

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

STARRED QUESTION NO:1
ANSWERED ON:23.02.2010
RISE IN SUGAR PRICES
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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the prices of sugar continue to spiral despite the steps taken including easing of imports and crackdown on hoarding and black-marketing;
- (b) if so, the details thereof and the reasons therefor;
- (c) the quantum and prices of sugar exported/imported during each of the last three years; and
- (d) the remedial steps taken/proposed to be taken to check the soaring prices of sugar in the country alongwith the achievements made therein?

Answer

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

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE STARRED QUESTION NO.1 DUE FOR ANSWER ON 23.02.2010 IN THE LOK SABHA.

(a) & (b): The price of non-levy sugar (free-sale sugar) in the open market depends upon production, demand and supply of sugar, international prices, market sentiments etc. The prices have increased due to interplay of market sentiments and demand-production gap. They have also decreased responding to the measures taken by Government to augment domestic availability of sugar and enforce stock holding limits. As on 19.02.2009, prices of sugar are showing declining trend as compared to prices prevailing in the previous month as indicated below:-

Date Ex-mill prices of S-30 Retail price in Delhi
grade of sugar(in Rs. Per quintal) (in Rs. per kg.)

Maharashtra U.P. Delhi

15.01.2010 3650-3670 3890-3940 47.00

01.02.2010 3825-3845 4090-4240 43.00

15.02.2010 3390-3440 3650-3690 43.00

18.02.2010 3250-3280 3580-3600 43.00

(c): There has been no export or import of sugar on Government account during the last three sugar years (October-September). It is the sugar mills or Public Sector Undertakings or merchant importers/ exporters who have undertaken export or import of sugar as per their commercial prudence. The international sugar prices of export or import have varied from time to time. The quantum of export and import of sugar during the last three sugar years was as under:-

Sugar Year Quantity exported(in lac tons) Quantity imported(in lac tons)

2006-07 24.91 0.005

2007-08 58.22 0.004

2008-09 2.165 10.97

Source: DGCIS, Kolkata

(d): The Central Government has taken a slew of measures to augment domestic stocks of Sugar and to check rise in sugar prices which, inter-alia, include permitting duty-free import of raw and white/refined sugar upto 31.12.2010, imposition of stockholding and turnover limits on sugar dealers, stockholding limit on bulk consumers of sugar and suspension of futures trading in sugar upto June 2010 etc. as given in Annexure-I. These measures have helped to contain sugar prices in the country.

ANNEXURE-I

ANNEXURE REFERRED TO IN REPLY TO PART (d) OF THE STARRED QUESTION NO.1 DUE FOR ANSWER ON 23.02.2010 IN THE LOK SABHA.

STEPS TAKEN TO AUGMENT AVAILABILITY OF SUGAR AND MODERATE SUGAR PRICES IN 2008-09 AND 2009-10 SUGAR SEASONS

Allowed duty-free import of raw sugar under Advance Authorization Scheme by sugar mills on ton-to-ton basis with effect from 17.02.2009 upto 30.09.2009.

Allowed duty-free import of raw sugar by sugar mills under Open General License with effect from 17.04.2009 and opened up to private trade from 31.07.2009 for being processed by domestic factories on job basis. Presently, this facility is in force upto 31.12.2010.

Allowed duty-free import of white/refined sugar by STC/MMTC/PEC and NAFED upto 1 million tons with effect from 17.04.2009 and opened up to other Central/State Government agencies and private trade in addition to existing designated agencies with effect from 31.07.2009. Presently, this facility is in force upto 31.12.2010 with out any quantative cap.

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 organizations, but sugar processed from imported raw sugar is subject to accelerated releases.

States have been requested to waive VAT on imported white/refined sugar so as to make the imports competitive.

The levy obligation on sugar factories has been enhanced from 10% to 20% of production for 2009-10 sugar season only.

Stockholding and turnover limits on sugar dealers were imposed vide notification dated 12.03.2009. Further, khandsari sugar has been brought under the ambit of stockholding and turnover limit from 16.07.2009. Presently these limits are in force upto 30.09.2010.

An order has been issued vide notification dated 22.08.2009 imposing 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 their requirement. The notification has come into effect from 19.09.2009. The stockholding limit has been lowered to ten days, and the revised limit has been notified on 05.02.2010 to come into effect from 20.02.2010 and will continue for a period of 180 days thereafter i.e. upto 18.08.2010.

Futures trading in sugar in domestic exchanges has been suspended w.e.f 27th May 2009 to curb any possible speculative tendency. Currently, this is in force upto June, 2010.

Monthly quotas of non-levy sugar for sale by sugar mills in open market, have been sub-divided into fortnightly and periodically weekly targets for sale to ensure even flow of sugar into open market.