

GOVERNMENT OF INDIA  
MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION  
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

**RAJYA SABHA**  
UNSTARRED QUESTION NO. 559  
TO BE ANSWERED ON 14<sup>TH</sup> DECEMBER, 2018

**IMPACT OF FALL IN PRICE OF SUGAR**

559. SHRI R. VAITHILINGAM:

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

- (a) whether it is a fact that Government is considering to create 3 million tonne buffer stock of sugar and fixing a minimum ex-mill price to help cash-starved millers to clear the cane arrears which have surged to about ₹ 22,000 crore;
- (b) if so, the details thereof;
- (c) whether it is also a fact that this situation has been created due to sharp fall in sugar prices and record production; and
- (d) if so, the details thereof?

**A N S W E R**

MINISTER OF STATE FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION  
(SHRI C. R. CHAUDHARY)

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(a) & (b): With a view to improve the liquidity position of the sugar mills enabling them to clear cane price arrears of farmers and to stabilize domestic sugar price, the Central Government has created a buffer stock of 30 LMT of sugar for which Government will reimburse carrying cost of Rs.1175 crore towards maintenance of buffer stock. Further, in order to prevent cash loss and to facilitate sugar mills to clear cane dues of farmers in time, the Government has also fixed a minimum selling price of sugar at Rs.29/kg for sale at factory gate in domestic market, below which no sugar mill can sell sugar.

(c) & (d): Yes, Sir. Sugar production in the previous sugar season 2017-18 was about 322 LMT, which is much higher than the consumption of 255 LMT. The excess sugar production during the sugar season 2017-18 has adversely affected the market sentiments, due to which the ex-mill sugar prices in the domestic market have fallen sharply and came down in the range of Rs 24.50 to Rs. 26 per kg in the month of May, 2018. However, as a result of various interventions including creation of buffer stock and fixation of minimum selling price of sugar, undertaken by Government, the ex-mill prices of sugar has improved to Rs. 30 to 33 per kg. This has helped improving the liquidity position of sugar mills thereby reducing cane price arrears on State Advised Price (SAP) basis from the peaked level of Rs.23,232 crore to about Rs.4299 crore. On the basis of Fair and Remunerative Price (FRP), the arrears have come down to Rs.1564 crores from peaked level of Rs.14,538 crore.

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