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New Delhi, June 8 (IANS) With over Rs 22,000 crore dues pending with sugar mills as on June 5, Union Food & Public Distribution and Consumer Affairs Minister Ram Vilas Paswan on Monday directed officials to issue necessary guidelines for timely payments of outstanding arrears of sugarcane farmers.

The direction came as he reviewed the status of sugar production, arrears of payments to sugarcane farmers, ethanol production and other related issues.

The measures taken by the government to address the issues of the domestic sugar industry were also discussed in the meeting. The government is reimbursing carrying cost of Rs 1,674 crore towards maintenance of buffer stock of 40 lakh metric tonnes (LMT) of sugar and providing assistance at Rs 10,448 per metric tonne to sugar mills to meet expenses on export of 60 LMT with the likely expenditure of about Rs 6,268 crore for the current sugar season 2019-20 (October-September).

"One of the reasons for building of arrears in the current season is the decrease in demand due to Covid-19 and nationwide lockdown, which has reduced the consumption of sugar by around 10 LMT leading to lowering of revenue realisation of sugar mills.

"But, with the lifting of lockdown and opening of economy, the sale of sugar would normalise and in the balance 4 months of the current season i.e from June-September, 2020, sugar mills would be able to sell around 84 LMT of sugar in the domestic market. Secondly mills would be exporting about 10 LMT of sugar in coming four months. This would improve cash flows of sugar mills by more than Rs 30,000 crores," said the Ministry in a statement.

As per the Food Ministry's estimates, India's sugar production in the ongoing season 2019-20 would be around 270 LMT while, consumption is estimated at 250 LMT and exports at 55 LMT under Maximum Admissible Export Quantity. This way, closing stocks at the end of the season on September 30 would be at 110 LMT as opening stock was 145 LMT at its beginning.

As ethanol is a way forward for sugar sector, all sugar mills are being encouraged to divert excess sugarcane and sugar to fuel grade ethanol to achieve 10 percent blending target by the year 2022.

The government has allowed production of ethanol from sugar and sugar syrup for current ethanol supply year 2019-20 (December 2019-November 2020) and fixed the remunerative ex-mill price of ethanol derived from C-heavy molasses at Rs 43.75/litre, from B-heavy molasses at Rs 54.27 per litre and at Rs 59.48/litre for the ethanol derived from sugarcane juice/sugar/sugar syrup, said the Ministry.

Soft loans of about Rs 18,643 crore are being extended through banks to 362 sugar mills and molasses-based standalone distilleries for enhancement and augmentation of ethanol production capacity, for which an interest subvention of about Rs 4,045 crore for five years is being borne by the government. So far, loans of about Rs 3,148 crore have been sanctioned to 64 sugar mills and loans of about Rs 1,311 crore have been disbursed to 38 sugar mills.

The Department of Financial Services is being requested from time to time to impress upon banks to expedite their loan applications, said the statement.

--IANS

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