

Big Package for Sugar Sector on the Cards



Our Bureau

New Delhi: The government plans to announce a big package for the sugar industry to help clear cane dues of more than ₹20,000 crore which mills have not been able to pay farmers because prices fell below cost of production after output rose to a record.

The package will include a buffer stock of 3 million tonnes, incentives to raise ethanol production so that more cane is consumed, which is part of a series of moves the government has taken to help 5-crore sugarcane farmers and half a million people directly employed by the industry which has an annual output of about ₹80,000 crore.

A food ministry official said the package is likely to be cleared by the Cabinet this week.

The government plans to directly transfer money to cane farmers for creating the buffer stock, which will also help clear cane dues of the farmers and to maintain a demand-supply balance in the market, sources familiar with the development said.

The cost of creating the buffer stock, including carrying costs, and other incidental charges is estimated to be around ₹1,200 crore, they said. The package will also include a ₹4,400-crore scheme to increase the ethanol capacity in the country which will help in diversion of sugarcane for production of ethanol in surplus season to facilitate timely payment of sugarcane dues to the farmers.

The petroleum ministry is encouraging and enforcing the use of ethanol for blending with petrol, which helps cane farmers apart from reducing the country's dependence on imported fuel.

The government is likely to announce a minimum price for sale of sugar at around ₹29 a kg, which will help clear farmers' dues. At the same time, a mechanism will be put in place to ensure that retail prices of sugar are kept fully under control and sufficient supplies are maintained throughout the year.

The government had earlier doubled the customs duty on sugar to 100%, removed the duty of sugar exports, imposed reverse stock holding limits on sugar mills for February and March 2018, allocated mill-wise Minimum Indicative Export Quota and financial assistance of ₹5.50 per quintal of cane crushed amounting to about ₹1,500 crore.

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