

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

**LOK SABHA
UNSTARRED QUESTION NO. 3339
TO BE ANSWERED ON 16th MARCH, 2021**

STRENGTHENING SUGAR INDUSTRY

3339. SHRI SANGAM LAL GUPTA:

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

- (a) whether the sugar mills are running into losses in the country and if so, the reasons therefor along with the initiative measures taken by the Government to strengthen sugar industry during the last three years; and
- (b) whether the sugar industries have sought changes in the sugar policy to overcome these losses and clear sugarcane arrears and if so, the details thereof?

A N S W E R

**MINISTER OF STATE FOR MINISTRY OF CONSUMER AFFAIRS, FOOD &
PUBLIC DISTRIBUTION
(SHRI DANVE RAOSAHEB DADARAO)**

(a): The excess sugar production during the last three sugar seasons (October- September) 2017-18, 2018-19 and 2019-20 had adversely affected the market sentiments and led to a decline in the domestic ex-mill prices of sugar. Low realization from sale of sugar due to surplus sugar stocks had adversely affected the financial health of sugar mills, thereby resulting in accumulation of cane price arrears of farmers. Due to higher cost of production of domestic sugar than the international price, export of sugar also becomes difficult under market mechanism. The data regarding balance sheet of sugar mills are not maintained by the Government.

However, with a view to improve the liquidity position of sugar mills and to enable them to make timely payment of cane dues of farmers, Central Government has taken various measures during the last three sugar seasons, which are as under:

I. SUGAR SEASON 2017-18:

- (i) Extended Assistance of Rs.430 crore to sugar mills @Rs.5.50/quintal of cane crushed for sugar season 2017-18 to offset the cost of cane.

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- (ii) Allocated buffer stock of 30 Lakh Metric Ton (LMT) of sugar amongst sugar mills for a period of one year from 1st July, 2018 to 30th June, 2019 for which Government is reimbursing carrying cost of Rs.780 crore towards maintenance of buffer stock.
- (iii) Fixed Minimum Selling Price (MSP) of sugar w.e.f. 07.06.2018 at Rs.29/kg for sale at factory gate in domestic market, below which no sugar mill can sell sugar. MSP has further been increased to Rs.31/Kg. w.e.f. 14th February, 2019.

II. SUGAR SEASON 2018-19:

- (i) Extended 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.3000 crore.
- (ii) Extended 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 and reimbursing about Rs. 900 crore under this scheme.
- (iii) Extended soft loans amounting to Rs 7402 crore to sugar mills through banks to clear cane price arrears, for which interest subvention of about Rs 518 crore @ 7% for one year is being borne by the Government.

III. SUGAR SEASON 2019-20

- (i) Allocated buffer stock of 40 LMT of sugar amongst sugar mills for a period of one year from 1st August, 2019 to 31st July, 2020 for which Government is reimbursing carrying cost of Rs.1674 crore towards maintenance of buffer stock.
- (ii) Providing assistance to sugar mills @ Rs 10448/MT to facilitate export of sugar for expenses on export of 60 LMT of sugar in sugar season 2019-20 for which an estimated expenditure of Rs 6268 Cr is being borne by Government.

As a result of these measures, the All-India cane price arrear of farmers have come down. The position of Cane dues payable, dues paid and arrears for past three Sugar Seasons (SS) are as under:

As on 10.03.2021 (Rs in crore)			
	SS 2017-18	SS 2018-19	SS 2019-20
Cane dues payable	85179	86723	75845
Cane dues paid	84986	86314	74922
Cane arrears	193	409	923

(b): Representations have been received from Industry Associations viz. Indian Sugar Mills Association (ISMA) & National Federation of Cooperative Sugar Factories Ltd. (NFCFSF) for increasing Minimum Selling Price of sugar, to create buffer stock of 40 LMT of sugar and to announce export quota of 60 LMT for export in sugar season 2020-21.