

Press Information Bureau
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Central Government issues orders for extending assistance to clear the dues of sugarcane farmers

1. Due to higher sugar production against the estimated consumption during the current sugar season 2017-18, the domestic sugar prices have remained depressed since the commencement of the season. As a result, accumulated dues of farmers have reached to over Rs.20,000 crores.

2. In order to stabilize sugar prices at reasonable level and to improve liquidity position of mills thereby enabling them to clear cane price dues of farmers, Government has taken following steps in past three months:
 - (a) Increased customs duty on import of sugar from 50% to 100%.

 - (b) Imposed reverse stock holding limits on producers of sugar for the months of February and March, 2018 to stabilise sugar price.

 - (c) Government has also fully withdrawn the customs duty on export of sugar to encourage sugar industry to start exploring possibility of export of sugar.

 - (d) In view of the inventory levels with the sugar industry and to facilitate achievement of financial liquidity, mill-wise Minimum Indicative Export Quotas (MIEQ) totalling 20 Lakh MT have been fixed for sugar season 2017-18.

 - (e) Further, to facilitate and incentivize export of surplus sugar by sugar mills, Government has allowed Duty Free Import Authorization (DFIA) Scheme in respect of sugar.

3. In April, 2015, the cane price arrears of farmers reached to an alarming level of about Rs. 22,000 crores. The Central Government then notified, in December, 2015, a production subsidy scheme to offset the cost of cane to clear the dues of sugarcane farmers; a subsidy was provided @ Rs. 4.50/- per quintal of cane crushed. As a result of this measure, the sugar prices stabilized and arrears were reduced substantially.

4. In order to help sugar mills to clear cane dues of farmers, the Government has decided to provide financial assistance @ of Rs. 5.50 per quintal of cane crushed in sugar season 2017-18 to sugar mills to offset the cost of cane. The said assistance shall be paid directly to the farmers on behalf of the mills and be adjusted against the cane price payable due to the farmers against Fair and Remunerative Price (FRP) including arrears relating to previous years.

5. Mills which fulfill the following conditions, will be eligible for the said assistance of Rs.5.50/qtl of cane crushed:

(a) Mills having ethanol production capacity and who have signed contracts with Oil Marketing Companies (OMCs) for supply of ethanol, should have supplied at least 80% of indented quantity of ethanol under Ethanol Blended with Petrol Programme (EBP) to OMCs during 2017-18 ethanol season (December, 2017 – November, 2018).

(b) The mill should have filed updated online return in Proforma-II relating to data on crushing of cane, production of sugar, sale of sugar and by-products, etc as prescribed by Government under the provisions of Sugar (Control) Order, 1966.

(c) The mill should have fully complied with all the orders/directives of Department of Food and Public Distribution (DFPD) to the sugar mills during 2017-18 sugar season.

6. The said assistance of Rs.5.50/qtl of cane crushed will be provided on the basis of actual cane crushed or *inter se* allocation of earlier estimated 2800 LMT of cane to be crushed during 2017-18 sugar season, whichever is lower.

7. The total assistance would be about Rs. 1540 crore which will directly benefit a large number of farmers and will help the sugar mills in a long way in discharging their liabilities on account of cane price dues of farmers.

APS/AK