

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

UNSTARRED QUESTION NO:5635
ANSWERED ON:30.04.2013
PRODUCTION COST OF SUGAR
Rana Shri Jagdish Singh

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

- (a) whether production cost of sugar in some States is quite high;
- (b) if so, the details thereof and the reasons therefor indicating the production cost of sugar in various parts of the country, State-wise;
- (c) whether price of sugar is affected due to it; and
- (d) if so, the details thereof and the steps being taken by the Government to reduce the production cost of sugar?

Answer

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

(a) & (b): The production cost of sugar depends upon various factors like availability of adequate raw material, recovery from sugarcane, duration of the season, plant size, efficiency of plant, up-gradation and diversification, cost of working capital, managerial efficiency etc. Besides, the factors like State Advised Price of sugarcane, control of molasses etc. which affect cost of production substantially, are decided by the State Governments concerned. Therefore, the production cost varies from factory to factory as also from state to state. As such, it is not possible to indicate the state-wise production cost of sugar and the Central Government does not maintain the data in this regard.

(c) & (d): Yes Madam. However, the price of sugar also gets affected by the factors of domestic demand and supply situation, market sentiments, trends of international prices and production etc. It is the responsibility of the entrepreneur concerned to take necessary steps to reduce production cost in respect of private sector sugar mills and that of the State Governments/ UT Administration in the case of the public and cooperative sugar mills. The Central Government extends concessional loans from Sugar Development Fund (SDF) for

- (i) modernization/rehabilitation of plant and machinery
- (ii) sugarcane development
- (iii) production of ethanol from molasses and
- (iv) Bagasse-based cogeneration projects.