

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

**RAJYA SABHA**  
UNSTARRED QUESTION NO. 560  
TO BE ANSWERED ON 14<sup>TH</sup> DECEMBER, 2018

**DETERIORATED FINANCIAL CONDITION OF SUGAR MILLS**

560. SHRI NARAYAN LAL PANCHARIYA:

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

- (a) whether Government is aware that financial condition of sugar mills in the country has deteriorated;
- (b) if so, the details thereof;
- (c) whether Government has taken any initiative to improve the financial condition of sugar mills; and
- (d) if so, the details thereof and if not, the reasons therefor?

**A N S W E R**

MINISTER OF STATE FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION  
(SHRI C. R. CHAUDHARY)

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(a) & (b):- The excess production during the previous sugar season has adversely affected the market sentiments due to which the ex-mill prices of sugar in the domestic market have fallen sharply and came down in the range of Rs. 24.50 to Rs. 26 per Kg. in the month of May, 2018. Low realization from sale of sugar due to surplus sugar stocks has adversely affected the financial health of sugar mills.

(c) & (d) :-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.

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- (ii) Extending Assistance to sugar mills @Rs.5.50/quintal of cane crushed for sugar season 2017-18 to offset the cost of cane 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 Blending Programme (EBP) during ethanol season 2018-19.

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