

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

RAJYA SABHA
UNSTARRED QUESTION NO.722
TO BE ANSWERED ON 8TH DECEMBER, 2023

POOR PERFORMANCE OF SUGAR FACTORIES IN KARNATAKA

722. SHRI G.C. CHANDRASHEKHAR:

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

- (a) whether the sugar industry in Karnataka is currently not in good condition;
- (b) if so, the details in this regard and the reason for the poor performance;
- (c) the details of the sugar factories owe to farmers since 2018 till date; and
- (d) the measures taken by Government to revitalize the sugar industry?

A N S W E R
MINISTER OF STATE FOR MINISTRY OF RURAL DEVELOPMENT AND CONSUMER
AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SADHVI NIRANJAN JYOTI)

(a) & (b): As per the information received from the Government of Karnataka, there is a significant progress made in the Karnataka State in the production of sugarcane and sugar. There is a favourable environment in the state to produce sugarcane and an increase in the crushing capacity by way of establishing new sugar factories and expansion of crushing capacities of the existing sugar mills. Karnataka State is the third largest sugar producing state in the country, next to Uttar Pradesh and Maharashtra.

(c): No cane dues are pending against sugar mills in the last 4 years. The requisite details of cane price payment to farmers are at **Annexure**.

(d): The Central Government has taken various steps in the form of policy interventions from time to time as and when required for the sugar industry, which are as under:

- i) Central Government fixes Fair and Remunerative Price (FRP) of sugarcane having regard to the factors mentioned in Clause 3(1) of the Sugarcane (Control) Order, 1966.
- ii) Minimum Selling Price of sugar was fixed to prevent a fall in ex-mill prices of sugar & accumulation of cane arrears (initially at ₹ 29/ kg w.e.f 07-06-2018; revised to ₹ 31/kg w.e.f. 14-02-2019).
- iii) Financial assistance of more than ₹ 18,000 crore was extended to mills resulting in the clearance of farmers' dues during 7 years i.e. sugar season 2014-15 to 2020-21. In Karnataka, more than ₹ 1600 crore has been released to sugar mills under various Subsidy Schemes.
- iv) Diversion of surplus sugar to the production of ethanol led to improved financial conditions of sugar mills. In Karnataka State, many sugar factories are actively involved in the Ethanol Blended with Petrol (EBP) Programme announced by the Government of India. Karnataka has also produced approximately 40 crore litres of ethanol in the last Ethanol Supply Year (ESY) and achieved about 11% blending with petrol.
- v) Under ethanol interest subvention scheme, Government bears interest subvention for five years including one year moratorium against the loan availed by project proponents from banks/financial institutions @ 6% per annum or 50% of the rate of interest charged by banks/financial institutions, whichever is lower.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (c) OF THE UNSTARRED QUESTION NO. 722 DUE FOR ANSWER ON 08.12.2023 IN THE RAJYA SABHA

Year	Payable (in Cr. Rs.)	Paid (in Cr. Rs.)*	Balance (in Cr. Rs.)
2017-2018	9,851.83	10,605.12	Nil
2018-2019	11,948.39	12,088.8	3.94 **
2019-2020	10,428.96	10,677.74	Nil
2020-2021	13,402.22	13,533.08	Nil
2021-2022	19,634.84	19,922.39	Nil
2022-2023	19,747.85	20,138.93	Nil

* Some sugar mills in Karnataka pay farmers at more than FRP rate for sugarcane to get more cane so paid amount may be higher than payable amount.

** During 2018-19 only 3 sugar factories have not cleared cane payment and the Government has issued Recovery Certificate against those factories for clearing the cane payment.
