

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

LOK SABHA
UNSTARRED QUESTION NO. 123
TO BE ANSWERED ON 11 DECEMBER, 2018

NON-PAYMENT OF SUGARCANE DUES

123. PROF. RAVINDRA VISHWANATH GAIKWAD:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री be pleased to state:

- (a) whether the Government is aware that a huge amount of dues of sugarcane farmers is outstanding against the sugarcane mill owners in the country;
- (b) if so, the details thereof;
- (c) whether the Government is likely to take any action for clearing dues of sugarcane farmers and if so, the details thereof;
- (d) whether the Government is likely to take any necessary step to provide cash payment to the sugarcane farmers in future; and
- (e) 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)

(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 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. As a result of various measures taken by the Government, as enumerated in part (c) to (e) of the reply, the cane price arrears for the sugar season 2017-18 have come down to Rs. 1924 cr and Rs.5465 cr on FRP and SAP basis respectively as on 06.12.2018. Further an amount of Rs. 2082 cr is pending against previous sugar seasons.

(c),(d) &(e): The Sugarcane (Control) Order, 1966 stipulates payment of cane price within 14 days of supply, failing which interest at the rate of 15% per annum on amount due for the delayed period beyond 14 days is payable. The Powers to enforce the provisions of Sugarcane (Control) Order, 1966 with regard to payment of cane dues of farmers is mainly vested with the State Governments as they have necessary field formation for its implementation. Central Government from time to time issues advisory to the state Governments for ensuring clearance of cane price arrears of farmers and to take action against defaulting mills and also review the position through meetings and video conferences.

Further, 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 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 EBP during ethanol season 2018-19.