

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: 26 December, 2022

To,
The CEOs/MDs of all Sugar Mills.

Subject: Methodology for the calculation of monthly stock holding limit for the Sugar Season 2022-23.

Sir/Madam,

In exercise of powers conferred by Section 3 of the Essential Commodities Act, 1955 (10 of 1955) read with clause 4 and 5 of the Sugar (Control) Order, 1966 and Order of the Government of India, Department of Food & Public Distribution vide S.O. No.2347 (E) dated 07.06.2018, with a view to maintain the demand supply position and to stabilize ex-mill prices of sugar and also to ensure sufficient availability for domestic consumption monthly release quota for domestic sale by sugar mills is allocated to sugar mills on the basis of stocks held by them, export performance and diversion of sugar to ethanol.

2. In order to ensure that the monthly domestic release quota is evenly distributed among sugar mills across the country, following parameters will be taken into account for allocation of the maximum quantity of white/refined sugar to be sold by the sugar mills in the domestic market from the month of January 2023 onwards:
- a. The Stock holding limit for a month will be worked out on the basis of giving 100% weightage to the month end notional stock of the preceding month. The notional month-end stock for a month would be calculated on the basis of the previous month end actual stock as reported in P-II, further adding the sugar lifted from sugar mills since 1st November, 2022 as per 4.3 Column of P-II and subtracting actual release of the preceding month of the month for which stock holding limit is being issued.
 - b. Benefit on account of export would be given for sugar lifted on or after 1st November, 2022 by adding the quantity exported since 01.11.2022 to the notional stock.
 - c. Further, incentive in lieu of sugar sacrificed for producing ethanol would also be given to sugar mills. 100% incentive on sugar sacrificed for producing ethanol from B-heavy molasses/sugarcane juice/sugar syrup/sugar will be given. Incentive for diversion of sugar towards ethanol production will be calculated in following manner:

Ethanol Produced	Incentive Given
1 KL from B-Heavy	Sugar Sacrificed – 1 MT, therefore incentive would be 1 MT (100% incentive on sugar sacrificed)
1 KL from Sugarcane juice, syrup, etc.	Sugar Sacrificed – 1/0.6 MT, therefore incentive would be 1.67 MT (100% incentive on sugar sacrificed.)

It may be noted that the above calculation is only for the incentive under this letter and not for calculation of sugar recovery of respective sugar mills.

- d. **Detailed example in this regard for the month of January, 2023 is as below:**
- i. Stock holding limit for January, 2023 will be worked out on the basis of giving 100% weightage to the month end notional stock for the month of December, 2022.
 - ii. The notional month-end stock for the month of December, 2022 will be worked out on the basis of month end actual stock for November, 2022 (as reported in P-II), further adding the sugar lifted from sugar mills since 1st November, 2022 for export as per 4.3 Column of P-II and subtracting actual release for December, 2022.
 - iii. Besides, 100% incentive in lieu of sugar sacrificed for producing ethanol from B-heavy molasses/sugarcane juice/sugar syrup/sugar may be given corresponding to the reported ethanol production for November, 2022.

Thus, monthly stock limit for January 2023 will be calculated based on Month end notional stock for Dec 2022 i.e.

(Month end actual stock as on 30.11.2022 as reported in P II)

+ *sugar dispatched for export since 01.11.2022*

- *Actual release given for Dec 2022)*

+ 100% incentive on sugar sacrificed for ethanol production during November 2022, if any.

3. The methodology mentioned above may be modified with approval of the Competent Authority without any prior notice.

Yours faithfully,



(Sangeet)

Director (Sugar)

Tele: 23383760

Copy to:

Cane Commissioners/Director of Sugar of Concerned State Governments.