

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

UNSTARRED QUESTION NO: 44

ANSWERED ON:02.02.2022

Sugar Mill Condition

Rajeshbhai Naranbhai Chudasama

- (a) whether the Government is aware of the fact that sugar mills throughout the country are under critical financial condition;
- (b) if so, the steps taken by the Government to revive these sugar mills;
- (c) whether the Government has considered using sugarcane as bio-fuel to revive these sugar mills and to make them financially viable; and
- (d) if so, the details thereof?

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

ANSWER

A N S W E R

THE MINISTER OF STATE CONSUMER AFFAIRS, FOOD AND

PUBLIC DISTRIBUTION

(SHRI ASHWINI KUMAR CHOUBEY)

(a) & (b): In a normal sugar season, production of sugar is around 320-330 Lakh Metric Tonne (LMT) as against the domestic consumption of 260 LMT which results in huge carry over stock of sugar with mills. This excess stock of 60 LMT also leads to blockage of funds & affects the liquidity of sugar mills resulting in delayed payment of cane dues & ultimately resulting in accumulation of cane arrears. In order to find a long term solution to address the problem of excess sugar, Government is encouraging sugar mills to divert excess sugarcane to ethanol. Government has fixed target of 10% blending of fuel grade ethanol with petrol by 2022 & 20% blending by 2025. In sugar seasons 2018-19, 2019-20 & 2020-21, about 3.37 LMT, 9.26 LMT & 22 LMT of sugar diverted to ethanol respectively.

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Also, with a view to improve the liquidity position of sugar mills and to enable them to make timely payment of cane dues of farmers, Central Government had taken various measures viz. extended assistance to sugar mills to facilitate export of sugar; extended assistance to mills for maintaining buffer stocks; extended soft loans to sugar mills through banks to clear cane price dues; fixed Minimum Selling Price of sugar etc.

As a result of these measures, financial conditions of sugar mills has improved and about 99% of cane dues upto sugar seasons 2019-20 and 98% of cane dues for sugar season 2020-21 have been cleared.

(c) & (d): Yes, Sir. With a view to support sugar sector and in the interest of sugarcane farmers, Government is encouraging sugar mills to divert excess sugarcane & sugar to ethanol. Government has allowed production of ethanol from B-Heavy molasses, sugarcane juice, sugar syrup and sugar and has also been fixing the remunerative ex-mill price of ethanol derived from various feed stocks. To achieve blending targets, Government is encouraging sugar mills and distilleries to enhance their distillation capacities for which Government is facilitating them to avail loans from banks for which interest subvention @ 6% or 50% of the interest charged by the banks whichever is lower is being borne by Government. As the revenues generated from sale of ethanol by sugar mills/distilleries reach to the accounts of sugar mills in around 3 weeks time as against 12-15 months time taken from sale of sugar, production of ethanol would improve liquidity of sugar mills enabling them to make timely payment of cane dues of sugarcane farmers.

In past three Ethanol Supply Years (December- November), revenue of about Rs. 34,000 crore has been realized by sugar mills from the sale of ethanol to Oil Marketing Companies (OMCs), which has helped sugar mills/molasses based distilleries to make timely payment of cane dues of farmers.
