

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

UNSTARRED QUESTION NO:4472
ANSWERED ON:30.08.2011
PRICE OF SUGAR
Jigajinagi Shri Ramesh Chandappa

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

- (a) whether the ex-mill price of sugar in the country has been lower than the average cost of production of sugar for a large part of the 2010-11 sugar season;
- (b) if so, whether this has led to mounting cane price arrears to about Rs. 3000 crore by April 2011; and
- (c) if so, the details thereof and the steps taken by the Government to help the sugar industry to clear the cane price arrears of farmers?

Answer

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

(a) & (b): The ex-mill price of sugar depends on a number of factors viz., domestic demand and supply, international prices of sugar, market sentiments etc. As regards cost of production, it varies from mill-to-mill depending upon the efficiency of its plant & machinery and technology used, size of the plant, facilities set up for production of ethanol and co-generation of power and management practices etc. However, it is the endeavor of the Central Government to maintain the price of sugar in the open market, through the policy of regulated release mechanism, at reasonable level which enables sugar mills to pay remunerative cane price to sugarcane farmers and is also fair to consumers. As on 15.06.2011, the cane price arrears is Rs. 1656 crore for the current sugar season which is just 3.89 % of the total cane price payable.

(c): The Central Government under Sugarcane (Control) Order 1966 has delegated powers to State Governments/UT Administrations for enforcing the timely payment of cane price arrears. Some of the State Governments have issued Show Cause Notices/Revenue Recovery Certificates to the defaulting sugar mills and also issued directives to the mills to ensure timely payment of cane price to farmers. Further, Central Government has allowed export of 26.18 lac tones of sugar under various categories to augment the liquidity of the sugar factories, so as to enable them to settle cane price dues/arrears in the current sugar season.