

GOVERNMENT OF INDIA
MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION
LOK SABHA
UNSTARRED QUESTION NO.3243
TO BE ANSWERED ON 07TH AUGUST, 2018
BUFFER STOCK OF SUGAR

3243. SHRI NAGAR RODMAL:
SHRI A. ARUNMOZHITHEVAN:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री be pleased to state:

- (a) whether it is true that the Government is considering to create a sugar buffer stock of 3 million tonne and fixing a minimum ex-mill price to help cash starved millers clear cane areas which have surge to about Rs. 22,000 crore;
- (b) if so, the details thereof and if not, the reasons therefor; and
- (c) whether it is also true that this situation has been created due to sharp fall in sugar prices and record production and if so, the details thereof?

A N S W E R

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

(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 cane sell sugar.

(c): Yes, Madam. Sugar production in the current sugar season is estimated to be about 322 LMT, which is much higher than the estimated consumption of 250 LMT. The excess sugar production during the current sugar season 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 recently, the ex-mill prices of sugar has improved to Rs. 31 to 33 per kg. This has helped improving the liquidity position of sugar mills thereby reducing cane price arrears from the peaked level of Rs.23,232 crore to about Rs.16,028 crore on State Advised Price(SAP) basis.