

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

UNSTARRED QUESTION NO:894

ANSWERED ON:02.03.2010

BUFFER STOCK OF SUGAR

Baitha Shri Kameshwar ;Gawali Patil Smt. Bhavana Pundlikrao ;Yadav Shri Om Prakash

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

- (a) the details of norms fixed for holding buffer stock and the present buffer stock/stocks of sugar in the country;
- (b) whether assistance is being provided from the Sugar Development Fund for maintenance of the buffer stocks;
- (c) if so, the details thereof;
- (d) whether any limit has been prescribed for retention of sugar stocks by the sugar mills;
- (e) if so, the details thereof;
- (f) whether cases of violations of the said limit have been reported recently; and
- (g) if so, the details thereof and the follow up action taken thereon?

Answer

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

(a): The Central Government creates buffer stock when there is excess production of sugar which results in decline in prices of non-levy sugar constraining the capacities of the sugar factories to pay cane price including cane price arrears. The quantum of buffer stock to be created and the period for which the buffer stock is to be maintained is decided having regard to the stock of sugar held with the sugar factories, the prospects of sugar production, the requirement of sugar for consumption within the country and export.

The Central Government had created a buffer stock of 20 lac tons (1st buffer) and another buffer stock of 30 lac tons (2nd buffer) for a period of one year from 01.05.07 to 30.04.08 vide notification dated 20.04.07 and from 01.08.07 to 31.07.08 vide order dated 01.08.07, respectively. Both the buffer stock were dismantled on their due dates.

(b)&(c): Yes Madam, Under the buffer subsidy scheme, the sugar factories are reimbursed the interest charges @12% or the actual interest rate charged by the bank, whichever is lower and insurance and storage charges @1.5%, for the quantity maintained as buffer stock out of Sugar Development Fund, which is to be utilized for cane price payment as first priority.

(d) & (e): The buffer stock is allocated to a sugar factory on pro-rata basis, on the basis of criteria decided by the Central Government. However, it is optional for the sugar factory to maintain the buffer stock and payment of buffer subsidy is restricted to quantity allocated to a sugar factory.

(f)&(g): As per SDF Rules, the buffer stocks were required to be maintained for complete duration i.e. one year and after its dismantling, the buffer stocks of sugar were to be sold in domestic market only. However, three instances have come to notice, where, the sugar factories have exported the buffer stock and therefore, they were penalized for violation of the norms and buffer subsidy was disallowed to those sugar factories.