

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

UNSTARRED QUESTION NO:178
ANSWERED ON:23.02.2010
PROFIT TO SUGAR COMPANIES
Das Gupta Shri Gurudas

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

- (a) whether sugar companies in the country are likely to book huge profits due to the abnormal rise in prices of sugar in the recent past;
- (b) if so, the details thereof and reaction of the Government thereto;
- (c) whether sugarcane farmers did not benefit from the price rise as there was no corresponding change in the prices of sugarcane during the said period; and
- (d) if so, the details thereof and the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a)&(b): The profit or loss of a company depends upon a number of factors like realization from sale of its product/s, the marketing strategy, management efficiency etc. As such, it is not possible to quantify or specify that the profits sugar companies have made or are likely to make, are due to rise in price of sugar alone; though it can be stated that rise in prices of sugar will have a positive impact on profits if other costs remain the same.

(c)&(d): Under the provisions of the Sugarcane (Control) Order, 1966, the farmers are entitled to receive fair and remunerative price (FRP) as fixed by the Central Government. For the current sugar season 2009-10, the Central Government has fixed the FRP at Rs.129.84 per quintal linked to 9.5% recovery level with increase of Rs.1.37 for every 0.1% point increase in the recovery above 9.5%. This is the benchmark price only below which no sugar factory can purchase sugarcane from sugarcane farmers. However, the farmers are receiving cane price much above the FRP on account of lower production of sugarcane and firm sugar prices in the current sugar season.