

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

UNSTARRED QUESTION NO:6224

ANSWERED ON:04.05.2010

SUGARCANE CRUSHING

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

- (a) whether the period of sugarcane crushing has been reduced resulting in low production of sugar;
- (b) if so, the details thereof and the reasons therefor alongwith the remedial steps taken in this regard;
- (c) the production and demand of sugar during each of the last three years and the estimated production during the ensuing season; and
- (d) the steps taken by the Government for facilitating import and processing of raw sugar in the country?

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 period of sugarcane crushing depends upon level of sugarcane production and drawal rate. Due to decline in sugarcane production in 2008-09 sugar season and higher diversion of sugarcane to gur and khandsari units, the sugarcane crushing period got reduced resulting in low production of sugar as indicated below:

Sugar season	Period of crushing (days)	Sugar production (lac tons)
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2006-07	173	282
2007-08	150	263
2008-09 (prov)	104	147

The Central Government has taken a number of remedial steps to increase sugarcane and sugar production in the country as detailed at Annexure.

(c): The production and estimated demand of sugar during each of the last three sugar seasons (October-September) are given below: -

Sl.No.	Particulars	Sugar Season		
		2006-07	2007-08	2008-09 (P)

1. Production	282	263	147
2. Demand	191	205	220

No estimate of sugar production for the ensuing season 2010-11 has been made so far.

(d): The Central Government 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 and under Open General License with effect from 17.04.2009, and opened such import to private trade from 31.07.2009 for being processed by domestic factories on job basis progressively in stages upto 31.12.2010 without any quantitative cap. Due to restrictions imposed in November'2009 by the Government of Uttar Pradesh on transportation and movement of imported raw sugar in the state, processing of imported raw sugar was affected. Further, as a special measure Central Government vide Department of Revenue letter dated 12.01.2010 relaxed the conditions under the Central Excise Rules to enable sugar mills to process raw sugar in sugar mills outside Uttar Pradesh till 30.06.2010. Subsequently, in view of the continued difficulties being faced by importers of raw sugar to move imported stocks to Uttar Pradesh for refining, the Central Government vide the circular dated 10.02.2010 allowed one time outright sale upto 31.12.2010 in respect of raw sugar imported upto 30.06.2010.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (a) & (b) OF THE UNSTARRED QUESTION NO.6224 DUE FOR ANSWER ON 04.05.2010 IN THE LOK SABHA.

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

(a) The Central Government 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, subject to a 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, upgradation of technology, utilization of by-products viz. baggasse for co-generation of power and molasses for production of ethanol, and sugarcane development including better irrigation facilities, improved seed variety, ratoon management etc.

(d) A short term scheme was announced in July, 2009 for giving loans for cane development in 2009-10 financial year, under which loans of Rs.1.0 to 2.5 crore at 4% simple interest from the Sugar Development Fund (SDF) was available to sugar factories, depending upon their crushing capacity, for purchase of seeds, fertilizers and pesticides etc. The loan was required to be passed on by the sugar factories to the farmers at a maximum rate of interest of 4%.