

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

RAJYA SABHA
UNSTARRED QUESTION NO. 1801
TO BE ANSWERED ON 5TH AUGUST, 2025

STRENGTHENING OF SUGAR MILLS

1801 SMT. SANGEETA YADAV:

Will the Minister of Consumer Affairs, Food and Public Distribution be pleased to state:

- (a): the steps taken by Government to strengthen sugar mills which play an important role in sugar production;
- (b): whether Government has taken any initiatives during the last five years and the current year to provide assistance to sugar mills to encourage ethanol production; and
- (c): if so, the details thereof?

A N S W E R
MINISTER OF STATE FOR MINISTRY OF CONSUMER AFFAIRS,
FOOD & PUBLIC DISTRIBUTION
(SHRIMATI NIMUBEN JAYANTIBHAI BAMBHANIYA)

(a): The Government of India has taken various steps to strengthen Sugar Mills in the form of policy interventions from time to time as and when required, 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. Diversion of excess sugar for ethanol production has made the sugar industry more viable and farmers are getting their dues paid on time as diversion of surplus sugar has addressed the problem of surplus sugar, checks depressed sale of sugar, improved liquidity of sugar mills and has ensured timely payment of cane dues of farmers.
- iii. Government allowed export of 10 LMT Sugar during current Sugar Season 2024-25 (Oct – Sept) to prevent fall in ex-mill prices of sugar and accumulation of cane price arrears.
- iv. Minimum Selling Price of sugar was fixed initially at Rs. 29/ kg w.e.f 07-06-2018; and revised to Rs. 31/kg w.e.f. 14-02-2019.
- v. Under Sugar Development Fund Act, 1982, financial assistance in the form of SDF loans were given to sugar mills, inter-alia, for Modernisation Cum Expansion of sugar mill, Cane Development, Bagasse-Based Cogeneration power projects, production of Anhydrous Alcohol or Ethanol/Zero Liquid Discharge (ZLD) plant. However, the SDF loan schemes have been closed on 21.09.2021.

(b) & (c): In order to augment the capacity of ethanol production in the country required to meet the blending targets set under Ethanol Blended with Petrol (EBP) Programme, Government of India has introduced various Ethanol Interest Subvention Schemes since 2018 to 2022 (in 2021 ethanol production from grain was also included under these schemes), to encourage sugar mills/distilleries to enhance ethanol distillation capacities by setting up of new distilleries or expansion of existing distilleries throughout the country.

Under all these interest subvention schemes, Government is facilitating project proponents to avail loans from banks/financial institutions for which interest subvention @ 6% or 50% of the interest charged by the banks/financial institutions whichever is lower is being borne by Government for the period of five years including one year of moratorium.

A new ethanol interest subvention scheme for Cooperative Sugar Mills has also been notified on 06.03.2025 for conversion of their existing sugarcane based plants into multi-feed based ethanol plants.

Funds to the tune of Rs. 1685/- crores have been released to NABARD (Nodal bank) for release of interest subvention amount to eligible sugar mills/distilleries from Financial Year (FY) 2019-20 to FY 2025-26 (upto 30.06.2025).
