

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 12TH 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)

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

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 30th 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. 14th 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 1st August, 2019 to 31st July, 2020 for which Government is reimbursing carrying cost of Rs.1674 crore towards maintenance of buffer stock.