



**GOVERNMENT OF INDIA
MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
RAJYA SABHA
QUESTION NO 346
ANSWERED ON 13.08.2012**

Artificial shortage of sugar

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SHRI SHIVANAND TIWARI

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

(a) whether it is a fact that the National Commodity and Derivative Exchange has contributed in price rise of sugar from 2,550 to 3,600 by creating the artificial shortage of sugar in the country;

(b) if so, Government's reaction thereto;

(c) whether Government has released extra quota of sugar to remove this sentiment from the market; and

(d) if so, the facts thereof and the quantum of sugar released

ANSWER

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

(a) & (b): The market price of sugar depends upon many factors like cost of raw material mainly sugarcane, conversion cost, domestic demand and supply situation, market sentiments, trend of international prices and production, etc. National Commodity & Derivatives Exchange (NCDEX) is an on-line multi commodity exchange offering contracts in 34 commodities including sugar which facilitates price discovery and price risk management. The recent increase in sugar prices is possibly on account of deficient monsoon leading to market's expectation of lower production in the ensuing 2012-13 sugar season and fluctuations in international sugar prices, etc.

(c) & (d): It is the endeavour of the Government to keep sugar prices stable through the policy of regulated release mechanism. To control rise in sugar prices, the Government have released extra quotas as under:-

(i) The unsold non-levy quota of about 2 lac tonnes from April to June quarter was allowed for sale in the open market upto 14.08.2012 on 13.07.2012;

(ii) Sugar mills have been directed to sell at least 70% of July-September quota by August, 2012 vide order dated 24.07.2012;

(iii) Additional quota of 2.66 lac tonnes has been released on 27th July, 2012 to be sold off by 31st August, 2012; and

(iv) Another additional quota of 4 lac tonnes has been released on 7th August, 2012 to be sold off by 31st August, 2012.

The quantum of sugar released by Government in the open market during each of the month from October, 2011 to August, 2012 is at Annexure.
