

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

STARRED QUESTION NO:179  
ANSWERED ON:09.03.2010  
DECLINE IN SUGAR PRODUCTION  
Pal Shri Jagdambika;Singh Shri Brij Bhushan Sharan

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

- (a) whether the sugar output has dropped in the country during the last few years;
- (b) if so, the details thereof alongwith the reasons therefor indicating the total production during each of the last three years and the current year;
- (c) whether the sugar industry has sought some incentives from the Union Government to tide over the looming crisis and to increase production;
- (d) if so, the details thereof and the reaction of the Government thereto;and
- (e) the steps taken to increase production and improve availability of sugar in the domestic market?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF THE STATE IN THE MINISTRY 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.179 DUE FOR ANSWER ON 09.03.2010 IN THE LOK SABHA.

(a) & (b): Yes, Sir. Sugar production has dropped in 2008-09 and 2009-10 sugar seasons (October – September). This was largely on account of reduced acreage and availability of sugarcane for producing sugar. Sugar production during the last three sugar seasons and the estimated production in the current sugar season is as under:

Sugar Season  
Production (in lac Tons)

2006-07 282

2007-08 263

2008-09(Provisional) 147

2009-10(Estimated) 160

(c) and (d): Sugar industry in their pre-Budget memorandum, addressed to Ministry of Finance, sought certain direct and indirect tax incentives which have been considered by the Government and appropriate decisions taken in the annual budget.

(e): The Central Government has taken a number of measures to increase production of sugar and increase availability of sugar in domestic market. Details are at Annexure-I and II respectively.

ANNEXURE-I

ANNEXURE REFERRED TO IN REPLY TO PART (e) OF THE STARRED QUESTION NO.179 DUE FOR ANSWER ON 09.03.2010 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 higher than 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. baggasse 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) are made 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 sugar factories to install balancing equipment so as to maximize availability of processed sugar from imported raw sugar in 2009-10 sugar season.

#### ANNEXURE-II

ANNEXURE REFERRED TO IN REPLY TO PART (e) OF THE STARRED QUESTION NO.179 DUE FOR ANSWER ON 09.03.2010 IN THE LOK SABHA.

#### STEPS TAKEN TO AUGMENT AVAILABILITY OF SUGAR AND CONTROL 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 September, 2010.