

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

UNSTARRED QUESTION NO:1427

ANSWERED ON:03.08.2010

INCREASE IN PRODUCTION OF SUGAR

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

- (a) whether the production of sugar during the ensuing sugar season is estimated to be in excess of its demand in the country;
- (b) if so, the details thereof;
- (c) whether the Government proposes to impose import duty on sugar in view of increased production;
- (d) if so, the details thereof and its likely impact on availability and price of sugar in the country;
- (e) the sugar exported and revenue earned therefrom during the current year; and
- (f) the steps taken to boost production of sugar and sugarcane 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): As per preliminary estimates furnished by the Cane Commissioners of major sugar producing States, the production of sugar is expected to be about 230 lac tons against the estimated demand of around 230 lac tons during the ensuing sugar season 2010-11 (Oct.- Sept.).

(c) & (d): The Central Government may consider imposition of import duty on sugar at an appropriate time.

(e): The Central Government did not export sugar on its account during current financial year. It is the merchant importers/ exporters who are allowed to export sugar as per their own commercial prudence. As such, the Central Government does not maintain record about the revenue earned on this account. However, there is hardly any export of sugar during the current financial year so far.

(f): The Central Government has taken the steps to boost production of sugar and sugarcane in the country as given in the Annexure.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (f) OF THE UNSTARRED QUESTION NO.1427 DUE FOR ANSWER ON 03.08.2010 IN THE LOK SABHA.

The Central Government has taken the following steps to boost production of sugar and sugarcane in the country :-

(a) The Central Government has 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, with an additional premium of Rs.0.90 for every 0.1% point increase in the recovery above 9%.

The 'Fair & Remunerative Price' (FRP) of sugarcane for ensuing sugar season 2010-11 has also been announced at Rs.139.12 per quintal linked to a basic recovery rate of 9.5% subject to a premium of Rs.1.46 per quintal for every 0.1 percentage point increase in recovery above that level.

(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, utilization of by-products viz.

bagasse for co-generation of power and molasses for production of ethanol, upgradation of technology and sugarcane development including better irrigation facilities, improved seed variety, ratoon management etc.

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

(e) To optimize processing of raw sugar along with cane juice to produce white sugar, a scheme was introduced in the financial year 2009-10 for loans from SDF at 4% simple interest to be given to sugar factories to install balancing equipment so as to maximize availability of processed sugar from imported raw sugar in 2009-10 sugar season.