

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

**LOK SABHA
UNSTARRED QUESTION NO.3468
TO BE ANSWERED ON 22ND MARCH, 2023**

LINKING SUGARCANE PRICES TO SUGAR PRICES

3468. SHRIMATI VANGA GEETHA VISWANATH:

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

- (a) the measures taken by the Government to link sugarcane prices to sugar prices to avoid the problem of sugar mills being unable to pay the entire compensation to farmers for buying sugarcane as recommended by the Task Force on Sugarcane and Sugar Industry (2020);**
- (b) whether the Government has looked into creating a staggered payment mechanism for sugarcane to help with the timely clearance of dues to the farmers;**
- (c) if so, the details thereof;**
- (d) whether the Government plans to increase the minimum selling price of sugar to Rs.33 per kg with a six months renewal plan to aid sugar mills to cover their cost of production and maintenance costs as suggested by the Task Force; and**
- (e) if so, the details thereof and if not, the reasons therefor?**

**A N S W E R
MINISTER OF STATE FOR MINISTRY OF RURAL DEVELOPMENT AND
CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SADHVI NIRANJAN JYOTI)**

(a) To link sugarcane prices to sugar prices, Revenue Sharing Formula, as proposed by the Task Force (constituted in NITI Aayog) on Sugarcane and Sugar Industry, has its genesis in the recommendations of Dr. Rangarajan Committee on de-regulation of sugar sector, which inter-alia, recommended that it would be fair to share the revenue created in the sugarcane value chain between sugarcane farmers and sugar factories in the ratio of their relative cost. As per the decision of the CCEA on 04.04.2013, the recommendations of Dr. Rangarajan Committee relating to adoption of Cane Price Formula have been left to the State Governments, as considered appropriate by them. So far, it has been partially adopted by the Governments of Maharashtra, Karnataka and Tamil Nadu.

.....2/-

(b) & (c): Task Force on Sugarcane and Sugar Industry as well as Commission for Agricultural Costs & Prices (CACP) have given various recommendations, including staggered payment mechanism for sugarcane. Accordingly, a Committee has been constituted to examine the ways to evolve the mechanism for implementation of these recommendations.

(d) & (e): In order to improve the liquidity of sugar mills; to facilitate clearance of cane price arrears of farmers and to prevent cash loss to mills, the Minimum Selling Price (MSP) of white/refined sugar was initially introduced during sugar season 2017-18 amid the then crisis of sugar sector. MSP of sugar was later revised from Rs. 29/ kg to Rs. 31/kg on 14.02.2019. It is a floor price and sugar mills may sell sugar at any price above MSP.

There have been an upside trend in sugar prices since sugar season 2020-21. In previous sugar season 2021-22 about 110 LMT of sugar was exported which is historically high and about 36 LMT of sugar was diverted to ethanol. In current sugar season 2022-23, the all India average ex-mill prices of sugar are in range of Rs. 32-35/kg, which is already above the MSP.
