Edible Oils

22. The domestic production of edible oil estimated at 68 lakh tonnes falls short of demand. The country is importing on an average 15 lakh tonnes of edible oils annually. There was a steep rise in the prices of edible oils in the current year. It was mainly due to a significant drop in domestic oilseed production in the current oil year, particularly in case of mustard and groundnut seeds and, higher international oil prices because of South-East Asian economic crisis. Ban on sale of loose edible oils due to adulteration further pushed up prices of edible oils. In order to increase availability and to moderate the high domestic prices, the import duty including additional custom duty has been reduced from 25 per cent to 15 per cent with effect from July 10, 1998. Imports are allowed under the Open General Licence (OGL). State Trading Corporation (STC) was authorised to import 1.5 lakh tonnes of edible oil to meet the requirement of States/UTs for distribution through the PDS. Some more imports on Government account were contemplated for distribution to States for PDS.

Sugar

23. The retail prices of sugar remained stable ranging from Rs. 14.50 to Rs. 17 per kg during the current year in the four principal markets of the country-Delhi, Mumbai, Calcutta, and Chennai. The retail issue price of sugar supplied through PDS was revised to Rs.12 per kg. from Rs. 11.40 w.e.f. January 28, 1999. At this retail issue price, the subsidy burden would still be Rs. 0.80 per kg. There was a deficit in levy sugar for distribution in the Public Distribution System in 1998-99. In order to meet the deficit, it was decided to purchase up to 12 lakh tonnes of indigenous free sale sugar from the sugar mills, depending upon the requirement, at market prices determined under an approved pricing formula. Government has actually purchased 8 lakh tonnes of indigenous free sale sugar for distribution under the PDS. By this decision, Government utilised the indigenously produced sugar for PDS distribution instead of importing sugar to meet the levy deficit. The estimated amount required for the purpose in the financial year 1998-99 is Rs. 498 crores which excludes the additional amount of subsidy that has to be given when the prices of levy sugar would be revised retrospectively with effect from October 1,1998.

24. In order to provide greater freedom to the entrepreneurs to take investment and technology upgradation decisions, Government has de-licensed sugar industry.

25. Annual consumption of sugar is estimated at 144 lakh tonnes, out of which about 46 lakh tonnes is supplied through PDS. After two successive years of low production-129.05 lakh tonnes in 1996-97 sugar season and 128.27 (prov.) lakh tonnes in 1997-98, this year's output is expected to touch 150 lakh tonnes.

26. Import of sugar is on OGL. Import duty of 5 per cent was raised to 20 per cent from January 14, 1999. Countervailing duty of Rs. 850 per tonne is also levied.

27. Sugar production and stock position in recent years is listed below :

Sugar Year (ending 30 Sept.)	Production (lakh tonnes)	Year end Stock (lakh tonne)
1994-95	146.43	54.95
1995-96	164.29	79.05
1996-97	129.05	66.01
1997-98	128.27	53.70
1998-99	150.0*	58.90*

* anticipated