

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

**RAJYA SABHA**  
STARRED QUESTION NO.135  
TO BE ANSWERED ON 12<sup>TH</sup> FEBRUARY, 2021

**REVIVAL OF SICK SUGAR MILLS**

135 # SHRI SATISH CHANDRA DUBEY:

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

- (a) whether Government is aware of the fact that sugar mills throughout the country are under critical financial condition;
- (b) if so, the steps taken by Government to revive these sugar mills;
- (c) whether Government has considered using sugarcane as bio-fuel to revive these sugar mills and to make them financially viable; and
- (d) if so, the details thereof?

**A N S W E R**  
MINISTER OF RAILWAYS, COMMERCE & INDUSTRY AND CONSUMER AFFAIRS,  
FOOD & PUBLIC DISTRIBUTION  
(SHRI PIYUSH GOYAL)

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

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE STARRED QUESTION NO. \*135 FOR ANSWER ON 12.02.2021 IN THE RAJYA SABHA.**

**(a) & (b):** The excess sugar production during the last three sugar seasons 2017-18, 2018-19 and 2019-20 had adversely affected the market sentiments and led to a decline in the domestic ex-mill prices of sugar. Low realization from sale of sugar due to surplus sugar stocks had adversely affected the financial health of sugar mills, thereby resulting in accumulation of cane price arrears of farmers. Due to higher cost of production of domestic sugar than the international price, export of sugar also becomes difficult under market mechanism.

However, 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 has taken various measures during the last three sugar seasons and the current sugar season 2020-21, which are as under:

**I. SUGAR SEASON 2017-18:**

- (i) Extended Assistance of Rs.430 crore to sugar mills @Rs.5.50/quintal of cane crushed for sugar season 2017-18 to offset the cost of cane.
- (ii) Allocated buffer stock of 30 LMT of sugar amongst sugar mills for a period of one year from 1st July, 2018 to 30<sup>th</sup> June, 2019 for which Government is reimbursing carrying cost of Rs.780 crore towards maintenance of buffer stock.
- (iii) Fixed Minimum Selling Price (MSP) of sugar w.e.f. 07.06.2018 at Rs.29/kg for sale at factory gate in domestic market, below which no sugar mill can sell sugar. MSP has further been increased to Rs.31/Kg. w.e.f. 14<sup>th</sup> February, 2019.

**II. SUGAR SEASON 2018-19:**

- (i) Extended Assistance to sugar mills @Rs.13.88/quintal of cane crushed for sugar season 2018-19 to offset the cost of cane amounting to about Rs.3000 crore.
- (ii) Extended Assistance to sugar mills for defraying expenditure towards internal transport, freight, handling and other charges to facilitate export of sugar from the country in sugar season 2018-19 and reimbursing about Rs. 900 crore under this scheme.
- (iii) Extended soft loans amounting to Rs 7402 crore to sugar mills through banks to clear cane price arrears, for which interest subvention of about Rs 518 crore @ 7% for one year is being borne by the Government.

**III. SUGAR SEASON 2019-20**

- (i) Allocated buffer stock of 40 Lakh Metric Tonne (LMT) of sugar amongst sugar mills for a period of one year from 1<sup>st</sup> August, 2019 to 31st July, 2020 for which Government is reimbursing carrying cost of Rs.1674 crore towards maintenance of buffer stock.

- (ii) Providing assistance to sugar mills @ Rs 10448/MT to facilitate export of sugar for expenses on export of 60 LMT of sugar in sugar season 2019-20 for which an estimated expenditure of Rs 6268 Cr is being borne by Government.

As a result of these measures, the All-India cane price arrear of farmers have come down. The position of cane dues payable, dues paid and arrears for past three Sugar Seasons (SS) are as under:

(Rs in crore)

	SS 2017-18	SS 2018-19	SS 2019-20
Cane dues payable	85179	86723	75845
Cane dues paid	84980	85913	74079
Cane arrears	199	410	1766

#### IV. CURRENT SUGAR SEASON 2020-21

- (i) Central Government is providing assistance to sugar mills @ Rs 6000/MT to facilitate export of sugar for expenses on export of 60 LMT of sugar for which an estimated expenditure of Rs 3500 Cr is being borne by Government.

Under the various schemes for sugar sector, funds are credited to the accounts of farmers on behalf of sugar mills against their cane dues and balance, if any, is credited to the accounts of sugar mills.

(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 increase ethanol production capacity in the country, Government is extending interest subvention of Rs 4,687 crore to sugar mills/ distilleries against loans availed by them from banks to set up new distilleries or to expand their existing capacities. 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 12-15 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 sugar seasons, about Rs. 22050 crore revenue 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. In current Ethanol Supply Year (ESY) 2020-21, sugar mills/ molasses based distilleries have realized about Rs. 2560 crore from sale of ethanol to OMCs, as on 31.01.2021.

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