

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

LOK SABHA
UNSTARRED QUESTION NO. 55
TO BE ANSWERED ON 11 DECEMBER, 2018

SUGAR PRODUCTION

55. SHRI R. GOPALAKRISHNAN:

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

- (a) whether it is a fact that excess sugar production and carryover stocks are expected to create liquidity problem;
- (b) if so, the details thereof; and
- (c) the details of steps taken to protect both the sugarcane farmers and the cane sugar producers to overcome their persisting problems?

A N S W E R

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

(a) & (b): Sugar production in the previous sugar season was about 322 LMT which is much higher than the consumption of 255 LMT. The excess sugar production in the previous season and estimation of similar production in the current sugar season 2018-19 has adversely affected 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 stock has adversely affected the liquidity position of sugar mills.

(c): 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.
