

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

UNSTARRED QUESTION NO:199
ANSWERED ON:23.02.2010
SHORTAGE OF SUGAR
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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether excessive exports of sugar in 2006-2007 and 2007-2008, coupled with inability to assess the emerging trends in sugar production, decrease in cane cultivation area and cane price arrears have been responsible for the downturn in cane availability and sugar production, and the consequent price rise;

(b) if so, the details thereof; and

(c) the remedial steps being taken to correct the situation in future?

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 Central Government encouraged export of sugar in 2006-07 and 2007-08 sugar seasons with a view to liquidate surplus stocks of sugar and improve financial capacities of sugar mills to pay cane price including cane price arrears to sugarcane farmers so as to sustain the interest of sugarcane farmers in cultivation of sugarcane. As regards assessing the emerging trends in sugar production, the Central Government interacted with the Cane Commissioners of major sugarcane producing States from time to time to assess sugar production in 2008-09 sugar season and made appropriate changes in sugar policy. The possible reasons for downturn in cane availability and sugar production in 2008-09/2009-10 sugar seasons and the consequent price rise are given below:

- a. reported shortfall in both acreage and productivity of sugarcane;
- b. delay and deficiency of rains in the south and un-seasonal rains elsewhere;
- c. shift in acreage from sugarcane to other foodgrain crops;
- d. more diversion of sugarcane to gur and khandsari units; and
- e. fall in recovery rate due to less sucrose content in sugarcane.

(c): The Central Government with a view to enhance production of sugar has taken steps to increase area under sugarcane and its production as well as sugar production as indicated at Annexure.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (c) OF THE UNSTARRED QUESTION NO.199 DUE FOR ANSWER ON 23.02.2010 IN THE LOK SABHA.

Steps taken by the Government to increase area under sugarcane and sugarcane production.

(a) The Central Government has now fixed the Fair & Remunerative Price (FRP) of sugarcane payable by sugar mills for 2009-10 sugar season at Rs.129.84 per quintal linked to a basic recovery rate of 9.5% subject to a premium of Rs.1.37 per quintal for every 0.1 percentage point increase in recovery above that level. Hitherto, the Central Government was fixing the Statutory Minimum Price (SMP) of sugarcane. This FRP is substantially high over the SMP of 2008-09 sugar season which was Rs.81.18 per quintal, with an additional premium of Rs.0.90 for every 0.1% point increase in the recovery above 9%.

(b) The Sustainable Development of Sugarcane Based Cropping System (SUBACS) is one of the components of Centrally Sponsored Scheme (CSS), namely Revised Macro Management of Agriculture Scheme (RMMA). The main thrust of SUBACS is on the transfer of improved production technology to the farmers through field demonstrations, training of farmers, supply of farm implements, enhancing production of planting materials, efficient use of water, treatment of planting materials etc.

(c) The Central Government provides Concessional loans at an interest rate of 4% per annum to sugar factories from Sugar Development Fund (SDF) for modernization of plant and machinery, expansion of crushing capacity, utilization of by-products viz. bagasse for co-generation of power and molasses for production of ethanol, upgradation of technology and sugarcane development

including better irrigation facilities, improved seed variety, ratoon management etc.

(d) A short term scheme has been announced for cane development in the current financial year under which loans of Rs.1.0 to 2.5 crore at 4% simple interest from the Sugar Development Fund (SDF) will be available to sugar factories depending upon their crushing capacity, for purchase of seeds, fertilizers and pesticides etc. to be passed on to the farmers at the same rate of interest.

(e) To optimize processing of raw sugar along with cane juice to produce white sugar, a scheme has been introduced in the current financial year for loans from SDF at 4% simple interest to be given to sugar factories to install balancing equipment so as to maximize availability of processed sugar from imported raw sugar in 2009-10 sugar season.