates of Registrar General of India as on 1.3.2000 or the number of families actually identified and ration cards issued to them by State Government, whichever is less.

- Accordingly, allocations of foodgrains for BPL and AAY categories are made @ 35 kg. per family per month for all accepted 6.52 crore families in the country. The total BPL including AAY allocations made during 2009-10 has been 276.77 lakh tons comprising 181.05 lakh tons of rice and 95.72 lakh tons of wheat.

2.5 APL Allocations

- Allocations under APL category are made depending upon the availability of stocks of food grains in Central Pool and past offtake. Due to declining stock position of food grains in the Central Pool, allocations of wheat and rice to States/UTs under APL category were rationalized on the basis of past offtake and availability food grains in the Central Pool. Presently, these allocations range between 10 kg and 35 kg per family per month in different States/UTs.

❖ During 2009-10, a quantity of 190.20 lakh tons of foodgrains have been allocated to States/UTs under APL category as against 112 lakh tons during 2008-09. This includes the following additional allocations made to augment availability of food grains in the States/UTs with a view to keep prices under control.

(i) A total quantity of 2.65 lakh tons of wheat at MSP based price and 1.70 lakh tons of rice at MSP derived issue price allocated to various States/UTs as adhoc/additional/festival allocations during the current year so far.

(ii) Allocations for drought relief:

❖ A total quantity of 7.63 lakh tons comprising 6.18 lakh tons of wheat and 1.45 lakh tons of rice have been issued at MSP based/derived price as drought relief for APL families in 12 drought affected States from September to December 2009.

Over and above the TPDS allocations of 190.20 lakh tons mentioned above, the following allocations of foodgrains have also been made during the year.

(iii) Allocations for flood relief:

❖ Additional allocations of 63000 tons of rice and 20000 tons of wheat have been made for flood relief to Andhra Pradesh, Assam, Karnataka and UP during the current year till 9.10.2009.

(iv) Additional allocations on requests of State Governments

❖ Over and above TPDS allocations, 8000 tons of wheat and 4.41 lakh tons of rice have been allocated to the States/UTs at economic cost based on the request received from these State/UT Governments.

Besides the above, the Government is also planning to induct additional quantities of food grains in the market through open market sales scheme. With these measures of increased availability of rice and wheat for APL families during the current year, rise in price in food grains has been considerably contained.

Welfare Schemes**:** Government has also been allocating foodgrains to various welfare scheme such as Midday Meal Scheme, Integrated Child Development Scheme, Nutritional Programme for Adolescent Girls, Welfare Institutions, SC/ST/OBC Hostels, Annapurna Scheme, EFP and Village Grain Bank Scheme implemented by different Ministries and State/UT Governments.

2.6 Central Pool Stocks:

The stock position of Wheat and Rice in the Central Pool vis-à-vis minimum buffer norms is as given below:-

(in lakh tons)

AS ON	WHEAT		RICE		TOTAL	
	Actual stock	Minimum buffer norms	Actual stock	Minimum buffer norms	Actual stock	Minimum buffer norms
1.1.2002	324.15	84.00	256.17	84.00	580.32	168.00
1.4.2002	260.39	40.00	249.12	118.00	509.51	158.00
1.7.2002	410.74	143.00	219.37	100.00	630.11	243.00
1.10.2002	356.37	116.00	157.70	65.00	514.07	181.00
1.1.2003	288.30	84.00	193.72	84.00	482.02	168.00
1.4.2003	156.45	40.00	171.57	118.00	328.02	158.00
1.7.2003	241.94	143.00	109.74	100.00	351.68	243.00
1.10.2003	184.27	116.00	52.41	65.00	236.68	181.00
1.1.2004	126.87	84.00	117.27	84.00	244.14	168.00
1.4.2004	69.31	40.00	130.69	118.00	200.00	158.00
1.7.2004	191.52	143.00	107.63	100.00	299.15	243.00
1.10.2004	142.23	116.00	60.92	65.00	203.15	181.00
1.1.2005	89.31	84.00	127.63	84.00	216.94	168.00
1.4.2005	40.66	40.00	133.41	122.00	174.07	162.00
1.7.2005	144.54	171.00	100.71	98.00	245.25	269.00
1.10.2005	102.90	110.00	48.49	52.00	151.39	162.00
1.1.2006	61.88	82.00	126.41	118.00	188.29	200.00
1.4 .2006	20.09	40.00	136.75	122.00	15 6 .84	162.00
1.7.2006	82.07	171.00	111.43	98 .00	193.50	269.00
1.10.2 006	64.12	11 0.00	59.70	52.00	123.82	162.00
1.1.2007	54.28	82.00	119.77	118.00	174.05	200.00
1.4 .2007	47.03	40.00	131.72	122.00	178.75	162.00
1.7.2007	129.27	171.00	109.77	98.00	239.04	269.00
1.10.2007	101.21	110.00	54.89	52.00	156.10	162.00
1.1.2008	77.12	82.00	114.75	118.00	191.87	200.00
1.4.2008	58.03	40.00	138.35	122.00	196.38	162.00
1.7.2008	249.12	171.00	112.49	98.00	361.61	269.00
1.10.2008	220.25	110.00	78.63	52.00	298.88	162.00

1.1.2009	182.12	82.00	175.76	118.00	357.88	200.00
1.4.2009	134.29	40.00	216.04	122.00	350.33	162.00
1.7.2009	329.22	171.00	196.16	98.00	525.38	269.00
1.10.2009	284.57	110.00	153.49	52.00	438.06	162.00

3. POLICY DIVISION

3.1 Existing Policy of Foodgrains Procurement

a. The Central Government extends price support to paddy, coarse grains and wheat through the FCI and State Agencies. All the foodgrains conforming to the prescribed specifications offered for sale at specified centers are bought by the public procurement agencies at the Minimum Support Price (MSP). The producers have the option to sell their produce to FCI/State Agencies at MSP or in the open market as is advantageous to them. Foodgrains procured by the State Governments and their agencies are ultimately taken over by the FCI for distribution throughout the country.

b. Objectives of foodgrains procurement by Government Agencies

- To ensure that farmers get remunerative prices for their produce and do not have to resort to distress sale.
- To service the TPDS and other welfare schemes of the Government so that subsidised foodgrains are supplied to the poor and needy.
- To build up buffer stocks of foodgrains to ensure foodgrain security.

3.2 Minimum Support Prices of foodgrains

The Minimum Support Prices (MSPs) for wheat, paddy and coarsegrains (fixed by the Department of Agriculture & Cooperation on the recommendations of the CACP) for the Rabi/Kharif Marketing Seasons 2006-07 to 2009-10 are as under: -

(Rs. Per qtl.)

Marketing Season	MSP of wheat	MSP of paddy		Coarsegrains	
		Common	Grade 'A'	Jowar/Bajra Maize/Ragi	Barley
2006-07	650%	580$	610$	540	550
2007-08	750*	645**	675**	600!	565
2008-09	1000	850^	880^	840#	650
2009-10	1080	950	980	840	680

% - An incentive bonus of Rs.50 per quintal over the MSP given for wheat procured during RMS 2006-07
$ - An incentive bonus of Rs.40 per qtl over the MSP allowed for paddy procured in KMS 2006-07
**- An incentive bonus of Rs.100 per quintal over the MSP given for wheat procured in RMS 2007-08.*
*** An incentive bonus of Rs.100 per quintal over the MSP allowed for paddy/rice procured in the entire KMS 2007-08.*
^ An incentive bonus of Rs.50 per quintal over the MSP allowed for paddy/rice procured in the entire KMS 2008-09.
#- For Jowar Maldandi MSP is Rs.860 per quintal and MSP for Ragi is Rs.915 per quintal.

Percentage increase in the procurement prices of wheat and rice since 2004-05

Marketing Year	Proc. Price of wheat (MSP+Bonus)	Percentage increase over the previous year	Proc. Price of paddy (MSP+Bonus)		Percentage increase over the previous year	
			Common	Grade	Common	Grade
2004-05	630		560	590		
2005-06	640	1.59	570	600	1.79	1.69
2006-07	700	9.38	620	650	8.77	8.33
2007-08	850	21.43	745	775	20.16	19.23
2008-09	1000	17,65	900	9030	20.81	20.00
2009-10	1080	8.00	950	980	5.56	5.38

Note: Marketing Year for Wheat is April-March Marketing Year for rice is Oct-Sept.

3.3 Central Issue Prices Of Rice and Wheat

Wheat and rice are issued to the State Governments/UT Administrations from the Central Pool, at the uniform Central Issue Prices (CIP) for distribution under TPDS. The CIPs of wheat and rice are subsidized and have remained unchanged for BPL families since July, 2002. The Central Issue Prices of wheat, rice and coarse grains are as under: -

(Rs. per quintal)

Effective from	Foodgrains-wise	Scheme-wise		
		BPL	APL	AAY
1.7.2002 to till date	Wheat	415	610	200
1.7.2002 to till date	Rice	565	830	300
27.11.207 to till date	Coarsegrains	300	450	150

Procurement of foodgrains during the last 3 KMS/RMS are as follows: -

RICE KMS (Oct-Sept)

(Fig. In lakh MT)

Marketing Season	Rice (Oct-Sept)
2005-06	276.56
2006-07	251.07
2007-08	111.28
2008-09	333.07
2009-10#	47.31

as on 16.10.2009

WHEAT RMS (April-March)

2005-06	147.85
2006-07	92.28
2007-08	111.28
2008-09	226.82
2009-10*	252.91

During KMS 2008-09, 333.07 lakh tonnes of rice has been procured as against 284.91 lakh tonnes during KMS 2007-08. This represents an increase of 48.16 lakh tonnes over the previous year

The estimated production of rice for KMS 2009-10 have not been indicated by DAC. However, it is estimated that there could be less production. As per latest assessment, it is estimated that a quantity of 260 lakh tones of rice may be procured in KMS 2009-10.

4 IMPORT

(a) WHEAT

1. During the year 2006-07, orders were placed for import of 55 lakh tons of wheat out of which 53.79 lakh tons arrived in 2006-07 and 0.75 lakh tons arrived in 2007-08 (total 54.54 lakh tons).

2. During 2007-08, only 111 lakh MTs of wheat could be procured for Central Pool against the requirement of 150 lakh tons. To meet the shortfall, orders were placed for import of 17.985 lakh MTs of wheat against which 17.69 lakh MTs of wheat arrived in the country.

3. In view of comfortable position of wheat in Rabi Marketing Season 2008-09, the Government decided on 29th May, 2008 not to import wheat during 2008-09. During the year 2008-09, a record procurement of 226.89 lakh tons of wheat was made in the Central Pool.

4. During 2009-10 also, no import of wheat has been made for the Central Pool in view of record procurement of 253.82 lakh tons.

5. Import duty on wheat was reduced form 50% to 5% on 28.6.2006 and to zero percent w.e.f 9.9.2006.

6. Current Import Duty on wheat flour is 30% ad valorem w.e.f 1.4.2009.

(b) RICE

1. No import of rice for the Central Pool has taken place during the last six years since 2003-04.

2. Import of rice allowed at zero duty from 1.3.2008 to 1.4.2009.

3. The Government has withdrawn on 31.03.2009 the full exemption on customs duty which was imposed vide notification no. 21/2002-Cutoms dated 01.03.2002 and imposed a basic custom duty of 70% advalorem on semi-milled or wholly-milled rice.

4. Import duty on rice has been reduced to NIL vide Department of Revenue Notification No.118/2009-Customs dated 14th October, 2009.

5. Availability of rice for import into India

The exportable global surplus of rice during 2009-10 is 29.34 million tons. Of this, rice from Thailand and Vietnam are mostly available to India for import. The exportable surplus of rice available from Thailand and Vietnam are 10 million tons and 5 million tons, respectively. Thai rice is relatively high priced in the range of US$ 540 to US$ 1000 per ton. Vietnamese rice is in the range of US$ 355 to US$ 390 per ton.

Landed cost of rice from Thailand and Vietnam in Indian Ports as on 15.10.2009

(US$ = Rs.45.91)

Cost Item	Thailand(15% broken) (Ton)	Vietnam(15% broken) (Ton)	Vietnam(25% broken) (Ton)	Indian wholesale Price @Quintal)
FOB Value	545	380	355	Rs.1900 (Delhi) Rs.1500 (Mumbai)
Landed Cost in US $*	581.20	412.69	387.29	
Landed Cost in INR	26683	18946.60	17780.50	

Source: NCMSL Rice Monitor dated 16.10.2009
*Including freight (US$ 25), taxes, interest, port charges, etc.
@Department of Consumer Affairs Report dated 16.10.2009

The per ton cost is about Rs.26,700 per ton for Thailand 15% broken, Rs.18,950/- for Vietnamese 15% broken and Rs.17,800 for Vietnamese 25% broken. The wholesale price of rice is Rs.1900/- in Delhi and Rs.1500/- in Mumbai per quintal.

5 EXPORT

Export of rice and wheat from the Central Pool stocks has been stopped w.e.f. 11.8.2003. After meeting the pending commitments of exports, sale of foodgrains for commercial exports have been totally stopped w.e.f 1st October, 2004. As per orders issued vide O.M. No. 176(1)/2003-Py.I dated 25th March, 2008 of this Department, export of rice, wheat and wheat products from Central Pool is to remain discontinued till further orders. However, humanitarian assistance/aid to needy countries has been given, from time to time, on need basis, at the prevailing export price on the date of lifting.

(a) RICE

1. Initially export of non-basmati rice from the country was banned vide DGFT's Notification dated 15th October, 2007. Subsequently Minimum Export Price (MEP) was fixed for export of non-basmati rice, which was revised from time to time. Details regarding revision of MEP are as under:-

DGFT Notification No. & date	MEP
45(RE-2007)/2004-2009, dated 31.10.2007	Export permitted if MEP is more than US $ 425.00 per ton FOB
61(RE-2007)/2004-2009 dated 12.12.2007	Export permitted if MEP is more than US $ 425 or Rs. 17,000 per ton FOB
68(RE-2007)/2004-2009 dated 27.12.2007	Export permitted if MEP is more than US $ 500 or 20,000 per ton FOB
82(RE-2007)/2004-2009 dated 5.3.2008	Export permitted if MEP is more than US $ 650 or 26,000 per ton FOB
89 (RE-2007)/2004-2009 dated 27.3.2008	Export permitted if MEP is more than US $ 1000 or 40,000 per ton FOB

In view of the tight position of rice in the domestic market, export of non-basmati rice on private account was prohibited w.e.f. 1st April, 2008 vide DGFT's Notification No. 93(RE-2007)/ RE-2004-2009.

2. For export of basmati rice a minimum export price was fixed which was revised from time to time. The details are as under:

DGFT Notification No. & Date	MEP
82 (RE-2007)/2004-2009 dated 5.3.2008	Export permitted if minimum FOB price is US $900 or Rs.36,000/- per ton.
89 (RE-2007)/2004-2009 dated 27.3.2008	Export permitted if minimum FOB price is US $ 1100 or Rs.44,000/- per ton.
93(RE-2007)/2004-2009 dated 01.4.2008	Export permitted if minimum FOB price is US $ 1200 per ton or Rs.48,000/- per ton

In addition, a customs duty of Rs.8000 per ton was imposed on export of basmati rice vide Notification No.66/2008-Customs dated 10.5.2008 issued by Department of Revenue.

The Minimum Export Price of basmati rice was subsequently reduced from $ 1200/tonne to $ 1100/tonne or Rs. 49500/- per tonne vide DGFT Notification No.83(RE-2008)/2004-2009 dated 27.1.2009. The MEP was further reduced to US$ 900 per ton or Rs.41,400 per ton, FOB vide DGFT Notification No.5 (RE-2008)/2009-2014 dated 07.09.2009.

In the interest of promoting export of basmati rice, the export duty was removed w.e.f, 2.2.2009.

3. Export of PUSA 1121 non-basmati rice of 2008 of Kharif crop was allowed vide DGFT's notification dated 5th September, 2008 to ensure remunerative prices to the farmers, subject to FOB fixation at minimum US $ 1200/ton and port-of-shipment stipulation through 6 ports only (Kandla, Kakinada, JNPT, Mumbai, Mudra and Pipavav). Further, it was decided by the Government in November 2008 to treat PUSA 1121 variety of rice as basmati.

4. It was decided by EGoM on 05.03.2009 to permit export upto 20 lakh tons of rice on diplomatic basis through Ministry of External Affairs in KMS 2008-09. This includes 55,000 tons of rice which have already been permitted to Nigeria, Senegal, Ghana and Cameroon, out of the quantity of 2.25 lakh tons of non-basmati rice approved by EGoM on 05.08.2008. As per decision on 05.03.2009, Government has approved for export of 10 lakh tons of non-basmati rice to 21 African countries and Sri Lanka.

5. From 1.4.2008 Government has approved export of 16.68 lakh tons (excluding 1,17,100 tons allotted to Nigeria which has refused to lift the quantity) of rice on humanitarian/diplomatic basis. Out of this, 6.74 lakh tons of rice was exported. The details are as given on next page:-

S.N	Country/ Destination	Quantity Permitted	Quantity Exported	Balance	Agency	Date of DGFT Notification
1.	Bangladesh	5,51,010*	5,50,700	310	STC- 1,00,000 PEC- 1,00,000 WBECSC-99,990 NAFED- 99,700 MMTC-1,00,000 LMJ Intl.-50,000 Govt. of WB-1,010#	**01.04.2008**
2.	Madagascar	50,000	50,000	NIL	STC	-do-
3.	Sierra Leone	40,000	40,000	NIL	PEC	-do-
4.	Comoros	25,000	8,500	16,500***	MMTC	-do-
5.	Mauritius	10,000***	10,000		STC -1,000 the quantity has been informed as completedMMTC – 9,000	-do-
	Total	**6,76,010**	**6,59,200**	**16,810**		
6.	Ghana	15,000	15,000	NIL	STC	**13.10.2008**
7.	Senegal	15,000	NIL	15,000	STC	-do-
8.	Nigeria	15,000	NIL	15,000	STC	-do-
9.	Cameroon	10,000	NIL	10,000	STC	-do-
	Total	**55,000**	**15,000**	**40,000**		
10.	Nepal (for WFP)	^ 1,591		1591		Notification awaited
11.	Bhutan	10,000		10,000		Notification awaited
12.	Nepal	15,000	NIL	15,000	STC	**05.12.2008**
13.	Sri Lanka	1,484		1484		Notification awaited
	Total	**28,075**	**NIL**	**28,075**		
14.	Burkina Faso	24,200	NIL	24,200	MMTC	**06.05.2009**
15.	Cameroon	21,700	NIL	21,700	MMTC	-do-
16.	Cote D’lvoire	1,44,900	NIL	1,44,900	MMTC	-do-
17.	Egypt	48,300	NIL	48,300	MMTC	-do-
18.	The Gambia	36,250	NIL	36,250	MMTC	-do-
19.	Mali	24,200	NIL	24,200	MMTC	-do-
20.	Somalia	24,200	NIL	24,200	MMTC	-do-
21.	Tunisia	5,550	NIL	5,550	MMTC	-do-
22.	Zanzibar	12,100	NIL	12,100	MMTC	-do-
23.	Benin	24,200	NIL	24,200	STC	-do-
24.	Ghana	68,800	NIL	68,800	STC	-do-
25.	Guinea Bissau	24,200	NIL	24,200	STC	-do-
26.	Liberia	96,600	NIL	96,600	STC	-do-
27.	Mozambique	24,200	NIL	24,200	STC	-do-
28.	Togo	72,400	NIL	72,400	STC	-do-
29.	Zambia	24,200	NIL	24,200	STC	-do-
30.	Nigeria @	1,17,100	NIL	1,17,100	PEC	-do-
31.	Senegal	1,41,300	NIL	1,41,300	PEC	-do-
32.	Mauritius	15,000	NIL	15,000	PEC	-do-
33.	Sierra Leone	38,500	NIL	38,500	PEC	-do-
34.	Dijbouti	12,100	NIL	12,100	PEC	-do-
	Total	**10,00,000**		**10,00,000**		
35.	South Africa	25,000	NIL	25,000	PEC	**18.06.2009**
36.	Sri Lanka	**** 600		600		
37.	Sri Lanka	**** 750		750		

	Grand Total	**16,68,335**	**6,74,150**	**9,94,185**		

* 1 lakh MT each by STC, PEC, WBECSC, NAFED & MMTC ** STC – 1,000 MTs, MMTC – 9,000 MTs
*** Short Closed as L/C not opened # As relief material ^ As relief material
**** 1350 tons of rice was approved for Sri Lanka as relief material to be given by the Government of Tamil Nadu
@ Nigeria refused to lift the quantity, hence, not included in Grand Total.

(b) WHEAT

(i) With a view to contain the rise in price of wheat in the domestic market and to increase availability of wheat in the country, export of wheat was banned with immediate effect vide DGFT's notification dated 09.02.2007. Export of wheat products has also been prohibited w.e.f 08.10.2007.

(ii) The Government has been permitting export of wheat on diplomatic basis to friendly countries. On 4.11.2008, the Government decided that export upto 20 lakh tons of wheat from Central Pool, may be allowed to friendly countries on diplomatic basis. Out of this, export of 6.00 lakh tons of wheat was approved on 26.11.2008 for export to Afghanistan. The details of wheat permitted to be exported to various countries on diplomatic basis from Central Pool are given below:-

Sl.No	Name of the Country	Quantity(In tons)	Date & Remarks.
1	Nepal	10,000	10.10.2008 F.No.4-21/2008-impex
2	Myanmar	950	14.11.2008 F.No.4-21/2008-impex
3.	Afghanistan	6,00,000	26.11.2008 F.No.4-21/2008-Impex
	Total	**6,10,950**	

(iii) EGoM in its meeting held on 05.03.2009 decided to allow export of wheat and wheat products (Atta, Maida and Suji) on private account after 15th May, 2009 with a cap of 2 million tons in 2009-10. The DGFT vide Notification No. 116 dated 03.07.2009 has allowed export of 6.5 lakh tons of flour (Maida), samolina (Rava/Sirgi), wholemeal atta and resultant atta upto 31st March, 2010 on private account. Export shall be allowed only from Customs EDI Ports.

6. EDIBLE OILS

Production of oilseeds, the main sources of edible oils in the country, has increased from 186 lakh tons in 1990-91 to 281.57 lakh tons (estimated) in 2008-09. Despite this, supply from indigenous sources still falls short because demand of edible oils has also being increasing at a pace faster than that of production due to growth in population and improvement in the standard of living of people. The consumption of edible oils has increased from 120.85 lakh tons in 2006-07 to 142.62 lakh tons in 2007-08 and is estimated to increase to 165.61 lakh tons during 2008-09as given in the Table below:

ESTIMATED DOMESTIC PRODUCTION, IMPORT AND TOTAL AVAILABILITY/ CONSUMPTION OF EDIBLE OILS (OILS-WISE) DURING THE YEARS 2006-07, 2007-08 AND 2008-09 (NOVEMBER TO OCTOBER)

(Quantity in lakh tons)

Name of Oilseed	2006-07		2007-08*		2008-09			
					Oilseed**			
	Oilseed	Oil	Oilseed	Oil	Kharif	Rabi	Total	Oil
A. PRIMARY SOURCE								
Groundnut	48.63	11.19	91.82	21.12	56.37	17.01	73.38	16.88
Rapeseed/Mustard	74.38	23.05	58.34	18.08	--	73.68	73.68	22.84
Soybean	88.51	14.16	109.68	17.55	99.01	--	99.01	15.84
Sunflower	12.28	4.05	14.63	4.83	3.81	8.71	12.52	4.13
Sesame	6.18	1.92	7.57	2.35	7.33	--	7.33	2.27
NigerSeed	1.21	0.36	1.10	0.33	1.15	--	1.15	0.35
Safflower Seed	2.40	0.72	2.25	0.68	--	1.80	1.80	0.54
Castor	7.62	3.05	10.53	4.21	11.15	--	11.15	4.46
Linseed	1.68	0.50	1.63	0.49	--	1.55	1.55	0.47
Sub Total	**242.89**	**59.00**	**297.55**	**69.64**	**178.82**	**102.75**	**281.57**	**67.78**
B. SECONDARY SOURCE								
Coconut		4.50		4.50				4.50
Cottonseed		6.30		8.00				7.60
Rice Bran		7.00		7.20				7.50
Solvent Extracted Oils		3.50		4.00				4.00
Tree & Forest Origin		1.20		1.20				1.20
Sub Total		22.50		24.90				24.80
Total (A+B)		81.50		94.54				92.58
C. LESS: EXPORT & INDUSTRIAL USE		**7.80**		**8.00**				**7.00**
D. NET DOMESTIC AVAILABILITY		**73.70**		**86.54**				**85.58**
E. IMPORT OF EDIBLE OILS $		**47.15**		**56.08**				**80.03 *** **
F. TOTAL AVAILABILITY/ CONSUMPTION OF EDIBLE OILS FROM DOMESTIC AND IMPORT SOURCES		**120.85**		**142.62**				**165.61**

* Based on Final Estimates (declared by Ministry of Agriculture on 12.02.2009).

** Based on 4th Advance Estimate (declared by Ministry of Agriculture on 21.07.2009).

*** Estimated import for 2008-09 (Nov.- Oct.).

$ Source: The Solvent Extractors' Association of India, Mumbai.

Since there has been continuous gap between the demand for and supply of edible oils for a number of years, the country has been resorting to import of edible oils to bridge the gap. The imports of edible oils have been liberalized allowing import of all edible oils under OGL except coconut oil. Import of edible oils is expected to increase from 56.08 lakh tons in 2007-08 to 80.03 lakh tons in 2008-09. So far, 75.68 lakh tons of edible oils have been imported during the current year 2008-09 (November to October) till September, 2009 as given in the Table below:

THE SOLVENT EXTRACTORS' ASSOCIATION OF INDIA
IMPORT OF EDIBLE OILS BY INDIA

IMPORT OF EDIBLE OIL FOR THE MONTHS OF NOVEMBER 2008 TO SEPTEMBER 2009 WITH COMPARATIVE PERIOD FOR PREVIOUS YEAR 2007-08 (11 MONTHS)

(Qty in M.T.)

(Nov-Oct) Oil Year	RBD Palmolein	Refined Sunflower Oil	Refined Soybean Oil	Crude Palm Oil	Crude Olein	Sunflower Oil	Canola Rape Oil	Soyabean Oil (degummed)	Cotton Seed Oil	Coconut Oil	Crude Palm Ker.Oil	TOTAL
November'08	**137,959**	-----	----	**363,578**	----	**8,000**	---	---	----	**1,999**	**7,496**	**519,032**
	30,014	-----	----	314,611	995	----	---	---	----	---	1,700	347,320
December'08	**128,540**	-----	----	**486,936**	----	**32,420**	----	**60,899**	----	**1,999**	**8,331**	**719,125**
	12,019	-----	----	253,923	3,340	----	---	7,500	----	---	---	276,782
January'09	**142,066**	-----	----	**549,254**	----	**83,698**	**1,914**	**66,563**	----	**1,000**	**12,195**	**856,690**
	5,999	-----	----	366,353	----	----	----	83,750	----	---	1,499	457,601
February'09	**62,612**	-----	----	**432,152**	**245**	**78,099**	----	**153,887**	----	---	**3,099**	**730,094**
	23,283	-----	----	322,576	2,000	----	----	81,634	----	---	1,499	430,992
March'09	**39,893**	-----	----	**431,995**	---	**84,120**	----	**46,346**	----	---	**7,199**	**609,553**
	10,395	-----	----	355,559	---	----	----	55,232	----	---	500	421,686
April'09	**103,605**	-----	----	**431,637**	---	**66,730**	**4,971**	**26,206**	----	**5,698**	**20,630**	**659,477**
	11,257	-----	----	295,874	---	----	----	---	----	1,000	1,498	309,629
May'09	**142,793**	-----	----	**445,120**	---	**30,100**	**19,013**	**48,102**	----	---	**11,497**	**696,625**
	19,386	-----	----	265,945	2,015	----	----	7,000	----	7,999	---	302,345
June'09	**61,127**	-----	----	**353,745**	---	**55,116**	**7,975**	**258,501**	----	**1,999**	**4,018**	**742,481**
	92,846	-----	----	334,816	---	---	---	120,030	----	---	2,509	550,201
July'09	**77,472**	-----	----	**334,331**	---	**66,290**	**4,300**	**66,212**	**5,069**	---	**3,749**	**557,423**
	77,973	-----	----	388,730	---	---	---	63,753	----	---	2,000	532,456
August'09	**109,528**	-----	----	**372,976**	---	**26,020**	---	**96,474**	---	---	**7,900**	**612,898**
	115,170	-----	----	359,199	---	---	---	87,085	----	2,018	6,066	569,538

Sept.'09	**146,884**	**-----**	**----**	**544,091**	**500**	**41,898**	**3,989**	**110,205**	**---**	**3,499**	**13,830**	**864,896**
	139,349	-----	----	334,334	---	15,700	---	127,330	----	---	6,495	623,208
Total	**1,152,479**	**-----**	**----**	**4,745,815**	**745**	**572,491**	**42,162**	**933,395**	**5,069**	**16,194**	**99,944**	**7,568,294**
	537,691	-----	----	3,591,920	8,350	15,700	----	633,314	----	11,017	23,766	4,821,758
2007-08(Nov.-Oct.)	**730,794**	**-----**	**----**	**4,044,063**	**8,350**	**26,490**	**-----**	**759,433**	**-----**	**13,016**	**26,264**	**5,608,410**
2006-07(Nov.-Oct.)	**115,142**	**----**	**11,120**	**2,994,225**	**53,440**	**195,245**	**----**	**1,322,920**	**----**	**12,996**	**9,672**	**4,714,760**
2005-06(Nov.-Oct.)	**113,491**	**1,050**	**20,457**	**2,372,681**	**55,804**	**100,843**	**----**	**1,703,360**	**----**	**22,307**	**26,840**	**4,416,833**
2004-05(Nov.-Oct.)	**422,735**	**-----**	**25,003**	**2,360,573**	**186,684**	**5,018**	**-----**	**2,001,745**	**-----**	**7,291**	**32,558**	**5,041,607**
2003-04(Nov.-Oct.)	**796,846**	**-----**	**15,324**	**2,059,579**	**491,943**	**75,822**	**-----**	**890,695**	**-----**	**2,029**	**64,349**	**4,396,587**

Source : The Solvent Extractors' Association of India.

In order to harmonize the interests of domestic oilseeds growers, consumers and processors, the duty structure on edible oils is reviewed from time to time. Current import duty on crude and refined oils is zero and 7.5% respectively.

Exports of oilseeds, minor oils and fats and oil meals have increased from Rs.3172.9 crores in the year 1998-99 to Rs.10795.41 crores in the year 2007-08 and to Rs 12717.59 crores in 2008-09(Provisional).

The availability and price situation of edible oils are being closely monitored. During the last one year (as on 19.10.2009), the wholesale domestic prices of soyabean oil and mustard oil have declined by 7.36% and 12.30% respectively whereas the prices of groundnut and RBD palmolein have marginally increased by 3.23% and 0.55% respectively during the same period. Thus, the prices of edible oils in the country are stable.

The Government have taken a number of steps to contain the prices of edible oils such as

- The import duty on crude and refined oils has been reduced to zero and 7.5% respectively w.e.f 1.4.2008.
- Tariff value(base price) of palm oils and crude soyabean oil has been frozen since July, 2006 and September, 2006 respectively.

- Export of edible oils has been banned w.e.f. 17.3.2008 till 30.9.2010. However, w.e.f. 1.4.2008 the export restriction has been lifted in respect of coconut oil (through Cochin Port) and certain oils produced from minor forest origin till 30.9.2010.
- State Governments have been allowed to impose stock limits on edible oils and oilseeds w.e.f. 7.4.2008.
- Export of edible oils in branded consumer packs of upto 5 kg. has been permitted subject to a cap of 10,000 tons during 20.11.2008 to 30.9.2010. As per DGCIS data, 7489.73 tons of edible oils have been exported in consumer packs of upto 5 kg.packs from 21.11.2008 to 31.8.2009. Hence, Government is considering an increase in the limit.
- Distribution of subsidized edible oils to the poorer sections of the society:

The Government had launched a scheme on 28.07.2008 to distribute upto one million tons of edible oils to States/UTs at a subsidy @ Rs.15/kg which was enhanced to Rs.25/-kg from January, 2009 to March, 2009. The orders were placed for import of 3.60 lakh tons of edible oils and about 2.61 lakh tons had been distributed to various States/UTs by Central PSUs for distribution to ration card holders @ 1 kg per ration card per month. Twelve States/UTs had distributed edible oil under the Scheme and the quantities not lifted by State Governments were disposed off by PSUs in the open market by floating tenders to increase the market availability. The Scheme had ended on 31.3.2009. The scheme is believed to have helped to soften the prices of edible oils in domestic market as per feedback received from State Governments.

The Scheme has been continued in the current year also with a subsidy of Rs.15/- per kg. to import upto 10 lakh tons of oils till 31.03.2010. Eight State Governments, namely, Andhra Pradesh, Tamil Nadu, Maharasthra, West Bengal, Kerala, Haryana, Himachal Pradesh and Sikkim that had intimated their requirements of edible oils, have been allocated 53,013 tons per month from August, 2009 onwards. As per details received from PSUs, as on 16.10.2009, a quantity of 77,000 MTs of edible oils has been contracted, out of which about 35,036 MTs have landed in the country and about 20,161 MTs of edible oil have been handed over to the States/UTs for distribution.

7. SUGAR

The production of sugar in 2008-09 sugar season is provisionally estimated at about 148.5 lac tons as compared to production of 263 lac tons in 2007-08 sugar season. Thus, production in 2008-09 sugar season declined by about 114.5 lac tons which put pressure on sugar prices. The Central Government took a slew of measures to augment domestic stocks of sugar and to contain sugar prices as indicated below:

7.1 Steps Taken To Augment Availability Of Sugar In 2008-09 Sugar Season

The following steps have been taken by the Government to augment availability of sugar:

- Allowed import of raw sugar under Advance Authorization Scheme by sugar mills at zero duty upto 30.09.2009 (notified on 17.02.2009 and 02.03.2009). (The scheme is over on 30.9.2009)
- Allowed import of raw sugar at zero duty under O.G.L. upto 01.08.2009 by sugar mills (notified on 17.04.2009), later extended upto 31.03.2010 (notified on 31.07.2009). This is now being further extended upto 31.12.2010.
- Import of raw sugar has been opened to private trade upto 31.03.2010 for being processed by domestic factories on job basis (notified on 31.07.2009). This is now being further extended upto 31.12.2010.
- Allowed import of white/refined sugar by STC/MMTC/PEC and NAFED upto 1 million tons by 01.08.2009 under O.G.L. at zero duty (notified on 17.04.2009). This has now been extended upto 30.11.2009. This is now being further extended upto 31.3.2010. The cap on imports will be enhanced whenever felt necessary.
- Duty free import of white/refined sugar under OGL has been opened to other Central/State Government agencies and to private trade in addition to existing designated agencies, upto 30.11.2009. This is now being extended upto 31.3.2010.
- Ministry of Shipping has issued instructions to all major port trusts to accord priority berthing for one berth at a time upto 30th September, 2009 to vessels carrying raw and white/refined sugar arriving at Indian ports on the request of the vessel/agent or importers on payment of applicable charges. This facility has been extended upto 31st December, 2009.
- The Railway Board has since upgraded loading of imported sugar under priority 'B' until further orders.
- Directed accelerated sale of sugar processed out of imported raw sugar at zero duty.
- Levy obligation has been removed in respect of all imported raw sugar and white/refined sugar. The white/refined sugar has been also allowed to be sold at the discretion of the importing organization, but sugar processed from imported raw sugar is subject to accelerated releases.
- Additional special festival allocation of 2 kg of levy sugar only for the month of September, 2009 or October, 2009 has been made to all BPL as well as APL cardholders presently covered, on the basis of existing norms and orders issued on 10.09.2009.

- ⇨ The levy obligation on sugar factories has been enhanced from 10% to 20% of production w.e.f. 01.10.2009 for 2009-10 sugar season only vide notification dated 7th October, 2009.

7.2 Steps Taken By The Central Government To Moderate Prices In 2008-09 Sugar Season

Besides augmenting the sugar stocks by permitting import of raw and white/refined sugar in 2008-09 sugar season (Oct-Sept) the Central Government has imposed stock holding and turnover limits to moderate prices of sugar-

- Deptt of Consumer Affairs amended the Removal of (Licensing Requirements, Stock Limits and Movement Restrictions) on Specified Foodstuffs Order, 2002, (Removal Order,2002) vide notification dated 09.03.2009 and the subsequent notification dated 2.7.2009.
- Department of Food and Public Distribution imposed stock-holding and turnover limits on sugar dealers vide notification dated 12.03.2009 for a period of four months, and thereafter for another period of six months vide the notification dated 16.7.2009. Further, Khandsari sugar has now been brought under the ambit of stockholding and turnover limit.
- Vide Department of Food and Public Distribution order dated 16.07.2009, the above stockholding and turnover limits have been extended upto 08.01.2010. So far 19 States have implemented the stockholding limits viz., Andhra Pradesh, Assam, Bihar, Delhi, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, Andaman & Nicobar Islands and Daman & Diu. 4 States/UTs viz., Puducherry, Sikkim, Lakshadweep and Meghalaya have intimated that they have examined the matter and do not consider it necessary to impose any stockholding limits.
- An order has been issued vide notification dated 22.08.2009 implementing stockholding limit on large consumers of sugar who are using or consuming more than ten quintals of sugar per month as a raw material for production or consumption or use, stipulating that such bulk consumers shall not hold sugar stock exceeding fifteen days of such use or consumption as certified by a Chartered Accountant based on previous one year’s use or consumption. The notification has come into effect from 19.9.2009.
- Future trading in sugar on NCDEX has been suspended with effect from 27.5.2009

7.3 Action taken under the EC Act/PBM Act

Only the following States have reported action as per details mentioned there against-

(i) **Andhra Pradesh –** A quantity of 3399.92 qtl of sugar worth Rs.77,09,410/- has been seized from Jan, 2009 to July, 2009. Certain cases were filed before Quasi Judicial Authorities.

(ii) **Rajasthan -** The Govt of Rajasthan has reported that they have seized 4199.46 qtls of sugar. Further, it has been intimated that they have carried out 208 inspections; have drawn 16 samples; have suspended 5 licenses; have lodged 1 FIR, forfeited security deposit in 2 cases and have instituted 58 departmental actions.

(iii) **Madhya Pradesh -** The State has intimated that they have carried out 872 raids in fifty districts of the State to check black-marketing of sugar out of which 114 cases have been registered under the Prevention of Black Marketing Act. 55,748 quintals of sugar estimated worth of Rs.16.72 crore have been seized. Further, 48 cases have been registered under the Essential Commodities Act, 1955 and 7 FIRs have been lodged.

The State Governments/UT Administrations have been requested to send the updated reports on the action taken by them.

7.4 Cane Price Arrears

The latest reports received from the State Governments/collected from sugar factories on outstanding arrears as on different periods indicate that the cane price arrears for the sugar season 2008-09 stand at Rs.99.91 crore which is just 0.52% of the total cane price payable for the season. The state-wise position is indicated in the annexure.

7.5 Sugar Price Situation

7.5.1 Issue price of levy sugar

The retail issue price of levy sugar is Rs.13.50 per kilogram w.e.f. 1.3.2002 which is uniform throughout the country.

7.5.2 Ex-Mill non-levy sugar prices

During the month of October, 2009 (upto 23rd) the ex-mill prices of S-30 grade of sugar were in the range of Rs.2730-3160 per quintal in U.P. and Rs.2520-2990 per quintal in Maharashtra (the major sugar producing states in the country). The range of ex-mill prices during the last three months in the States of U.P., Maharashtra and Tamil Nadu were as under:

(Rs. Per quintal/Ex Mill)

State	Aug 2009	Sep. 2009	Oct 09 (up to 23rd)
U.P.	2540- 2990	2730-3140	2730-3160
Maharashtra	2430- 2975	2700-3060	2520-2990
Tamil Nadu	2450-2950	2600- 3150	2600-2875

A statement indicating range of ex-mill non-levy S30 grade sugar during November, 2008 to October, 2009 in 7 sugar producing States is enclosed.

7.5.3 Retail Prices of Sugar

During the month of October, 2009, the retail prices of sugar in the four metro cities were in the range of Rs.30.00 – 33.50 per kg. The range of retail prices of non-levy sugar in major urban centers in the months of August – October, 2009 was as under :

Sl. No.	**Centre**	**Retail price in August, 2009**	**Retail price in September, 09**	**Retail price in October, 09 (upto 23rd)**
1	Delhi	27.50-32.00	32.00-34.00	32.00-33.50
2	Lucknow	28.00-34.00	34.00-35.00	34.00
3.	Bhopal	26.00-30.00	30.00	30.00
4.	Mumbai	27.00-35.00	33.00-35.00	32.50-33,50
5.	Bhubaneshwar	27.00-32.00	32.00-34.00	32.00-33.00
6.	Kolkata	28.00-32.00	30.00-32.00	30.00-31.00
7.	Guwahati	27.00-32.00	32.00	32.00
8.	Bangalore	25.00-31.00	29.00-31.00	29.00-30.00
9.	Chennai	26.00-31.00	30.00-31.00	30.00
10.	Hyderabad	25.00-31.00	30.00-31.00	30.00
11.	Thiruvananthapuram	27.00-32.00	32.00-34.00	30.00-31.50

[Source: Price Monitoring Cell, Department of Consumer Affairs].

7.5.4 Spot Prices of Sugar

The spot prices of M-30 grade sugar in Muzaffarnagar and Kolhapur centers ruled as under:

(Rs. Per quintal)

Centre	**Three months before (24.7.09)**	**Two months before (24.8.09)**	**One month before (23.9.09)**	**Fortnight before (9.10.09)**	**Week before (16.10.09)**	**On 23rd Oct. 2009**
Muzaffarnagar	2613.75	3068.65	3020.00	2945.00	3132.90	3261.65
Kolhapur	2379.70	2946.00	2916.10	2697.75	3010.25	3100.00

Source: NCDEX.com

7.5.5 Domestic futures prices of sugar

(Rs. Per quintal)

Closing price quoted on	**Oct, 09**	**Nov.09**
17th Sept. 2009	No trading	No trading
23rd Sept., 09	No trading	No trading
25th Sept. 2009	No trading	No trading
29th Sept. 2009	No trading	No trading
1st Oct, 2009	No trading	No trading
7th Oct. 2009	No trading	No trading
9th Oct.2009	No trading	No trading
12th Oct. 2009	No trading	No trading
15th Oct. 2009	2958	No trading
20th Oct. 2009	3050	No trading
22nd Oct. 2009	No trading	3034.00

Note: Future trading in sugar on NCDEX has been suspended with effect from 27.5.2009. However, prices after 26.5.2009 are quotations at which holders of outstanding buy-sell contracts are willing to reverse their trades for concerned contract months.

7.5.6 International Future Prices of white sugar

International futures prices of white sugar quoted during the months of September and October, 2009 were as under:

(US $ PMT)

Opening transaction on	**Dec. 09**	**Mar. 10**
11th Sept., 2009	575.30	594.50
14th Sept 2009	561.50	580.90
17th Sept. 2009	589.40	610.10
23rd Sept. 2009	582.00	597.00
28th Sept.2009	579.60	597.90
29th Sept. 2009	602.00	622.40
2nd Oct 2009	604.70	624.00
7th Oct. 2009	594.00	613.80
9th Oct. 2009	580.50	596.00
13th Oct. 2009	554.00	568.00
15th Oct. 2009	578.00	591.80
19th Oct. 2009	604.80	618.50
23rd Oct., 2009	590.90	608.00

Source: Euronext.com & Liffe.com

STATEMENT SHOWING CANE PRICE PAYABLE, CANE PRICE PAID AND CANE PRICE ARREARS FOR 2008-09 SEASON AND CANE PRICE ARREARS FOR 2007-08 & EARLIER SEASONS (LATEST AVAILABLE)

(In Lakh Rs.)

SL. NO.	STATE	CANE PRICE PAYABLE 2008-09	CANE PRICE PAID 2008-09	CANE PRICE ARREARS 2008-09	%	CANE PRICE ARREARS 2007-08	CANE PRICE ARREARS FOR 2006-07 & EARLIER	TOTAL CANE PRICE ARREARS	STATUS AS ON
1	PUNJAB	42386.00	42317.87	68.13	0.16	0.00	0.00	68.13	30.9.09
2	HARYANA	41487.77	41487.77	0.00	0.00	0.00	0.00	0.00	30.9.09
3	RAJASTHAN	681.75	681.75	0.00	0.00	0.00	0.00	0.00	31.8.09
4	U.P.	629808.57	629482.66	325.91	0.05	1051.65	7483.73	10976.61	30.9.09
5	UTTARAKHAND	34309.34	34309.34	0.00	0.00	1998.47	0.00	1998.47	30.9.09
6	M.P.	4255.83	4255.83	0.00	0.00	29.63	1680.47	1710.10	15.8.09
7	CHHATISGARH	0.00	0.00	0.00	#DIV/0!	0.00	0.00	0.00	15.8.09
8	GUJARAT	143592.78	143218.32	374.46	0.26	1197.61	0.00	1572.07	15.9.09
9	MAHARASHTRA	482318.73	481893.99	424.74	0.09	407.12	1710.46	2542.32	31.8.09
10	BIHAR	27563.91	27442.42	121.49	0.44	48.84	4268.48	4438.81	15.8.09
11	ASSAM	0.00	0.00	0.00	#DIV/0!	0.00	0.00	0.00	15.8.09
12	ANDHRA PR.	81455.31	81270.12	185.19	0.23	0.00	3495.46	3680.65	15.9.09
13	KARNATAKA	231870.00	229215.00	2655.00	1.15	1223.00	1221.00	5099.00	30.9.09
14	T.N.	194922.30	189085.84	5836.46	2.99	809.34	215.23	6861.03	15.9.09
15	KERALA	0.00	0.00	0.00	#DIV/0!	0.00	384.74	384.74	15.8.09
16	ORISSA	3283.90	3283.90	0.00	0.00	0.00	0.00	0.00	15.8.09
17	W.BENGAL	327.64	327.64	0.00	0.00	0.00	0.00	0.00	15.8.09
18	NAGALAND	0.00	0.00	0.00	#DIV/0!	0.00	0.00	0.00	15.8.09
19	PUDUCHERRY	1986.26	1986.26	0.00	0.00	0.00	0.00	0.00	15.8.09
20	GOA	1313.41	1313.41	0.00	0.00	0.00	0.00	0.00	30.9.09
	TOTAL	1921563.50	1911572.12	9991.38	0.52	6765.66	20459.57	39331.93	

Updated on 23.10.09

RANGE OF EX-MILL NON-LEVY PRICES OF SUGAR DURING 2008-09 SUGAR SEASON IN DIFFERENT CENTRES OF THE COUNTRY

(Rs. Per quintal/Ex Mill)

State	Grade	Nov. 2008	Dec. 2008	Jan. 2009	Feb. 2009	March 2009	April 2009	May 2009	June 2009	July 2009	Aug 2009	Sep. 2009	Oct 09 (up to 23rd)
U.P. (Delhi)	S-30	1720-1760	1750-1900	1860-2150	2130-2200	2070-2140	2150-2525	2210-2400	2280-2540	2280-2500	2540-2990	2730-3140	2730-3140
Maha.	S-30	1615-1665	1630-1760	1715-1910	1935-2020	1845-1990	1955-2355	2055-2210	2190-2330	2190-2285	2430-2975	2700-3060	2520-2990
A.P.	S-30	1620-1790	1660-1950	1800-2100	2000-2225	1880-2150	1940-2450	2000-2300	2175-2400	2200-2425	2450-3000	2750-3300	2625-3150
Tamil Nadu	S-30	1610-1720	1650-1880	1790-1950	1940-2080	1850-2000	1950-2400	1900-2150	2000-2370	2240-2380	2450-2950	2600-3150	2600-2875
Gujarat	S-30	1620-1660	1670-1800	1750-1940	1990-2050	1880-2020	2030-2375	2100-2275	2215-2340	2205-2350	2440-2900	2780-3250	2595-3035
Punjab	S-30	1720-1750	1750-1885	1825-2000	2000-2190	1990-2020	2060-2480	2250-2430	2325-2475	2360-2525	2525-2950	2700-3200	2650-3200
Karnataka	S-30	1610-1660	1620-1780	1750-1900	1940-2010	1825-1990	1960-2300	2075-2150	2200-2275	2150-2300	2425-2900	2620-3125	2500-2950

Source: Daily Trading Mart Enquiry Report, Directorate of Sugar

7.6 Amendments to Essential Commodities Act, 1955 and Sugarcane (Control) Order, 1966

For quite some time, the Central Government has been facing litigation in various courts regarding the price of sugarcane that should be taken into account for determination of the price of levy sugar under section 3(3C) of the Essential Commodities Act, 1955. Due to the ambiguity in the existing provisions of law, there have been conflicting judgments over the cost components that should be factored into and the methodology that should be adopted for determination of the price of levy sugar. Supreme Court in a judgment dated 31.3.2008 in the case of Mahalakshmi Sugar Mills Company Ltd. and Ors. versus Union of India and Ors. laid down the law for the future directing refixation of prices of levy sugar for the past over 20 years having potential for huge unbudgeted financial burden on the Central Exchequer. The matter was examined in consultation with the Ministry of Law and Justice and with a view to remove the defects and ambiguity in the existing law, to clarify the provisions pertaining to the determination of price of levy sugar and also to validate the actions taken by the Central Government for fixation of price of levy sugar under the specified orders effective from 1.10.1974, the Essential Commodities (Amendment and Validation) Ordinance, 2009 was promulgated on 21.10.2009. By amendment to Section 3 (3C) of the Essential Commodities Act, 1955, the concept of "Minimum Price" has been replaced by "Fair and Remunerative Price" (FRP) of sugarcane with consequential amendments to the Sugarcane Control Order, 1966. The 'fair and remunerative price' of sugarcane is intended to provide reasonable margin to farmers on account of 'risk' and 'profit' and shall be uniformly applicable in all States. A new clause has also been added to the Sugarcane (Control) Order, 1966, to discourage the State Governments from announcing State Advised Prices (SAP) of sugarcane. In case any State Government do so, it has to bear the financial impact of the difference between the 'FRP' and SAP. The amendments to the Sugarcane Control Order, 1966 have come into force from 22.10.2009. A copy each of the Essential Commodities (Amendment and Validation) Ordinance, 2009 promulgated on 21.10.2009 and the Order dated 22.10.2009 amending the Sugarcane (Control) Order, 1966 are also enclosed.
