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

UNSTARRED QUESTION NO: 2074

ANSWERED ON: 31.07.2018

Outstanding amount to Sugarcane Farmers

SANTOSH AHLAWAT

OM PRAKASH YADAV

VASANTHI M.

SUMEDHANAND SARASWATI

RANGASWAMY DHROUVANARAYANA

Will the Minister of

CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

be pleased to state:-

- (a) whether the Government has taken any steps to solve the problem of excessive outstanding amount of the farmers for their sugarcane caused due to cash crunch of sugar mills and also approved a central package for sugar mill and if so, the details thereof;
- (b) whether it is also true that the sugarcane arrears have now crossed Rs. 22,000 crore on the back of record sugar production and if so, the details thereof;
- (c) whether the market price of sugar is falling continuously because of its excessive production at present and possibility of high production in future; and
- (d) if so, whether any concrete step has been taken by the Government in this regard and if so, the details thereof?

ANSWER

MINISTER OF STATE FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI C. R. CHAUDHARY)

(a): Yes, Madam. With a view to improve the liquidity position of the sugar mills enabling them to clear cane price arrears of farmers, the Government has brought out a comprehensive package with the following:

(i) Scheme for "Assistance to sugar mills" under which financial assistance @Rs.5.50/quintal of cane crushed will be provided to sugar mills to offset the cost of cane amounting to about Rs.1540 crore;

...2/-

...2...

(ii) Creation of buffer stock of 30 LMT for which Government will reimburse carrying cost of Rs.1175 crore towards maintenance of buffer stock;

(iii) Extending soft loans of Rs.4,440 crore through banks to the mills for setting up new distilleries and installation of incineration boilers to augment ethanol production capacity for which Government will bear interest subvention of Rs. 1332 crore;

(iv) Further, in order to prevent cash loss and to facilitate sugar mills to clear cane dues of farmers in time, the Government has also fixed a minimum selling price of sugar at Rs.29/kg for sale at factory gate in domestic market, below which no sugar mill can sell sugar.

(b): Depressed sugar price due to excess sugar production during current sugar season 2017-18 has adversely affected the financial health of sugar mills resulting accumulation of cane price arrears which peaked at Rs. 14538 cr on FRP basis and Rs. 23232 cr on State Advised Price (SAP) basis in

the last week of May, 2018. As a result of various measures taken by the Government, the cane price arrears have come down to Rs. 8153 cr and Rs.16600 cr on FRP and SAP basis respectively as on 27.07.2018.

(c) & (d): The excess sugar production during the current sugar season and indication of surplus production in the ensuing season has adversely affected the market sentiments due to which the ex-mill sugar prices in the domestic market have fallen sharply and came down in the range of Rs 24.50 to Rs. 26 per kg in the month of May, 2018. However, as a result of various interventions undertaken by government as enumerated in part (a) of reply the ex-mill prices of sugar has improved to Rs. 30 to 33 per kg, thereby improving the liquidity position of sugar mills.

**GOVERNMENT OF INDIA
MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION**

**LOK SABHA
UNSTARRED QUESTION NO. 2280
TO BE ANSWERED ON 31ST JULY, 2018**

SUGAR INDUSTRY

2280. SHRI RAOSAHEB DANVE PATIL:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री be pleased to state:

- (a) whether it is true that Indian sugar mills are running under a loss and if so, the reasons therefor;**
- (b) the measures taken by the Government to strengthen sugar industry during the last five years;**
- (c) whether there is a need for a lot of reforms in the Sugar policies of the Government and the same have been demanded by the sector and if so, the details thereof and the steps taken by the Government thereto;**
- (d) whether the huge pending Cane Price Arrears cause the major reason for the continuous reason for the losses suffered by the sugar sector in the country and if so, the corrective measures taken by the Government in this regard; and**
- (e) the details of the pending cane price arrears, State-wise, factory-wise, sector-wise in the country?**

A N S W E R

**MINISTER OF STATE FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI C. R. CHAUDHARY)**

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- (a): The excess sugar production during the current sugar season has adversely affected the market sentiments due to which the ex-mill prices of sugar in the domestic market have fallen sharply and came down in the range of Rs 24.50 to Rs. 26 per kg in the month of May, 2018. Low realization from sale of sugar due to surplus sugar stocks has adversely affected the financial health of sugar mills.**
- (b): With a view to improve the liquidity position of sugar mills enabling them to clear cane price arrears of farmers, the Government has taken the following measures during last five years:-**
- (i) Extended working capital loans with interest subvention under Scheme for Extending Financial Assistance to Sugar Undertakings (SEFASU - 2014) and Soft loan scheme.**
 - (ii) Provided incentive for exporting raw sugar in sugar seasons 2013-14 and 2014-15;**

...2/-

- (iii) **Facilitated supply of ethanol under Ethanol Blended Petrol (EBP) programme by fixing remunerative price;**
 - (iv) **Provided comprehensive performance based production subsidy @ Rs.4.50 per quintal of cane crushed for sugar season 2015-16 payable to farmers against their cane dues contingent on mills undertaking export and supplying of ethanol;**
 - (v) **Provided Assistance to sugar mills @Rs.5.50/quintal of cane crushed for sugar season 2017-18 to offset the cost of cane amounting to about Rs.1540 crore;**
 - (vi) **Created buffer stock of 30 LMT in sugar season 2017-18 for which Government will reimburse carrying cost of Rs.1175 crore towards maintenance of buffer stock;**
 - (vii) **Extending soft loans of Rs.4,440 crore through banks to the mills for setting up new distilleries and installation of incineration boilers to augment ethanol production capacity for which Government will bear interest subvention of Rs. 1332 crore;**
 - (viii) **Further, in order to prevent cash loss and to facilitate sugar mills to clear cane dues of farmers in time, the Government has also fixed a minimum selling price of sugar at Rs.29/kg for sale at factory gate in domestic market, below which no sugar mill can sell sugar.**
 - (ix) **Government has also notified new National Policy on Bio-Fuels, 2018 under which sugarcane juice has been allowed for production of ethanol. Further, the Government has fixed remunerative price of ethanol produced from C-Heavy molasses and B-Heavy molasses/sugarcane juice separately for supply under EBP during ensuing ethanol season 2018-19.**
- (c): **The present policies of government for sugar sector are adequate to deal with any kind of scenario. The Government has also been taking various short-term and long term policy measures to address the problems of the sugar sector as and when required. In past few years the Central Government, has taken various measures which have been enumerated in part (a) of the reply.**
- (d): **Depressed sugar price due to excess sugar production during current sugar season 2017-18 has adversely affected the financial health of sugar mills resulting accumulation of cane price arrears which peaked at Rs. 14538 cr on FRP basis and Rs. 23232 cr on State Advised Price (SAP) basis in the last week of May, 2018. As a result of various measures taken by the Government, as enumerated in part (a) of the reply, the cane price arrears for the current sugar season 2017-18 have come down to Rs. 8396 cr and Rs.16867 cr on FRP and SAP basis respectively as on 15.07.2018.**
- (e): **The details of pending cane price arrears of farmers state-wise and sector-wise are annexed. The factory-wise position of cane price arrears is available on DFPD's website at www.dfpd.nic.in under the link "what's New".**

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (e) OF THE UNSTARRED QUESTION NO. 2280 DUE FOR ANSWER ON 31.07.2018 IN THE LOK SABHA.

S.NO.	State name	2017-18						Earlier season			Total		
		2017-18		2017-18		2017-18		Earlier season		Earlier season		Total	
		PUBLIC	COOPERATIVE	PRIVATE	COOPERATIVE	PRIVATE	COOPERATIVE	PRIVATE	PUBLIC	COOPERATIVE	PRIVATE	COOPERATIVE	PRIVATE
1	Punjab	0	351	436	0	0	0	0	0	0	351	436	
2	Haryana	0	396	297	0	0	0	0	0	0	396	297	
3	Uttar Pradesh	278	1221	10119	0	182	0	278.14	1221	10301			
4	Uttarakhand	101	92	419	0	25	0	100.99	92	444			
5	Madhya Pradesh	0	4	68	0	8	0	0	0	0	12	68	
6	Chattisgarh	0	1	0	0	0	0	0	0	0	1	0	
7	Gujarat	0	624	2	0	29	6	0	0	0	653	8	
8	Maharashtra	0	546	302	0	155	81	0	0	0	701	383	
9	Bihar	68	0	464	5	0	40	73.46	0	504			
10	Andhra Pradesh	0	47	67	0	0	20	0	0	0	47	87	
11	Karnataka	0	164	437	0	0	37	0.46	164	474			
12	Tamilnadu	0	0	188	49	161	1319	49	161	1507			
13	Orissa	0	0	9	0	2	3	0	2	12			
14	West Bengal	0	0	0	0	0	0	0	0	0			
15	Puducherry	0	0	0	0	22	0	0	0	0	22	0	
16	Goa	0	58	0	0	0	0	0	0	0	58	0	
17	Telangana	0	0	109	0	0	0	0	0	0	0	109	
	Total	448	3503	12916	54	377	1713	502	3880	14629			
