

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

UNSTARRED QUESTION NO:3146

ANSWERED ON:16.03.2010

PRODUCTION OF SUGAR

Badal Harsimrat Kaur;Dhurve Jyoti;Reddy Shri K. Jayasurya Prakash;Singh Shri Pashupati Nath

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

- (a) whether excess production of sugar till 2008 sugar season has led to huge losses to the sugar mills and farmers alike and consequent decline in the production during 2009;
- (b) if so, the details thereof and the reasons therefor indicating the percentage increase/decrease in production during each of the last five years;
- (c) whether the production and price of sugar in the country has moved in tandem with international production and prices;
- (d) if so, the details thereof, and if not, the reasons therefor; and
- (e) the steps taken/policy formulated to break this vicious cycle and ensure remunerative price to the farmers and sugar mills?

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): There was excess production of sugar in 2006-07 and 2007-08 sugar seasons resulting in decline in sugar prices which constrained the capacities of sugar mills to pay cane price including cane price arrears. The Central Government does not monitor the profits and loss accounts of sugar mills. As regards losses to farmers, the Central Government for 2008-09 sugar season fixed the Statutory Minimum Price (SMP) of sugarcane at Rs. 81.18 per quintal linked to a basic recovery rate of 9% with an additional premium of Rs.0.90 for every 0.1% point increase in the recovery above 9% and there are no reports received from any quarter that the farmers have not been paid the Statutory Minimum Price (SMP) fixed by the Central Government. Hence, there is no question of loss to sugarcane farmers. The Percentage increase / decrease in sugar production during each of the last five sugar seasons are as follows:-

Sugar Season Sugar Production % Increase/decrease over

(Oct.-Sept) (In lac tons) preceding season.

2004-05 136.60 -

2005-06 193.21 (+) 41.44

2006-07 282.00 (+) 45.96

2007-08 263.00 (-) 6.74

2008-09 146.80 (-) 44.19

(c) & (d): India is second largest producer and largest consumer of sugar in the world. Any increase or decrease in production of sugar in India affects the global production and prices. During the last sugar season 2008-09, the production in India declined considerably with the result that global production also declined and sugar prices both in the domestic and international market increased.

(e): As a step towards breaking the vicious cycle of high and low production of sugarcane every 2 to 3 years and to ensure

remunerative cane price to farmers, the Central Government has replaced the concept of Statutory Minimum Price (SMP) with that of 'Fair and Remunerative Price' (FRP) of sugarcane vide amendment dated 22.10.2009 made in the Sugarcane (Control) Order, 1966. The FRP of sugarcane payable by sugar mills for 2009-10 sugar season has been fixed 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. This FRP is substantially high over the SMP of 2008-09 sugar season. It will also help the sugar mills, as the FRP instead of SMP, will be taken into account in determination of the ex-factory levy sugar price for 2009-10 season.