

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

**RAJYA SABHA**  
UNSTARRED QUESTION NO. 1836  
TO BE ANSWERED ON 28<sup>TH</sup> DECEMBER, 2018

**PACKAGE FOR SUGAR SECTOR**

1836. SHRI A. K. SELVARAJ:

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

- (a) whether it is a fact that for the fourth time in the last five months, Government has approved incentives to help the cashstarved sugar mills to clear thousands of crore in arrears of payment to cane-growing farmers;
- (b) if so, the details thereof;
- (c) whether it is also a fact that Government has cleared ₹ 5538 crore package which includes higher production assistance to farmers as well as transport subsidies for mills trying to export sugar; 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) Depressed sugar price due to excess sugar production during previous sugar season 2017-18 has adversely affected the financial health of sugar mills resulting accumulation of cane price arrears of farmers which peaked at Rs. 14538 cr on the basis of Fair and Remunerative Price (FRP) and Rs. 23232 cr on State Advised Price (SAP) basis in the last week of May, 2018 on all India basis. 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 few months:-

- (i) In order to prevent cash loss and to facilitate sugar mills to clear cane dues of farmers in time, the Government has 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.
- (ii) Extending Assistance to sugar mills @Rs.5.50/quintal of cane crushed for sugar season 2017-18 to offset the cost of can amounting to about Rs.1540 crore;
- (iii) 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;
- (iv) Extending soft loans of Rs. 6139 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;

- (v) Extending 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.4163 crore;
- (vi) Extending 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 amounting to about Rs. 1375 crore.
- (vii) 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 Ethanol Blended Petrol (EBP) Programme during ethanol season 2018-19.

As a result of these measures, the cane price arrears for the sugar season 2017-18 have come down to Rs. 1165 cr and Rs. 3601 cr on FRP and SAP basis respectively.

(c) & (d): Yes, Sir. The **Central Government has also announced a scheme to provide assistance to sugar mills involving total financial assistance of over Rs. 5538 crore** to support the sugar industry by offsetting cost of cane and to facilitate export of sugar from the country thereby improving liquidity of the sugar mills enabling them to clear cane price arrears of farmers. The details of the measures taken are enumerated at point No. (v) and (vi) in reply to part (a) and (b) of the question.

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