

F. No. 6-1 (2021)-SC  
Government of India  
Ministry of Consumer Affairs, Food and Public Distribution  
Department of Food and Public Distribution  
(Directorate of Sugar & Vegetable Oils)

Krishi Bhawan, New Delhi.  
Dated:- 5<sup>th</sup> February, 2021

To,

CEOs/MDs of all Sugar Mills.

**Subject:- Compliance of Minimum Selling Price (MSP) for sale of Sugar in domestic market alongwith imposition of monthly stock holding limits on sugar mills.**


Sir/Madam,

The Central Government with a view to manage the situation of surplus production in the country and to stabilize the sugar prices with a view to clear cane price arrears of farmers notified Sugar Price (Control) Order 2018, on 07.06.2018 for fixing minimum selling price for sale of sugar alongwith imposition of monthly stock holding limits on sugar mills.

2. Minimum Selling Price (MSP) of sugar was introduced to prevent cash loss to sugar mills and monthly stock holding limit is being imposed to maintain demand-supply balance in the domestic market. The limit of sales/dispatch of all sugar mills are determined based on a very well defined and uniform criteria based on stock held by the sugar mills along with incentive given on diversion of sugar to ethanol and on account of export. Objective of imposing the stock holding limit on sugar mills is to ensure that a level playing field is provided to all sugar mills. Further, stock limit on sugar mills are being imposed in such a manner that release of sugar from the mills are restricted to the extent of consumption requirement of the country so that the sugar price remains stable at a reasonable level.
3. Sale of sugar by sugar mills in domestic market below MSP and in excess of monthly quota allocated to mill would dislodge the entire steps taken by the Government for survival of sugar industry and may result in accumulation of cane price arrears of farmers.
4. All the sugar mills are therefore, directed not to sell sugar in the domestic market below the MSP i.e. Rs. 3100/- per quintal and to ensure strict compliance of monthly Stock holding limit orders issued by Directorate of Sugar and Vegetable Oils, for sale of sugar in the domestic market.
5. State Governments have also been requested to monitor the sale of sugar by mills in the domestic market and in case of any violation by mills, States have been directed to take necessary action against the defaulting mills under the provisions of Essential Commodities Act, 1955. All sugar mills are therefore, advised for strict

compliance of monthly stock holding limit and MSP of sugar. In case it is found that any mill has not complied with these directions, the excess quantity sold by sugar mills along with some additional quantity as decided by Directorate would be deducted from monthly release quota from March, 2021 onwards and further necessary action as deemed fit would also be taken against such sugar mills.

Yours faithfully,

  
(Jitender Juyal)  
Joint Director  
Tele: 23097059

**Copy to:**

1. Principal Secretaries (Sugar and Sugarcane Development)/Cooperation of sugar producing States.
2. Cane Commissioners of sugar producing States.
3. ISMA/NFSCF with the request to advise their member sugar mills for strict compliance.