

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

UNSTARRED QUESTION NO:1100

ANSWERED ON:01.03.2011

DECLINE IN SUGAR PRODUCTION

Nahata Smt. P. Jaya Prada;Reddy Shri Komatireddy Raj Gopal;Shekhar Shri Neeraj;Singh Shri Yashvir

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

- (a) whether there is a wide variation in estimates of sugar production made by the Government and the industry;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has lifted the ban on futures trading and export of sugar despite projections of decline in production of sugar by the Indian Sugar Mills Association;
- (d) if so, the details thereof and the reasons therefor;
- (e) whether the said move is likely to lead to a further rise in sugar prices; and
- (f) if so, the details thereof and the corrective steps taken in this regard?

**Answer**

MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) & (b) No, Madam. The Central Government has provisionally estimated production of sugar in the current sugar season 2010-11(October-September) at about 245 lac tons whereas apex bodies of the sugar industry viz., Indian Sugar Mills Association (ISMA) and National Federation of Cooperative Sugar Factories Ltd.(NFCSF) have estimated it at 250 lac tons. As such, there is no wide variation in estimates of sugar production made by the Government and the Industry.

(c) & (d) No, Madam. Indian Sugar Mills Association has not reported to the Government any projected decline in production of sugar. The Government did not impose ban on futures trading in sugar. It is the Forward Markets Commission (FMC) which suspended futures trading in sugar w.e.f. 27.05.2009 and resumed it w.e.f. 27.12.2010. As regards export of sugar, the Government did not impose ban on its exports; as such the question of lifting the ban does not arise. Export of sugar is regulated through export release orders issued by the Directorate of Sugar in the Department of Food and Public Distribution. The Central Government has currently allowed Advance Authorization holders who imported raw sugar from 21.09.2004 to 15.04.2008 and 17.02.2009 to 30.09.2009 on 'ton-to-ton' basis to export sugar to fulfill their balance export obligation.

(e) & (f) Sugar prices in the open market depend upon a number of factors viz., production, supply, demand and market sentiments, market expectations etc. The ex-mill price of S-30 Grade sugar in Maharashtra and Uttar Pradesh, the two major sugar producing states, on 27.12.2010, the day on which futures trading in sugar was resumed, on 27.01.2011, i.e one month after its resumption and on 23.02.2011 was as under:

(in Rs./quintal)

Sr. No.	Name of the State.	Ex-mill prices.
		27.12.2010 27.01.2011 23.02.2011

1. Maharashtra 2780-2800 2620-2640 2600-2620

2. Uttar Pradesh 2940-2990 2840-2860 2750-2865

The above table indicates that ex-mill prices have declined after resumption of futures trading in sugar. As such, it is not possible to establish any direct correlation between futures trading in sugar and sugar prices.