

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

STARRED QUESTION NO: 215

ANSWERED ON:03.08.2021

Cooperative Sugar Factories

Sanjay(Kaka) Ramchandra Patil

- (a) whether the Government is formulating any new policy for the revival of cooperative sugar factories;
- (b) if so, whether the Government has allocated any fund for revival of aforesaid sugar factories;
- (c) if so, the details thereof;
- (d) whether the Government has given any instructions to the State Governments to provide the list of financially poor cooperative sugar factories; and
- (e) 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 COMMERCE & INDUSTRY, CONSUMER AFFAIRS, FOOD & PUBLIC
DISTRIBUTION AND TEXTILES
(SHRI PIYUSH GOYAL)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE STARRED QUESTION NO. *215 DUE FOR ANSWER ON 03.08.2021 IN THE LOK SABHA.

(a) to (e): The Central Government with a view to encourage setting up of new sugar mills in the country has de-licensed the sugar industry. Now, it is the responsibility of the concerned cooperative society to take necessary steps to re-open/revive the closed sugar mills of the cooperative sector.

In a normal sugar season (October-September), production of sugar in the country 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 sugar mills. Due to excess availability of sugar in the country, the ex-mill prices of sugar remain subdued resulting in cash loss to sugar mills. This excess stock of 60-70 LMT also leads to blockage of funds & affects the liquidity of sugar mills resulting in accumulation of cane price arrears of farmers. Therefore, with a view to improve the liquidity position of sugar mills, the Government has been taking various interventions from time to time viz. provided assistance to sugar mills to offset the cost of cane, fixation of Minimum Selling Price of sugar, extended financial assistance to sugar mills for maintenance of buffer stocks, extended financial assistance to sugar mills to facilitate export of sugar, extended soft loans to sugar mills, etc. As a result of these measures, cane arrears for sugar seasons 2017-18, 2018-19 and 2019-20 came down to Rs. 193 cr, 403 cr and Rs. 142 cr respectively from peak arrears of about Rs. 23000- 28000 crore.

In addition to the above measures, as a long term solution to deal with the problem of excess sugar, Government is encouraging sugar mills to divert excess sugarcane to ethanol which is blended with petrol, which not only serves as a green fuel but also saves foreign exchange on account of crude oil import. Revenue generated from sale of ethanol by mills helps sugar mills in clearing cane price dues of farmers. In past three sugar seasons 2017-18, 2018-19 and 2019-20, about Rs. 22000 cr revenue was generated by sugar mills/distilleries from sale of ethanol to Oil Marketing Companies (OMCs) which has helped in clearing cane price arrears of farmers. In current ethanol supply year (December-November), about Rs. 15000 cr revenue is likely to be generated by sugar mills from sale of ethanol to OMCs.
