

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

RAJYA SABHA
UNSTARRED QUESTION NO. 1198
TO BE ANSWERED ON 27TH JULY, 2018

WEAK OUTLOOK FOR SUGAR SECTOR

1198. SHRI K.R. ARJUNAN:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether it is a fact that the overall outlook for sugar remained weak even when the Government's cane subsidy might marginally improve the operational profitability of the sugar mills;
- (b) whether it is also a fact that in spite of the expected marginal improvement in operating profitability, the overall profitability for the sugar sector remained weak for the financial year 2018-19;
- (c) whether it is also a fact that subsidy amount is expected to be around ₹1540 crore, less than a tenth of the outstanding cane dues to sugarcane growing farmers; and
- (d) if so, the details thereof?

A N S W E R
MINISTER OF STATE FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI C. R. CHAUDHARY)

(a) & (b): Apart from extending financial assistance to eligible sugar mills @Rs.5.50/ql on cane crushed by them during the current sugar season 2017-18, the Government has taken several other measures in the form of creation of buffer stock of 30 Lakh MT for which Government will reimburse carrying cost of Rs. 1175 crore and extending soft loan of Rs. 4,440 crore through banks to the mills for augmentation and enhancement of ethanol production capacity for which Government will bear interest subvention of Rs. 1332 crore. Further, since low realization from sale of sugar due to surplus sugar stocks has adversely affected the financial health of sugar mills, the Government has fixed the ex-mill minimum sale price of sugar @ Rs 29 per kg under the Sugar Price (Control) Order due to which the liquidity position of sugar mills is improving.

(c) & (d): As indicated in reply to parts (a) & (b) above, apart from financial assistance of Rs. 1540 crore to sugar mills, the Government has also taken several measures to improve the liquidity of the sugar mills enabling them to clear cane dues of the farmers. As a result of these measures, the cane price arrear which peaked at Rs. 23,232 crore in the last week of May, 2018 has come down to Rs. 16,600 crore on State Advised Price (SAP) basis.
