

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

STARRED QUESTION NO:300
ANSWERED ON:03.09.2007
SUGARCANE GROWERS
Gaddigoudar Shri P.C.

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether sugarcane prices paid to farmers varies from one State to State;
- (b) if so, the details thereof, State-wise and the reasons therefor;
- (c) whether any study has been conducted to ascertain the problems being faced by sugarcane farmers and sugar factories;
- (d) if so, the details thereof; and
- (e) the steps taken to mitigate these problems and to ensure uniform price to sugarcane farmers?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (SHRI SHARAD PAWAR)

(a),(b),(c),(d) & (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE STARRED QUESTION NO. 300 DUE FOR ANSWER ON 03.09.2007 IN THE LOK SABHA.

(a): Statutory Minimum Price (SMP) of sugarcane is fixed by the Government which is applicable to the whole of the country. However, SMP payable to the cane growers by sugar factories varies from factory to factory, based on the recovery of sugar of each factory.

Some of the States, however, announce State Advised Price (SAP) for payment of sugarcane price to growers by sugar factories which are generally higher than the SMP fixed by the Central Government.

(b): The SMP payable to the sugarcane farmers is fixed factory-wise and not State-wise. The SMP payable by sugar factories (in respect of those factories who have furnished required information) for the sugar year 2006-07 has been published in the Gazette of India on 22nd December, 2006 and 30th May, 2007 which have been laid on the Table of the Lok Sabha on 12th March, 2007 and 20th August, 2007, respectively.

SAPs announced by the State Governments for the sugar season 2006-07 as reported are as follows:-

State SAP (Rs. Per quintal)

Punjab 132.00 (early varieties)
 128.00 (mid varieties)
 126.00 (late varieties)

Haryana 138.00 (early varieties)
 128.00 (mid varieties)
 124.00 (late varieties)

Tamil Nadu 102.50 (linked to 9% with
 increase of Rs.0.90 for
 every one point increase
 in recovery above 9%).

Uttar Pradesh 130.00 (early varieties)

125.00 (other varieties)

Uttrakhand 130.00 (early varieties
125.00 (other varieties)

(c): The Government has not conducted any such study.

(d): Does not arise.

(e): The SAPs, announced by the States, are seldom based on any economic criteria. Due to the high SAPs, farmers are attracted to shift their cultivation to sugarcane which leads to higher production of cane and sugar much beyond the needs of the economy resulting in depressed sugar prices. This results in losses to sugar factories and in accumulation of sugarcane price arrears. After a few sugar seasons, it results in sharp drop in sugarcane area resulting in fall in sugar production and consequent rise of prices. This contributes to significant volatility to sugarcane and sugar prices. To moderate the situation, the Central Government had, while giving `one time assistance` to the States in January, 2004 and while giving permission to raise `additional open market borrowings` for payment of cane price arrears during March, 2004 to December, 2005, prescribed that States would not announce SAP if they are to avail the benefit. Some States continued to announce the SAP.

In view of the above, it has not been possible to ensure payment of uniform price to the sugarcane farmers.