

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

UNSTARRED QUESTION NO: 1358

ANSWERED ON:14.12.2022

Financial Crisis of Sugar Mills

Mitesh Rameshbhai (Bakabhai) Patel

(a) whether the Government is aware of the serious financial crisis of sugar mills across the country;

(b) if so, the steps taken by the Government for revival of the said sugar mills;

(c) whether the Government proposes to use sugarcane a bio-fuel to improve the condition of sugar mills and make these economically 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

MINISTER OF STATE FOR MINISTRY OF RURAL DEVELOPMENT AND CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SADHVI NIRANJAN JYOTI)

(a) & (b): In a normal sugar season, production of sugar is around 320-360 Lakh Metric Tonne (LMT) as against the domestic consumption of 260 LMT which used to result in huge carry over stock of sugar with mills. This excess stock used to lead to blockage of funds & affected the liquidity of sugar mills resulting in delayed payment of cane dues & 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 20% blending of fuel grade ethanol with petrol by 2025. In sugar seasons 2018-19, 2019-20, 2020-21 & 2021-22 about 3.37, 9.26, 22 & 36 LMT of sugar respectively has been diverted to ethanol. In current sugar season 2022-23, about 45-50 LMT of excess sugar is targeted to be diverted to ethanol. By 2025, it is targeted to divert 60 LMT of excess sugar to ethanol, which would solve the problem of high inventories of sugar, improve liquidity of mills thereby help in timely payment of cane dues of farmers.

.....2/-

-2-

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.

In sugar seasons 2019-20, 2020-21 & 2021-22 about 59.60 LMT, 70 LMT & 109 LMT of sugar was exported respectively.

As a result of these measures, financial conditions of sugar mills has improved and more than 99% of cane dues upto sugar seasons 2020-21 and 97.40% of cane dues for sugar season 2021-22 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 3-15 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. 48573 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.
