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**STANDING COMMITTEE ON CONSUMER AFFAIRS, FOOD
AND PUBLIC DISTRIBUTION (2022-2023)**

SEVENTEENTH LOK SABHA

**MINISTRY OF CONSUMER AFFAIRS, FOOD
AND PUBLIC DISTRIBUTION
(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)**

Sugar Industry in India- A Review

THIRTY SECOND REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August 2023/ Sravana, 1945 (Saka)

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Sugar Industry in India- A Review

Presented to Lok Sabha on 09.08.2023

Laid in Rajya Sabha on 09.08.2023



LOK SABHA SECRETARIAT
NEW DELHI

August 2023/ Sravana, 1945 (Saka)

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Composition of the Standing Committee on Consumer Affairs, Food and Public Distribution (2022-23)

Smt. Locket Chatterjee - Chairperson

MEMBERS

Lok Sabha

2. Dr. Farooq Abdullah
3. Shri Sudip Bandyopadhyay
4. Shri Shafiqur Rahman Barq
5. Shri Gangasandra Siddappa Basavaraj
6. Km. Debasree Chaudhuri
7. Shri Anil Firojiya
8. Shri Rajendra Dhedya Gavit
9. Shri Sanganna Amarappa Karadi
10. Shri Khagen Murmu
11. Shri Mitesh Rameshbhai Patel
12. Shri Subrat Pathak
13. Shri Ganesan Selvam
14. Dr. Amar Singh
15. Smt. Himadri Singh
16. Smt. Kavita Singh
17. Shri Nandigam Suresh
18. Shri Saptagiri Sankar Ulaka
19. Shri Rajmohan Unnithan
20. Shri Ve.Vaithilingam
21. Vacant

Rajya Sabha

22. Shri Satish Chandra Dubey
23. Dr. Fauzia Khan
24. Shri Baburam Nishad
25. Shri Rajmani Patel
26. Shri Sakaldeep Rajbhar
27. Dr. Anbumani Ramadoss
28. Shri C. Ve Shanmugam
29. Shri Harbhajan Singh
30. Ms. Dola Sen
31. Dr. Ashok Bajpai

LOK SABHA SECRETARIAT

- | | | |
|---------------------------|---|-------------------|
| 1. Shri Srinivasulu Gunda | - | Joint Secretary |
| 2. Dr. Vatsala Joshi | - | Director |
| 3. Dr. Mohit Rajan | - | Deputy Secretary |
| 4. Smt. Veena Luthra | - | Executive Officer |

INTRODUCTION

I, the Chairperson of the Standing Committee on Consumer Affairs, Food and Public Distribution (2022-2023) having been authorized by the Committee to present the Report on their behalf, present this Thirty Second Report (Seventeenth Lok Sabha) on the subject "Sugar Industry in India- A Review "pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The subject was selected by the Committee for examination and report. The Committee was briefed on the subject by the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) on 9 November, 2022. Oral evidences of the representatives of the Department of Food and Public Distribution was held on 21 March, 2023. Oral evidence of the representatives of Department of Food and Public Distribution and National Sugar Institute was also held on 10 July, 2023.

3. The Committee wish to express their thanks to the Officers of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) and National Sugar Institute for placing before them the necessary information in connection with the examination of the subject.

4. The Report was considered and adopted by the Committee at their sitting held on 8 August, 2023.

5. For facility of reference and convenience, the Observations/Recommendations of the Committee have been printed in thick type in Part - II of the Report.

**NEW DELHI;
08 August, 2023
17Sravana,1945 (Saka)**

**LOCKET CHATTERJEE,
Chairperson,
Standing Committee on
Consumer Affairs, Food and Public Distribution**

REPORT

PART-I

I. Introductory

Sugar industry is an agri-based industry that impacts rural livelihood of about one crore sugarcane farmers (five crores including family members) and around 5 lakh workers directly employed in sugar mills.

2. Sugarcane and sugar play significant role in economy of India, trade and livelihood. Sugar is country's second largest agro-based industry, next to cotton. Sugarcane and sugar industry together impact the livelihood of over 5 crore farmers and their dependents involved in cultivating sugarcane in an area of almost 50 lakh hectares.

3. In Sugar Season (Oct-Sep) 2021-22, a record quantity of more than 5000 Lakh Metric Tons (LMT) sugarcane was produced in the country out of which about 3574 LMT of sugarcane was crushed by sugar mills to produce about 394 LMT of sugar (Sucrose). Out of this, 35 LMT sugar was diverted to ethanol production and 359 LMT sugar was produced by sugar mills. With this, India has emerged as the world's largest producer and consumer of sugar as well as the world's 2nd largest exporter of sugar.

II. Sugar industry in brief

4. Regarding the overview of the Sugar Industry, the Dept of Food and Public Distribution (DFPD) in a written reply, submitted that -

“a decade ago, the cyclicity of sugar production had been the bane of Indian sugar sector. Generally, 3-4 years of higher production were followed by drop in sugar production for 1-2 years and so. In the years of surplus production, there were gluts leading to crash of domestic prices resulting accumulation of cane price arrears of farmers. Due to delay in getting payment, the farmers feel demotivated to plant sugar cane in subsequent year resulting lesser cane availability and thereby drop in sugar production. Thus, prices further jumped and liquidity of mills got improved to clear the cane dues in time and farmers further increases cane cultivation and the cycle moved accordingly. Since 2010-11 sugar season onwards, the problem of cyclicity has been reduced and the industry has been continuously producing surplus sugar more than domestic requirement and also leaving a sizeable quantity

for exports. In the past more than 10 years, sugarcane production and consequently the sugar production has reduced only in 2016-17 sugar season due to adverse effect of drought in major sugar producing states of Maharashtra and Karnataka. Because of improved variety of sugar cane, the production of cane and sugar would likely to remain surplus in coming seasons also. Thus, the cyclicity in sugar production has been almost eliminated.

India has 521 sugar mills operating in current sugar season 2022-23.... Sugar mills and cane farmers are the main stakeholders of sugar industry besides the other two i.e. consumers and the Government. The Department formulates policy for the sugar sector keeping in view the interest of all the stake holders including sugar mills, cane farmers and domestic consumers and also implement the same under the provisions of the Sugarcane (Control) Order 1966 and the Sugar (Control) Order 1966. “

5. During their deposition before the Committee on 10.07.2023, representatives of the Dept of Food & Public Distribution (DFPD) apprised the Committee as under:

“मैडम, पिछले तीन-चार सालों में चीनी के सेक्टर में बहुत परिवर्तन आया है, जिसे हम कह सकते हैं कि एक टर्न अराउंड हुआ है। उसके कुछ कारण हैं। वर्ष 2020-21 से पहले के आठ-नौ साल देखें तो शुगर सेक्टर को सर्वाइव करने के लिए तथा केन ड्यूज क्लियर करने के लिए करीबन 18 हजार करोड़ रुपये का बजट रीसपोर्ट दिया गया था। उसके बाद से पिछले तीन - चार सालों में मात्र 480 करोड़ रुपये दिए गए हैं। वे रुपये एथेनॉल इंटरैस्ट सबवेंशन स्कीम के अंडर दिए गए हैं, बाकी उसके अलावा कोई बजटरी सपोर्ट नहीं दिया गया है। इस सेक्टर में यह जो परिवर्तन आया है, उसके मुख्य दो-तीन कारण हैं। उसका पहला कारण यह है कि एथेनॉल ब्लेंडिंग प्रोग्राम, जो भारत सरकार के द्वारा आरंभ किया गया है, इसमें भारत सरकार की तरफ से वर्ष 2018 में बायोफ्यूल पॉलिसी शुरू हुई, जिसमें मोलासेज़ को एथेनॉल में कन्वर्ट करने के लिए एलाऊ किया गया। वह एक लैंडमार्क पॉलिसी डिजीजन था और उसके चलते हम आज देख रहे हैं कि एथेनॉल में काफी इंप्रूवमेंट हुआ है, in terms of ethanol blending programme और करीबन हमारा आज की तारीख में 11 से 11.5 परसेंट एथेनॉल ब्लेंडिंग है। हमारा अक्टूबर के महीने तक 12 पर सेंट का टारगेट है। इसे हम निश्चित ही पूर्ण कर लेंगे। एथेनॉल ब्लेंडिंग प्रोग्राम के चलते करीबन 22 हजार करोड़ रुपये का रेवेन्यू, additional stream revenue has come to the sugar sector. That is one major reason why the sugar sector is now in a more healthy position than it was four years back.”

III. Legislative framework

6. Furnishing the legislative framework governing the sugar industry in India, the DFPD in a written reply submitted as under:

“Sugar is an essential commodity covered under the Essential Commodities (EC) Act, 1955, which allows the Government of India to intervene and regulate the sugar industry. The EC Act, 1955 is administered by Department of Consumer Affairs.”

7. The Task Force Report, 2020 on Sugar cane and sugar Industry set up by NITI Aayog, on the regulated nature of sugar and sugarcane states that -

“Both sugarcane and sugar are essential commodities and thus subject to control through various provisions of the Essential Commodities Act, 1955. This means that the industry is strictly regulated in terms of land demarcation for cultivation, sugarcane price, sugarcane procurement, sugar production and sale of sugar by mills in domestic and international markets. However, there is a debate on whether food commodities still need to be treated as essential commodities, considering the industry’s resilience to uncertainties.

IV. Regulatory framework

8. In regard to the regulatory framework for regulating and developing the sugar industry, DFPD submitted that in exercise of the powers conferred by Section 3 of the EC Act, 1955, following Orders have been notified:

“(i) The Sugar (Control) Order, 1966: The principal Order was published in the Gazette of India, Extraordinary, *vide* number G.S.R. 912 Ess.Com./Sugar dated the 10th June, 1966 and was subsequently amended from time to time. The said Order contains provisions for conferring various Powers to Central/State Governments namely Powers to regulate production of Sugar, regulations on sale of sugar on mills, to issue directions to producers & dealers of sugar, to regulate movement of sugar, to fix sugar prices, to allot quota of sugar, to issue direction for supply of sugar and to call of any information relating sugar etc.

(ii) The Sugarcane (Control) Order, 1966: The principal Order was published in the Gazette of India, Extraordinary, *vide* number G.S.R. 1126/ Ess.Com./Sugarcane, dated the 16th July, 1966 and was subsequently amended from time to time. The said Order contains provisions for conferring various Powers to Central/State Governments namely Powers to fix Fair & Remunerative Price of sugarcane payable by producers of sugar/khandsari sugar, to regulate distribution & movement of sugarcane, to issue directions to producers of khandsari sugar, power crusher, khandsari units, crushers & cooperative societies and to call information on sugarcane etc.

(iii) The Sugar Price (Control) Order, 2018: The principal Order was published in the Gazette of India, Extraordinary, *vide* number S.O. 2345 dated the 7th June, 2018 and was subsequently amended on 14.02.2019. The said Order contains provisions for conferring various Powers to Central/State Governments namely Powers to issue directions to producers & dealers of sugar, methodology for

prescribing price of sugar, to inspection, entry, search & seizure and to call of any information in this regard etc.”

V. Sugarcane: Area of Cultivation

9. The state-wise total area of land under sugarcane cultivation and sugarcane production for last 5 years as furnished by DFPD is given as under:

Area under Cultivation of Sugarcane during last 5 years					
Figures in 000'hectares					
Year	2017-18	2018-19	2019-20	2020-21	2021-22
Andhra Pradesh	99	102	86	55	47
Bihar	233.8	225.6	223.9	219	211
Chhattisgarh	24.1	32.8	35.2	31.5	35
Gujarat	182	154.8	160.9	215.1	223
Haryana	114	108.7	96.3	99	108
Karnataka	370.3	471.2	429	433	637
Madhya Pradesh	98	108	125	110	93
Maharashtra	902	1162.8	822.4	1132.8	1232
Punjab	96	95	91	89.3	87
Tamil Nadu	171.9	166.4	131.2	124.6	146
Telangana	35	40	26	20	28
Uttar Pradesh	2234	2224	2208	2168.5	2177
Uttarakhand	90	91	92	84	44
All India	4650.1	4982.3	4526.9	4781.8	5068.0

VI. Production of Sugarcane

10. The state-wise total area of land under sugarcane production for last 5 years is given as under:

Production of Sugarcane during last 5 years					
figures in 000'tonnes					
Year	2017-18	2018-19	2019-20	2020-21	2021-22
Andhra Pradesh	7790	8095	6724	4119	3654
Bihar	13825	20116	13579	10714	12063
Chhattisgarh	1158	1452	1759	1750	1990
Gujarat	12072	11326	11570	15414	17459
Haryana	9633	8505	7730	8532	8749
Karnataka	31135	42408	38181	41648	61152
Madhya Pradesh	5430	5282	7434	5880	5379
Maharashtra	82984	89768	69312	101157	110537
Punjab	8024	7774	7302	7485	7147
Tamil Nadu	17154	17140	14119	12800	15457
Telangana	2604	3184	2013	1358	2851
Uttar Pradesh	177033	179715	179539	177233	177425
Uttarakhand	6271	6329	6938	6964	3520
All India	375113	401094	366200	395054	427383

11. In written reply to a query on the reasons for not cultivating sugarcane in States other than UP, Maharashtra and Karnataka, the DFPD submitted that -

“Cane is a water intensive crop and cane farmers in many sugar producing states depend on natural rains for their crop to mature. Sugarcane is a tropical plant, therefore, requires warm weather to reach maturity. The areas having temperature of 20° to 26°C and an average rainfall of 150 cm are suitable for its cultivation. Further, a limited mechanization is available in the activity of cane planting and its harvesting and thus, the cane farmers face difficulties in getting expert laborers for planting and harvesting activities and are also depend upon vagaries of monsoon.”

VII. Sugar: production, consumption, exports, etc.

12. The data on production, consumption, exports etc of Sugar for the last five years (year wise) is as under:

(Figures in LMT)

Year	Production	Demand assessment	Consumption	Buffer stocks *	Export	Import
2016-17	202.27	245	245	-	-	7.5
2017-18	322	253	253	-	6.2	2.5
2018-19	331.33	255	255	30	38	-
2019-20	274	251	251	40	60	-
2020-21	310	260	260	-	70	-
2021-22	359	273	273	-	110	-

*There is no provision of buffer stock of sugar in the country. Special scheme of buffer stock of sugar was launched to assist sugar mills during SS 2018-19 and SS 2019-20 in view of surplus sugar produced during the period.

13. The DFPD in their Background Note on Sugar Industry submitted inter alia as under :

“533 sugar mills have been operational in current Sugar Season (Oct-Sept) 2022-23. Under normal climatic conditions, production of sugar remains in the range of 320-360 Lakh Metric Tons (LMT) after discounting diversion of a part of different sugar containing materials for production of ethanol. The domestic consumption of sugar have been only in the range of 260-280 LMT. Thus, there has been huge carryover stocks of sugar with the sugar mills at the beginning of each sugar season upto 2020-21 sugar season. Excess availability of sugar in the country may lead to subdued ex-mill prices resulting in potential cash loss to sugar mills. This excess stock of about 60-90 LMT of sugar may also lead to blockage of funds and affect the liquidity of sugar mills resulting in accumulation of cane price arrears. Therefore, Government of India makes policy interventions to optimise the closing sugar stock to about 60-65 LMT which is sufficient to meet domestic consumption for 2-3 months and also ensures stable domestic prices.”

14. In regard to the future plans for optimal utilization of high sugar production, the DFPD in a written reply stated that :

“India can produce about 360-400 Lakh Metric Ton(LMT) of sucrose in every sugar season against the domestic consumption of about 275 LMT. In order to deal with high inventories, surplus sugar is diverted to ethanol and is also exported. About 45 LMT of sugar is being diverted to ethanol in current sugar season 2022-23. In upcoming years, it is targeted to divert more than 60 LMT of sugar to ethanol. After diversion, the balance surplus sugar is exported. In previous sugar season 2021-22, Indian sugar mills have exported 110 LMT of sugar; and in current sugar season 2022-23, export quota of about 61 LMT of sugar has been issued to sugar mills. Diversion of sugar to ethanol together with exports have helped in liquidating excess stocks of sugar thereby improving liquidity of sugar mills enabling them to clear cane price dues of farmers.

15. In a written reply to a query relating to the position of India in production of gur, jaggery and khandsari, the DFPD submitted that:

“Jaggery and khandsari are traditional sweeteners produced in small units using local machinery in rural areas. This is an unorganized agro-processing sector in India under the purview of Ministry of Micro, Small & Medium Enterprises (MSME). About one fourth of total sugarcane, is used for manufacturing of jaggery, khandsari and other allied products. India is the largest producer of jaggery, sharing 55% of the total world production. However, Department of Food & PD does not maintain any data in this regard.”

16. With regard to the destinations for India's sugar exports, DFPD in a written reply, submitted the following information :

“sugar is being exported from India, the DFPD apprised the Committee that India has emerged as the 2nd largest exporter of sugar in the world. India is exporting sugar to Indonesia, Bangladesh, Sudan, U.A.E, Somalia, Saudi Arab, Malaysia, Sri Lanka, Afghanistan, Iraq, Pakistan, Nepal, China, Nigeria, Somalia, Niger, Ghana, Djibouti etc.”

VIII. Sugar Balance Sheet

17. The sugar balance sheet for last five sugar seasons containing net sugar production, consumption, import, export, season end stock is as under:

(In Lakh MT)

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 (Projected)
Opening stock	43	106	145	110	85	70(as per actual stock verification by Cane Commissioners)
Production of Sugar (excluding diversion of Sugar to ethanol)	322	332	274	310	359	327
Import of Sugar (excluding under Advanced Authorization Scheme)	0	0	0	0	0	0
Total availability	365	438	419	420	444	397
Domestic Consumption	253	255	249	265	273	275
Exports	6.2	38	60	70	110	61
Closing stocks	10	145	110	85	61	61

18. On being asked about the mechanism the Department have devised to identify to periodic demand-and-supply projections of sugar in the country, DFPD submitted as follows :

“... the Department regularly monitors the stock position of sugar with the sugar mills. Every sugar mill is required to submit the data regarding production of sugar, dispatches & stock available with them on monthly basis on an online portal. Further, to maintain demand & supply balance and to ensure that sufficient sugar is available for the retail consumer at a reasonable price, mill wise monthly quota of white/refined sugar is allocated to sugar mills for sale in the domestic market.”

19. In written reply to a query on the data and details of the changes in opening/carry out stock in SS 2018-19 and SS 2021-22, DFPD submitted as under:

“Ideally, the carryover stocks in any sugar season should be around 60 LMT which is sufficient to meet domestic requirements of sugar for 2-3 months. Excess carryover stocks affect the financial position of sugar mills adversely and also delays payment of cane dues to farmers. In sugar season 2018-19, sugar mills were having a huge carry over stock of about 106 LMT due to surplus production and lack of viability of utilization of surplus sugar at that time. Later, Government brought appropriate policy measures to divert the surplus sugar to production of ethanol and to encourage exports of sugar. These measures led to reduction in carryover stock of sugar to 85 LMT. This reduction helped in improving liquidity of sugar mills enabling them to clear cane price dues of farmers.”

20. In regard to buffer stock, in a written reply DFPD submitted that

“there is no provision of maintaining buffer stock of sugar in the country. However, in order to have sufficient availability of sugar in the country at reasonable for domestic consumption, it is ensured that carry over stock of 60 LMT of sugar should be available before the commencement of every sugar season.

IX Sugar: Long term Strategy of the Government

21. With regard to the long term strategy to address the surplus sugar stocks, DFPD in submitted as under:

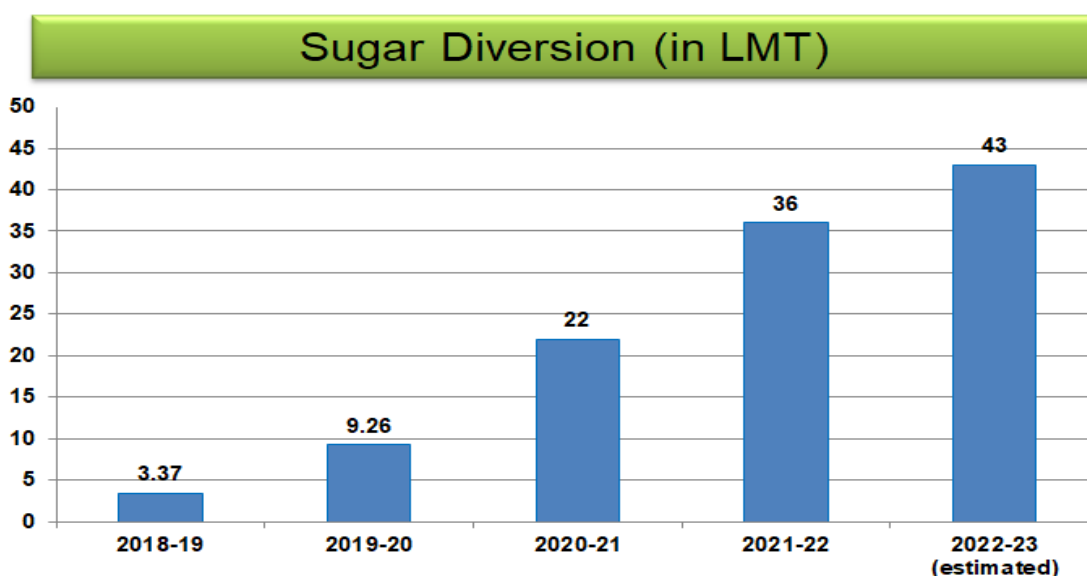
“Besides allowing exports of a part of surplus stocks, Government has been encouraging sugar mills to divert sugar to ethanol so that sugar mills may make

payment of cane dues to farmers in time and also mills may have better financial conditions to continue their operations.

Government has promoted the blending of ethanol with petrol under National Biofuel Policy 2018 and EBP Programme. The ethanol blending percentage in India has increased from 1.73% in 2013-14 to 10.02% in 2021-22. Government announces feedstock wise remunerative prices of ethanol promoting diversion of sugar towards ethanol production. This addresses the issue of surplus sugar with the mills and improves their liquidity enabling them to pay cane dues to farmers. In the previous Ethanol Supply Year (ESY) (Dec-Nov) 2021-22, sugar mills earned revenue of about ₹20,000 crore from sale of ethanol to Oil Marketing Companies which has also played its role in early clearance of cane dues of farmers.

Growth of ethanol as biofuel sector in last 5 years has amply supported the sugar sector as diversion of sugar to ethanol has led to better financial positions of sugar mills due to faster payments, reduced working capital requirements and less blockage of funds due to less surplus sugar with mills. Ethanol production capacity of molasses/sugar-based distilleries has increased to 863 crore litres per annum and the progress is still continuing to meet targets of 20% blending by 2025 under Ethanol Blending with Petrol (EBP) Programme. In new season, the diversion of sugar to ethanol is expected to increase from 36 LMT to 43 LMT.

The quantum of sugar diverted for production of ethanol during last four sugar seasons is given in the following chart:



Ultimately, all these efforts led to unlocking of value chain of the whole industry as well as improved financial conditions of sugar mills leading to self-sufficiency in the sugar industry and transformation of the sector from Food to Energy.”

X. Indian sugar industry vis-à-vis other countries

22. The comparative status of sugar industry India *vis-a-vis* other countries, the DFPD submitted as follows :

“India has become the largest producer of sugar in the world and second largest exporter of sugar. Though no any formal comparative study of sugar industry with other four countries has been made, India has one of the highest yield per hectare in sugarcane despite small land holdings. Like Brazil, India has also progressed in its Ethanol production and now many sugar mills have their ethanol distilleries which are contributing to about 80% of total ethanol production for fuel in the country.

(SS 2021-22)

Particulars	India	Thailand	Brazil	Australia
Cane Productivity (Ton/hectare)	80	74	74	82.44
Sugar per capita consumption (kilo per person)	19.1	43.4	50	37
Cane Price Paid (US dollar per ton)	42.5	23.57	20	23.9
Sugar Recovery (in %)	11.2	13.0	13.8	14.08

23. Submitting further on the comparative status of Indian sugar industry vis-a vis other countries DFPD submitted as follows :

“a Study on development and growth of sugar industry in India vis-à-vis with other sugar producing countries was carried out by the high powered Committee on sugar industry constituted under the Chairmanship of Shri B.B. Mahajan, the retired Food Secretary and its report was submitted in April, 1998.

The report of Mahajan Committee is already in public domain and may be seen at this department's website. Since then, the sugar sector scenario in India as well as in other countries have been completely changed. In past few years, no such Comparative Study on 'Sugar Industry in India' vis-a-vis India's competitors such as Brazil, Indonesia, China, U.S.A. etc. has been carried out. However, the Task Force constituted under NITI Aayog in its report, which was submitted in March, 2020, has brought out comparison of various aspects of sugar sector between India and Brazil. The Report of the Task Force is already in public domain and may be seen at the website of NITI Aayog."

24 The per capita consumption of sugar in India in comparison to Brazil, Thailand and Australia, by as furnished by DFPD is as under:

"In India a sizeable population is constantly dependent on consumption of allied products of sugarcane such as jaggery & khandsari; and the consumption of these allied products are not accounted for, while calculating per capita consumption. Further, the food habits of Western Countries mainly depends on beverages, bakery items and other fast food items which increases the per capita consumption of sugar in these countries in comparison to India."

XI. Sugarcane pricing: SMP and FRP

25. The Sugarcane (Control) Order, 1966, issued under Section 3 of the Essential Commodities Act, 1955, empowers the Central Government to fix cane prices payable by mills to sugarcane farmers. Under this provision, the Central Government fixed a Statutory Minimum Price (SMP) for sugarcane, the basis of which was similar to that of the Minimum Support Price (MSP) for 24 other commodities.

26. The data and details of Statutory Minimum Price (SMP) and Fair Remunerative Price (FRP) as submitted by DFPD in their background note is as follows :

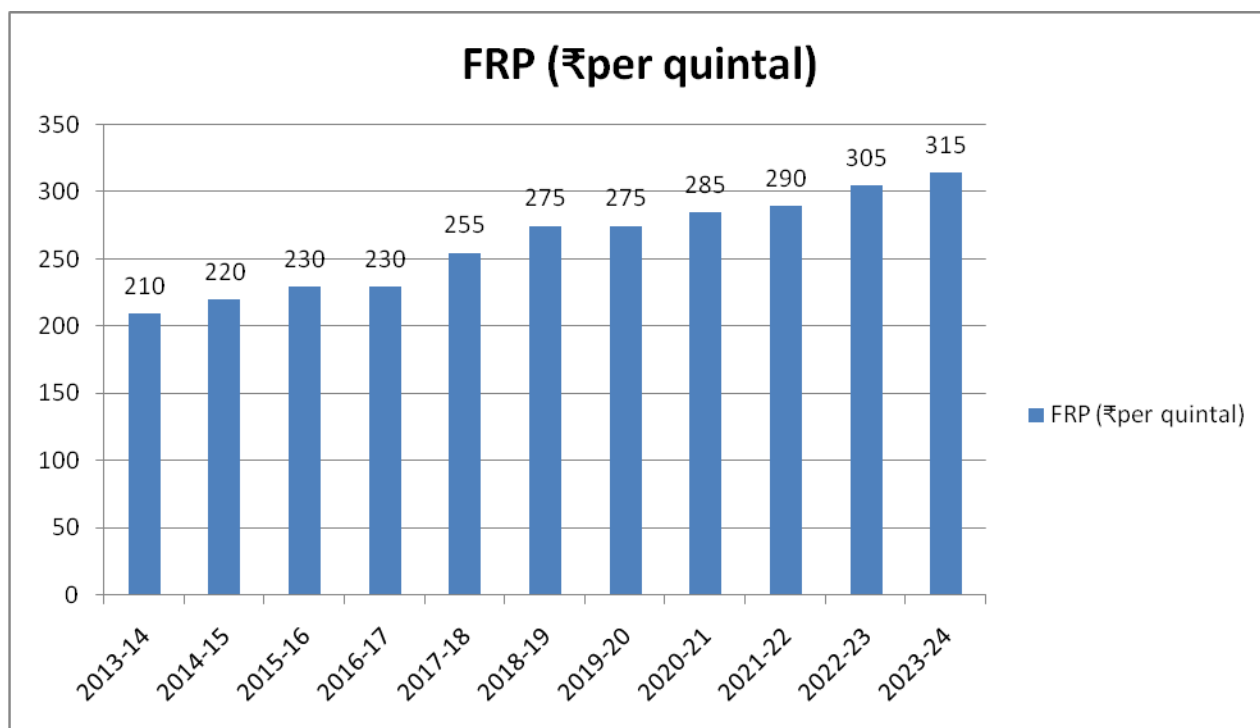
"The Central Govt. had been announcing Statutory Minimum Price (SMP) of sugarcane upto 2009-10 sugar season. Further, Concept of SMP has been replaced by Fair and Remunerative Price (FRP) which is the benchmark price, below which no sugar mill can purchase sugarcane from farmers. Under FRP system, payment of profit to farmers is assured upfront irrespective of the facts that sugar mill generates profit or not.

The FRP of sugarcane is fixed based on recommendations of Commission for Agricultural Costs and Prices (CACP) after consultation with State Governments and other stakeholders. FRP for the current sugar season 2022-23 is ₹305 per Quintal at basic recovery of 10.25 percent subject to a premium of ₹3.05 per Quintal for each 0.1 percent increase of recovery over and above 10 percent and reduction in FRP at the same rate for 0.1% decrease in the recovery rate till 9.5%.”

27. As per Annual Report of the DFPD 2022-23, the amended provisions of the Sugarcane (Control) Order, 1966 provides for fixation of FRP of sugarcane having regard to the following factors:

- i. cost of production of sugarcane;
- ii. return to the growers from alternative crops and the general trend of prices of agricultural commodities;
- iii. availability of sugar to consumers at a fair price;
- iv. price at which sugar produced from sugarcane is sold by sugar producers;
- v. recovery of sugar from sugarcane;
- vi. the realization made from sale of by- products viz. molasses, bagasse and press mud or their imputed value (inserted vide notification dated 29.12. 2008);
- vii. reasonable margins for the growers of sugarcane on account of risk and profits.

28 . Fair and Remunerative Price of Sugarcane for last ten years , as furnished by DFPD can be seen in the following chart:



29. In a written reply to a query about the applicability of Fair and Remunerative Price (FRP) uniformly all over the country, the DFPD informed that

“ this Department fixes the Fair and Remunerative Price (FRP) of sugarcane uniformly for the whole country well before the commencement of every sugar season (October-September) on the basis of recommendations of the Commission for Agricultural Costs and Prices (CACP). It is mandatory for the sugar factories to pay cost of sugarcane to the sugarcane growers at FRP fixed by Government. In order to ensure that higher sugar recoveries are adequately rewarded and considering variations amongst sugar mills, the FRP is linked to a basic recovery rate of sugar, with a premium payable to farmers for higher recoveries of sugar from sugarcane. However, four states namely Uttar Pradesh, Uttarakhand, Haryana & Punjab have State Advised Price (SAP) which generally remains higher than the FRP.”

30. With regard to Pricing Formula for States having sugar production less than 10%, the DFPD in their written reply informed as follows :

“ FRP for current sugar season 2022-23 has been fixed at ₹ 305 per quintal for a basic recovery rate of 10.25%, which is highest ever FRP of sugarcane. There is a premium of Rs. 3.05/qlt for each 0.1% increase in recovery over and above 10.25%, & reduction in FRP by Rs. 3.05/qlt for every 0.1% decrease in recovery in respect of those factories whose recovery is below 10.25% but above 9.5%. However, the Government with a view to protect interest of sugarcane farmers decided that there shall not be any deduction in case of sugar mills where recovery is below 9.5%. Such farmers will get FRP at Rs. 282.125/qlt ($₹ 305 - ₹ 3.05 * 7.5$).

XII. Sugarcane pricing: SAP

31. The DFPD also informed that Government of India announces Fair and Remunerative Prices (FRP) for cane growers for every sugar Seasons, State Government also announces State Advised Prices (SAPs) which are generally higher than that of FRPs. The higher SAPs are to be borne by the sugar mills concerned, not the State Governments which announce SAPs. The FRP and SAP for different states for the sugar season 2021-22 as on 13.03.2023 is tabulated below:

State	FRP Rs./Qtl. (Adjusted to average recovery)	SAP Rs./Qtl.	% increase of SAP over FRP
Uttar Pradesh (avg. recovery @10.85%)	315	350	11.11
Uttarakhand (avg. recovery @10.77%)	312	355	13.78
Punjab (avg. recovery @9.32%)	275.50	360	30.67
Haryana (avg. recovery @9.65%)	280	362	29.29

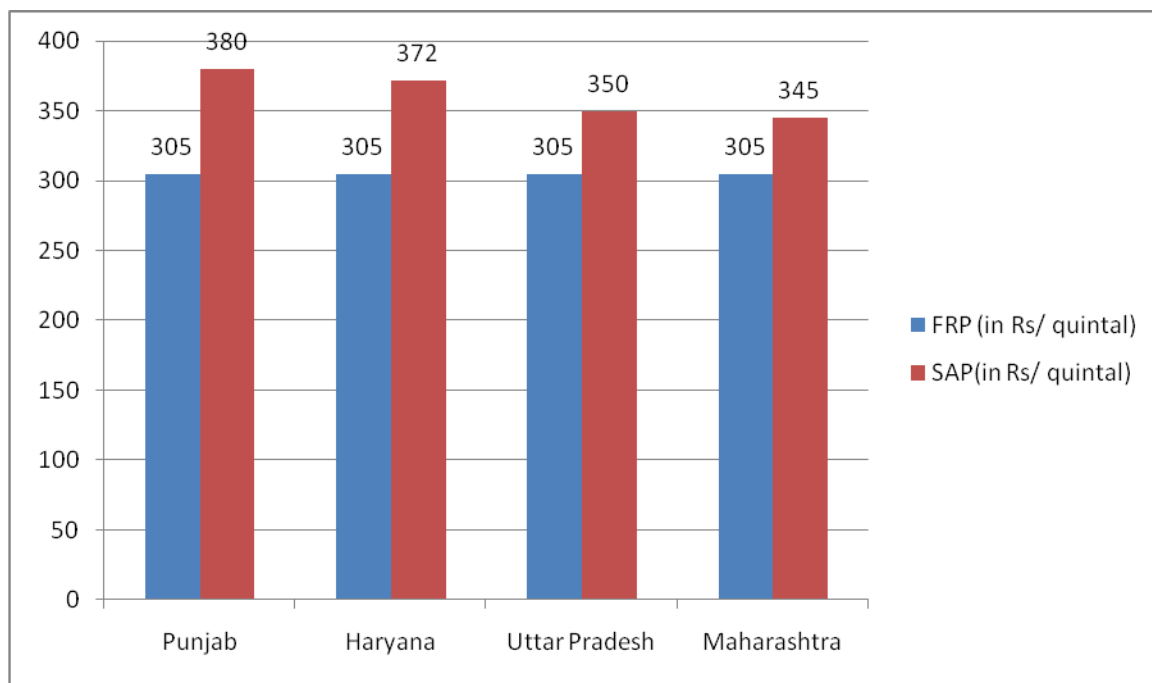
32. Details of Fair and Remunerative Price (FRP) and State Advisory Price (SAP) of Sugarcane During Last Five SSs and Current SS 2022-23 are given as under:

Sl No	Sugar Season (Oct-Sept)	FRP (Rs. Per Quintal)	Basic Recovery rate	SAP (Rs. Per Quintal)			
				Punjab	Haryana	Uttar Pradesh	Uttarakhand
1	2017-18	255	9.5%	300	325	315	316
2	2018-19	275	9.5%	300	335	315	317
3	2019-20	275	10%	300	335	315	317
4	2020-21	285	10%	300	335	315	317
5	2021-22	290	10%	360	365	340	345
6	2022-23	305	10.25%	380	372	350	345

SAP includes FRP

Note: SAP of sugarcane varies as per the varieties specified by State Govt. as early, mid and rejected.

33. Comparison of SAP w.r.t. FRP in Punjab, Haryana, Uttar Pradesh and Uttarakhand for sugar season 2022-23 can be seen from the following graph:



XIII. Basic Recovery Level of Sugarcane

34. DFPD in their written reply about the recovery levels of sugarcane submitted as follows:

“Recovery level is the actual output of sugar per unit of cane crushed. Mathematically, the recovery rate is calculated on the basis of sum of the quantum of actual sugar bagged and sugar sacrificed for other use (Ethanol) divided by actual cane crushed during a particular sugar season. The power to decide recovery rate has been delegated to the concerned states.

For the current sugar season 2022-23, the basic recovery rate has been fixed at 10.25%. The all India average recovery during 2021-22 was 11.03% (including sugar diverted to ethanol). The recovery also depends upon maturity of the cane in field. This is one of the major reasons for delay in crushing”.

35. In written reply to a query about the existence or otherwise of standard protocol in to decide the Basic recovery Level of Sugarcane, the DFPD submitted that-

“based on the data collected from majority of sugar mills of the country, CACP decides the basic recovery level of sugarcane while recommending FRP for a particular sugar season. The power to decide recovery rate has been delegated to the concerned states....”.

36. In written reply to a query on the efforts of the Department to minimize average fall per day in recovery rate if crushing is delayed, DFPD submitted as under :

“that Recovery of sugar depends on the timely crushing of cane after harvesting which is mutually beneficial for both mills and farmers, this aspect is generally taken care of by all the mills. Many states like UP, Maharashtra have developed digital system to issue tokens to farmers for streamlining harvesting and cane crushing operations in their respective States to minimize the loss of recovery, as loss of recovery is loss of sugar mill as well as farmers.

37. On a query relating to mechanism to notify the sugarcane farmers about basic recovery rate of their crop, the DFPD in a written reply submitted that-

“State Governments, based on the data compiled from sugar mills in the respective States, provide the information on mill wise recovery rate. Industry Associations like Indian Sugar Mills Association (ISMA), National Federation for Cooperative Sugar Factories (NFCFSF) also compile and share the information at public forum.”

38. In regard to the Sugar Recovery Identification' and Recovery Formula when sugar is diverted to ethanol, the DFPD submitted that -

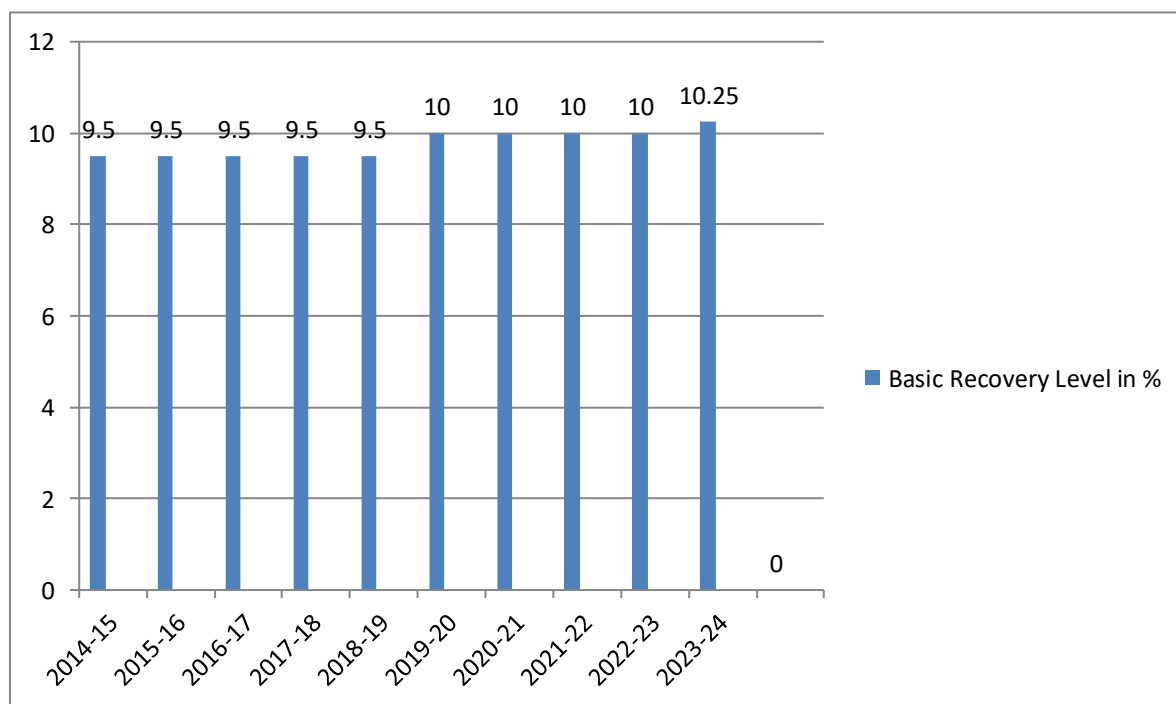
“Sugar recovery is the ratio between sugar produced versus cane crushed. Recovery from sugar is 9.5% to 12% depending upon the cane quality and the efficiency of the sugar mill. Factory-wise sugar recovery is notified by the State Governments for every sugar season. On the basis of which Fair and Remunerative Price (FRP) is calculated by the State Governments.

In case where sugar is diverted to ethanol the estimated sugar recovery may be calculated by using the following formula:

$$\text{Sugar Recovery \% Cane} = \frac{\text{Pol in Mixed Juice \% Cane} \times (J - 35.60)}{0.644J} \times K$$

(Where J is the purity of mixed juice and value of K may be considered as 1.002 for deemed production of plantation white sugar).

39. Basic Recovery Level of Sugarcane for last ten years of sugar season can be seen in the following chart:



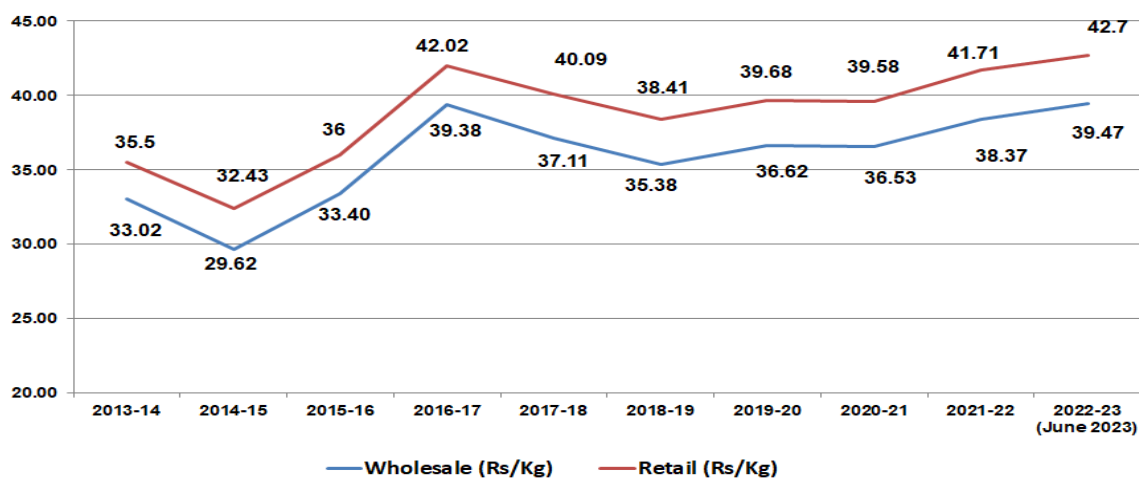
XIV. Sugar Prices

40. The DFPD in their written submission to the Committee informed that-

“ the prices of sugar remained subdued till 2018-19 sugar season resulting cash loss to sugar mills and mills were not able to clear the cane dues of farmers. With a view to prevent cash loss to sugar mills caused due to subdued sugar prices, Government in June, 2018 issued the Sugar Price (Control) Order 2018 under which concept of Minimum Selling Price (MSP) of sugar was introduced. Further, MSP of sugar was fixed at ₹29/kg which was enhanced to ₹31/kgw.e.f.14.02.2019.

Domestic sugar prices in the country both wholesale and retail can be seen in the following graph:

Domestic Sugar Price Scenario in the Country



41. The data on monthly average Retail Prices of Sugar in four Metro cities during the year 2022-23, as furnished by DFPD is as under:

Centre	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Average
DELHI	41.06	41.27	41.00	41.00	41.00	41.07
MUMBAI	42.00	42.00	42.68	43.26	44.00	42.77
KOLKATA	44.00	44.00	43.37	43.00	43.12	43.5
CHENNAI	40.00	40.23	39.84	38.67	40.39	39.82
All India Average	42.51	42.61	42.20	41.83	41.72	

*Source:- Department of Consumer Affairs (Price Monitoring Division)

XV. Cane dues Payment to Farmers

42. A Representative of DFPD appearing before the Committee at their sitting held on 10.07.2023 as under:

“वर्ष 2018-19 और वर्ष 2019-20 में जैसा मैंने कहा कि those were difficult times for the sugar sector, तो उस टाइम about 79.7 per cent or 73 per cent cane dues were cleared. जबकि अगर इस साल हम देखें, 1 जुलाई, 2023, just about ten days back, about 91.5 per cent of the cane dues have been cleared. So, while our effort is to get the cane dues cleared at the earliest, there are some States like Gujarat, उनकी पॉलिसी में ही है कि वे तीन इंस्टालमेंट्स में केन ड्यूज क्लियर करते हैं। वे वन टाइम, जो हम 14 दिन के अंदर वाला बता रहे हैं, वे उसमें क्लियर नहीं करते हैं। उनकी पॉलिसी के अनुसार वे तीन इंस्टालमेंट्स में केन ड्यूज क्लियर करते हैं। So, still we are taking it up with them, and ensuring that wherever there are major dues, they are cleared. There are major dues in UP on account of two-three mills which are actually referred to the NCLT or having issues with regard to their operations. So, the major pending dues are in these two-three sugar mills. But broadly, I think, the Committee will appreciate that the position of the cane dues is definitely better over the years, and 91.5 per cent cane dues cleared by 1st of July is quite a high figure compared to the previous years”

43. Further, the DFPD in their written reply submitted to the Committee informed that :

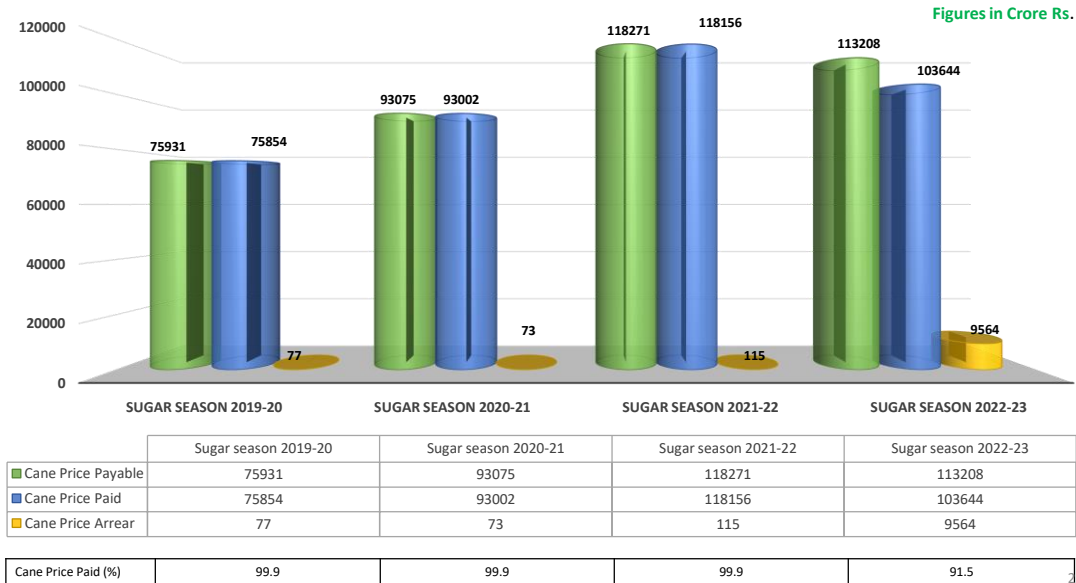
“timely Government interventions during last 5 years have been crucial in building the sugar sector step by step from taking them out of financial distress in 2018-19 to the stage of self-sufficiency in 2021-22& 2022-23. It is a remarkable achievement that during SS 2021-22, sugar mills procured sugarcane worth ₹1,18,271 Crores and most of the payment has been released with no financial assistance(subsidy) from Government of India. During the current sugar season 2022-23, sugar mills have procured sugar cane worth ₹1,13,208 crore and as on 30.06.2023 about ₹1,03,644 crores has been released by sugar mills and only ₹9,564 crore is pending. The ex - II prices of sugar in the domestic market have also been hovering in the range of ₹3200-3600 per quintal reflecting a reasonable realization by sugar mills on sale of their domestic stocks. Thus, cane dues for last sugar season i.e.2021-22 have been reduced to ₹115 crore indicating that about 99.9% of cane dues had already been cleared. It is also noteworthy that upto SS 2020-21, about 99.97% cane dues are cleared.

44. The position of cane price payable, paid and pending arrears as submitted by the DFPD is also clear from the following table:

(Figures in Crore Rupees)

	SS 2022-23 (As on 30.06.2023)			Cane dues of earlier sugar seasons				
State	Cane Price Payable	Cane Price Paid	Cane Price Arrear s	2017-18 & earlier	2018-19	2019-20	2020-21	2021-22
Uttar Pradesh	38051	31736	6315	137	0	0	4	46
Maharashtra	35524	34893	631	139	20	0	59	32
Karnataka	19730	19603	127	0	4	0	0	0
Gujarat	3363	1712	1651	54	0	0	0	0
Tamil Nadu	3680	3511	169	0	73	0	0	0
Bihar	2153	2139	14	18	50	39	4	0
Haryana	2862	2596	266	0	0	0	0	0
Punjab	2572	2359	213	0	0	2	6	34
Madhya Pradesh	1771	1762	9	6	0	0	0	0
Uttarakhand	1697	1596	101	34	108	0	0	3
Andhra Pradesh	659	628	31	0	22	36	0	0
Telangana	805	791	14	0	0	0	0	0
Chhattisgarh	266	243	23	0	0	0	0	0
Odisha	75	75	0	3	0	0	0	0
All India Position	113208	103644 (about 91.5 % payemtn s made)	9564	391	277	77	73	115

CANE DUES PAYABLE, PAID AND PENDING (AS ON 30.06.2023)



45. With regard to the reasons for outstanding Cane price arrears, the DFPD submitted in a written reply submitted as follows :

“payment of cane price is a continuous process. Cane Price Arrears (CPA) generally maximizes during peak period of the cane crushing operations when purchases of cane by mills are the highest. Thereafter, the CPA reduces day by day and minimizes at the end of the preceding month of commencement of crushing for the next season (generally in October/November end). Some of the states like Gujarat, Maharashtra and Karnataka have adopted their own practice of cane payment in three installments with mutual consent of farmers. In such payment process, part of dues accumulated at a particular point of time reduces in a short span of time once the next due installment is paid. Further, some cane price arrears are due to the closure of some sugar mills and pending legal cases.”

46. Regarding timeline fixed to pay off the the outstanding of sugarcane arrears and steps taken/being taken by the Department to liquidate the Cane Price Arrears, the DFPD in their written replies submitted that-

“ in order to safeguard the interest of the cane farmers, the 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. FRP of sugarcane, so fixed is a statutory minimum price below which no sugar producer can purchase cane from the growers. 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.

Besides, with a view to facilitate payments of outstanding dues to the sugarcane farmers, the Central Government takes various steps in the form of policy interventions from time to time as and when required.

To prevent cash loss of the mills, Government fixed Minimum Selling Price (MSP) of white sugar at Rs. 29/kg for sugar season 2017-18 vide Sugar Price (Control) Order, 2018 taking into account the components of Fair & Remunerative Price (FRP) of sugarcane and minimum cash conversion cost of the most efficient mills. The MSP has been further revised to Rs. 31/kg for sugar season 2018-19. Since introduction of MSP in June, 2018, the all-India ex-mill price of sugar has been improved from the range of Rs. 24-27/kg to Rs. 32-36/kg. As a result of this, it is expected that, requirement of government interventions in the form of financial assistance in surplus phases would be minimal and it may act as a long-term measure to reduce dependence of the sector on government interventions.

Government is also encouraging production of ethanol by diverting excess sugar. The Government has also allowed production of ethanol from sugarcane juice, sugar syrup, sugar, B' Heavy molasses in addition to 'C' Heavy molasses. Each year, the Central Government fixes remunerative prices for ethanol derived from these feed stocks."

XVI Mode of payment of cane price dues

47. With regard to mode of payment of cane price dues to farmers, DFPD submitted as follows :

" the DFD informed that in order to ensure that the assistance/aid is directly credited into the accounts of farmers, the sugar mills were instructed to open a separate no-lien account in a nationalized bank/cooperative bank. Mills furnished the list of farmers along with bank accounts details to that bank and the details of cane price dues payable to the farmers for respective sugar season and cane price arrears of previous sugar seasons, duly certified by the Cane Commissioner/Director of Sugar of the state concerned. The bank credited the amount of assistance to the farmers' accounts on behalf of the mills against cane dues payable and subsequent balance, if any, was credited into the mill's account.

Further, Utilization Certificate Issued by Cane Commissioner of the concerned states are required to be submitted by the beneficiary sugar mills which ensures utilization of funds for payment of Cane Price Arrears to farmers."

XVII Ethanol Blending Programme (EBP)

48. The DFPD in their written replies on EBP submitted to the Committee informed that-

“ Ethanol blended with petrol (EBP) was launched on 1.1.2003 with the objectives of reducing import dependency on crude oil, conserving foreign exchange, reducing carbon emission and providing boost to agriculture sector. Government has fixed the target of 10% blending of ethanol with petrol for 2021-22 and 20% by 2025 respectively. The target of 10% for Ethanol Supply Year (ESY)(Dec-Nov) 2021-22 has been achieved successfully. To achieve 20% blending target, the requirement of ethanol cannot be fulfilled by sugarcane route only and therefore, Government has allowed various other feed-stocks like Damaged Food Grains(DFG), FCI rice, maize etc. for the purpose of production of ethanol.

Further, for the current ESY i.e. ESY 2022-23, target of blending percentage is 12% which would require about 550-600 crore liters of ethanol (requirement is received from OMCs). The current ethanol production capacity in the country is about 1070 crore litres (which includes 723 crore litres of molasses based production capacity and 347 crore litres of grain based production capacity). However, in order to achieve the 20% blending target by 2025, about 1350 crore liters of ethanol will be required (1016 crore liters for blending and 334 crore liters for other industrial uses) for which about 1700 crore litres (for blending as well as for other uses) of ethanol production capacity is required to be in place by 2025.”

49. Representatives of the DFPD, appearing before the Committee on 10 July, 2023, submitted as under:

“In order to find out a permanent solution to address the problem of excess sugar over the years, Government has encouraged the sugar mills to divert the excess sugarcane to ethanol. The Government had fixed a target of 10 per cent to be blended with petrol for 2022 and we have achieved that. We are expecting to have a blending of 20 per cent by 2025. In the past years, the capacity of molasses-based distillery has been doubled and, currently, it is 863 10th July, 2023 Committee on Consumer Affairs, Food & Public Distribution 7 crore litres. In case of grain-based distillery, it is 436 crore litres and the total capacity is leading around 1,299 crore litres. The capacity is expected to be around 1,315 crore litres by December, 2023. We are expecting to achieve the target of around 1,700 crore litres by 2025.”

50. In regard to Ethanol Blended Petrol (EBP) Programme, Ministry of Petroleum & Natural Gas in their Detailed Note submitted as under:-

“Ministry of Petroleum & Natural Gas (MoP&NG) notified the “National Policy on Biofuels-2018” on 4th June, 2018 with the Goal to enable availability of biofuels in the market thereby increasing its blending percentage. Ethanol Blended Petrol (EBP) Programme is the bed rock of this Policy which provided an indicative target of 20% blending of ethanol in petrol by 2030. This Policy was further amended in 2022, wherein, the target of 20% ethanol blending in petrol has been advanced from 2030 to 2025-26.

Government has been implementing Ethanol Blended Petrol (EBP) Programme wherein Oil Marketing Companies (OMCs) sell petrol blended with ethanol at varying percentages as per availability of ethanol and compatible vehicles. This Programme has been extended to whole of India to promote the use of alternative and environment friendly fuels. This intervention also seeks to reduce import dependence for energy requirements and give boost to agriculture sector.

To increase indigenous production of ethanol the Government has taken multiple interventions including, re-introduction of administered price mechanism, opening of alternate route for ethanol production, amendment to Industries (Development & Regulation) Act, 1951 which legislates exclusive control of denatured ethanol by the Central Government, reduction in Goods & Service Tax (GST) on ethanol meant for EBP Programme from 18% to 5%, notification of National Policy on Biofuels – 2018, scheme for financial assistance to sugar mills for enhancement and augmentation of the ethanol production capacity, allowed multiple feed-stocks viz. B heavy molasses, sugarcane juice, sugar, sugar syrup, damaged food grains, maize and surplus rice available with Food Corporation of India (FCI) to be used for ethanol production, differential ethanol price based on feed stock utilized for ethanol production, enhanced and remunerative ethanol pricing, long term ethanol procurement policy, framework for setting up ethanol distillation capacities in ethanol deficit states to name the few.

The aforesaid actions helped in increasing ethanol procurement by Public Sector OMCs from 38 crore litres during Ethanol Supply Year (ESY) 2013-14 (December, 2013 to November, 2014) to 433.6 crore litres during recently concluded ESY 2021-22 (December, 2021 to November, 2022). The average blending has improved from 1.53% to 10.02% in the corresponding period. The target to achieve average 10% ethanol blending in petrol was met ahead of schedule.”

51. ESY wise procurement/blending performance as furnished by DFPD during the last nine years is tabulated below:

ESY	Ethanol procurement / blending quantity in crore litres	Blending Percentage (%)
2013-14	38.0	1.53%

2014-15	67.4	2.33%
2015-16	111.4	3.51%
2016-17	66.5	2.07%
2017-18	150.5	4.22%
2018-19	188.6	5.00%
2019-20	173.0	5.00%
2020-21	302.3	8.10%
2021-22	433.6	10.02%

52. The Ministry of Petroleum and Natural gas in a detailed note on EBP submitted as under :

“Sugar Industry continues to be the major supplier of ethanol for EBP Programme with approx. 83% of the total contribution. For the ongoing ESY 2022-23, OMCs have tendered a requirement of 600 crore litres. OMCs have already procured 280 crore litres enabling 11.68% blending for ongoing ESY 2022-23 as on May, 2023.

Encouraged by the performance of last eight years, the Government has directed OMCs to target 20% ethanol blending by ESY 2025-26. (repetition As a step in this direction, the Report of Expert Committee on “Roadmap for ethanol blending in India 2020-25” has been published by the Government. The rollout plan provides consolidated & synchronized efforts by all stakeholders to overcome the challenges with clear timelines.

As per the aforesaid roadmap, the estimated requirement of ethanol to achieve 20% blending in petrol is around 1016 crore litres during ESY 2025-26. Department of Food and Public Distribution (DFPD), the nodal agency for setting up ethanol distillation capacities in the country, has estimated a requirement of 1700 crore litres per annum of capacity to meet the EBP requirement and other uses. Interest subvention scheme for augmentation and enhancement of ethanol production capacities has been notified and the process for grant of Environmental Clearance (EC) has also been smoothened. The distillation capacity has increased by 64% from 685 crore litres per annum in 2018-19 to over 1070 crore litres per annum as on date.

OMCs have also signed Long Term Offtake Agreements (LTOAs) with 131 successful bidders who have plans to set up 738 crore litres per annum of dedicated ethanol capacity in ethanol deficit states in next few years.

We are on course to set up the desired ethanol distillation capacities in the country by 2025 to meet the 20% blending requirement and other usages. OMCs have already rolled-out E20 from February, 2023. OMCs have also set up E-100 pilot projects at 3 retail outlets in the city of Pune, Maharashtra.

Enhanced ethanol supply from sugar industry; addressing issues related to controls exercised by various state governments for storage, movement and licencing of ethanol; ample feedstock availability for ethanol production is important to meet the set EBP targets. Moreover, Automobile Industry needs to gear up for making flexi fuel engines which can absorb varied and higher quantities of ethanol blends in petrol. The above steps will help in sustainability of EBP Programme.

The estimated accrued benefits of EBP in the last eight ethanol supply years (2014-15 to 2021-22) include foreign exchange impact of over Rs.50000/- crores, net CO₂ reduction of over 300 lakh MT, crude oil substitution of over 100 lakh MT and expeditious payment to farmers of over Rs.48000/- crores. EBP has also helped in containing the petrol price. As we move towards higher blending, the benefits will multiply.”

53. Representatives of the DFPD, deposing before the Committee at their sitting held on 10.07.2023 submitted as under:

“ethanol blending programme was started in 2013-14 with 38 crore litres. In the current year, as on 25.06.2023, with the supply of more than 330 crore litres, blending has increased up to 11.72 per cent against the target of 12 per cent. About 500 crore litres ethanol are likely to be supplied by distilleries for blending.”

54. The data on average yield of ethanol, in terms of litres, from different feedstocks, furnished by DFPD is as under:

S.No.	Feed stock	Yield (Litres/MT)
1	Rice	450
2	Maize	380
3	B-Hy molasses	320
4	C-Hy molasses	225
5	Sugarcane juice	70

However, the yield may vary due to change in variety and quality of feedstocks.

55. On the prospects of achieving the target of 20 % ethanol blending target , DFPD in their background note submitted as follows :

“the current ethanol production capacity in the country is about 1070 crore litres (which includes about 723 crore litres of molasses based production capacity and about 347 crore litres of grain based production capacity), which is sufficient to meet the blending target of 12% in current ESY 2022-23. To achieve the target of 20% ethanol blending with petrol by 2025, about 1016 crore liters of ethanol would be required and about 334 crore liters of ethanol would be required for

other uses. For this, about 1700 crore liters of ethanol producing capacity would be required considering plant operates at 80% efficiency. To meet the target of 20%, Government of India has been implementing various ethanol interest subvention schemes since 2018 to facilitate entrepreneurs to set up or expand their existing distillation capacities, under which interest subvention @ 6% or 50% of the interest charged by the banks whichever is lower is being borne by Government for the period of five years including one year of moratorium. Under various ethanol interest subvention schemes notified from Jul'18 to Apr'22, as on 9.3.2023, a total of 1157 projects (594 molasses based, 420 grain based and 143 dual feed) have been approved which are expected to add additional capacity of about 4096 crore litres which would be more than sufficient to meet ethanol requirement in the country for 20% blending by 2025 and other applications."

56. The Impact on country's economy due to 20% blending by 2025 , as submitted by DFPD, is as under:

- "It would benefit maize& paddy farmers, would address surplus grain problem; about 165 lakh tons of grains will be utilized.
- Diversion of 60 lakh tons of surplus sugar would address the problem of surplus sugar, checks depressed sale of sugar, improves liquidity of sugar mills and will ensure timely payment of cane dues of farmers
- It will bring new investment opportunities as about ₹41,000 crore would be invested to set up new distilleries in rural areas & would result in job creation in villages.
- Would improve air quality, reduces Carbon Monoxide emission by 30-50% & Hydrocarbon by 20%.
- Would save foreign exchange of about ₹50,000crore on account of crude oil import bill and would reduce dependence on imported fossil fuel there by would help in achieving the goal of Atmanirbhar Bharat in petroleum sector."

XVIII Interest Subvention Scheme

57. Elaborating on the incentives provided to increase the distillation capacities of sugar mills for producing ethanol, the representative of DFPD, appearing before the Committee on 10.07.23 explained as under:

"SDF loans were given to the eligible sugar mills for modernisation of mills, installation of ethanol and cogen plants, cane development in their command area. It has also helped immensely in reviving this sector. We have Interest Subvention Scheme for ethanol projects which was essentially launched to encourage more ethanol projects to improve the viability of sugar mills."

As an outcome of all these interventions, additional revenues from export and diversion from sugar to ethanol have improved the cash flows and financial position of the sugar mills drastically and the problem of excess sugar has been addressed for long run. Timely clearance of cane dues is at present 91 per cent. Despite record high international prices, Indian consumers are getting sugar at reasonable prices. Due to these reforms that we have taken in past few years, sugar sector has become self-sustainable.”

58. In a written reply to a query on the response of the sugar industry to the incentives offered by the Govt and road map if any, DFPD submitted inter-alia as follows :

“To augment the capacity of ethanol production in the country which would be required to meet the blending targets set under EBP programme and other applications, Government of India has been introducing various Ethanol Interest Subvention Schemes since 2018 (in 2021 ethanol production from grain was also included under these schemes), to encourage entrepreneurs to enhance their distillation capacities for which Government is facilitating them to avail loans from banks for which interest subvention @ 6% or 50% of the interest charged by the banks whichever is lower is being borne by Government for the period of five years including one year of moratorium. The response of sugar mills/distilleries towards various Ethanol interest subvention schemes notified by the Government from time to time has been overwhelming. A large number of sugar mills have come forward to set up distilleries for ethanol production or for expansion of their existing distillation capacities by availing benefits of interest subvention under different schemes.

Out of the total capacity requirement of 1700 crore litres(As per NITI Aayog Roadmap), it is projected that 860 crore litres is required from sugarcane route and 840 crore litres from grain route. Prior to notification of ethanol interest subvention scheme in July 2018, the capacity of molasses based distilleries was 333 crore litres. With implementation of ethanol interest subvention scheme & efforts made by DFPD, 390 crore litres capacity has been added. As a result, capacity of molasses based distilleries have reached to about 723 crore litres and it is further expected that capacities of molasses based distilleries will reach 857 crore litres by end of 2023.”

XIX Ethanol production *vis-a-vis* sugarcane arrears for last ten years

59. In a written reply, DFPD on ethanol production vis-a vis sugarcane arrears , submitted that :

“till year 2013, ethanol distillation capacity of molasses based distilleries was

only 215 crore liters. However, in past 9 years due to the policy changes made by the Government, the capacity of molasses based distilleries has increased by more than three times and are currently at 723 crore liters. Capacity of grain-based distilleries are presently about 347 crore liters. Thus, the overall capacity of ethanol production has reached to 1070 crore liters. The ethanol produced by these industries is used for blending with petrol which is supplied to OMCs and other industrial applications.

Till year 2013, supply of ethanol to OMCs was only 38 crore litres. Production of fuel grade ethanol which is supplied to OMCs has increased by more than 10 times from 2013-14 to 2021-22. In ESY 2021-22, a historically high figure of about 408 crore litres of ethanol was produced for blending purpose. The status of production of fuel grade ethanol which is supplied to OMCs under EBP Programme and revenue generated by sugar mills by selling this ethanol which has helped sugarcane mills in making timely payment of cane dues of farmers since 2013-14....”

60. In response to a query relating to the impact of ethanol blending policy of the Govt in reducing the Cane Price Arrears to farmers, the DFPD submitted that –

“the target of 10% blending of ethanol with petrol which was set for ESY 2021-22 under EBP Program has been achieved successfully. It is sated that there is no direct estimate of the arrears that have been minimized from the sale of ethanol to OMCs, however, during last nine sugar seasons i.e. from SS 2013-14 onwards, a total of about Rs. 77,608 crores revenue has been generated by sugar mills/distilleries from sale of ethanol to OMCs produced form different feed-stocks which has helped sugarcane mills in making timely payment of cane dues of farmers.

The year-wise details of the ethanol supplied along with revenue generated from the sale of ethanol produced from sugarcane-based distilleries are as under:

Ethanol Supply Year(ESY)	Quantity Supplied/Blended (in crore liters)	Revenue from the Molasses based Ethanol (Rs. Cr.)
2013-14	38	1368
2014-15	67.4	3303
2015-16	112	5514
2016-17	66.5	2594
2017-18	150.5	6148
2018-19	188.56	8089
2019-20	173.03	7822
2020-21	302.30	14763

2021-22	408.09	20522
2022-223 (as on 05.03.2023)	138.71	7485
Total	1645.09	77608

XX Challenges of Sugar Industry in India

61. In a written reply to a query about the economic impact of Covid pandemic on sugar industry, the DPF in their written reply submitted that:

“timely intervention from Government of India has ensured minimum disturbance to sugar mills during Covid Pandemic. Since the country had higher sugarcane production, sugar mills were kept operational even during pandemic and all available cane was procured and crushed by mills. With Government assistance, sugar mills exported about 60 LMT, 70 LMT and 110 LMT of sugar during SS 2019-20, SS 2020-21 and SS 2021-22 resulting in disposal of surplus sugar and timely payment of cane dues to farmers. In addition, during the pandemic, sugar mills raised to the demand of the country and installed the capacity to produce hand sanitizers to meet not only domestic demand in the country as well as to export to meet global requirements. Ethanol production was also increased during Ethanol Supply Year (ESY) 2019-20 from 173 crore litres to 408 crore litres in ESY 2021-22 leading to increase in ethanol blending from 5.1% in 2019-20 to 10.02% in 2021-22.”

62. Regarding major challenges of sugar industry in India, the DFPD in a written reply submitted that -

“India is surplus in sugar production. In every sugar season, Indian sugar mills produce around 320-360 Lakh Metric Tonne (LMT) sugar as against the domestic sugar consumption of 270-275 LMT which may result in huge carry over stock of sugar with mills. This excess stock could lead to subdued ex-mill prices, blockage of funds and may affect the liquidity of sugar mills adversely resulting in delayed payment of cane dues & ultimately resulting in accumulation of cane price arrears. With a view to prevent cash loss to sugar mills caused due to subdued sugar prices, Government in June, 2018 has introduced the concept of Minimum Selling Price (MSP) of sugar and fixed MSP of sugar at Rs. 29/ kg which was revised to Rs. 31/ kg w.e.f 14.02.2019. To liquidate excess stocks, Govt. has also extended assistance to sugar mills to facilitate export of sugar. In sugar seasons 2017-18, 2018-19, 2019-20, 2020-21 & 2021-22 about 6.2 LMT, 38 LMT, 60 LMT, 70 LMT & 110 LMT sugar was exported in respective sugar seasons. In order to find a permanent solution to address the problem of excess sugar, Government is encouraging sugar mills to divert excess sugarcane to ethanol. Government has fixed target of 10% blending of fuel grade ethanol with petrol by 2022 & 20% blending by 2025. In sugar seasons 2018-19, 2019-20, 2020-21 & 2021-22 about 3.37 LMT, 9.26 LMT, 22 LMT & 34 LMT of sugar was diverted to

ethanol. In current sugar season 2022-23, about 45 LMT of excess sugar is being diverted to ethanol. By 2025, it is targeted to divert more than 60 LMT of excess sugar to ethanol. Diversion of sugar to ethanol together with exports have helped in liquidating excess stocks of sugar thereby improving liquidity of sugar mills enabling them to clear cane price dues of farmers. As a result of measures taken by Government, the cane arrears position has improved significantly; the cane price arrears on all India basis for previous four sugar seasons are as under (as on 10.5.2023):

Sugar Season-wise position of cane price arrears				
(In Cr. Rs.) as on 10.05.2023				Paid %
Sugar Season	Cane Price Payable	Cane Price Paid	Cane Price Arrear	
2018-19	86617	86340	277	99.68%
2019-20	75907	75828	79	99.89%
2020-21	93075	92992	83	99.91%
2021-22	118271	118107	166	99.86%

The Central Government has been constantly monitoring the sugar sector scenario and suitable measures are being taken at appropriate time keeping in view the interest of all stakeholders.

XXI Data on Sugar Mills

63. The DFPD informed that as mentioned in the Annual Report 2021-22, 506 sugar mills were operational in SS 2020-21 however, in SS 2021-22, 522 sugar mills were operational. State-wise and Season-wise number of operating sugar mills for last five sugar seasons is given at **Annexure-I** and state-wise/sector-wise number of operating sugar mills is given at **Annexure-II**. A statement indicating the State-wise number of sick sugar mills, is enclosed at **Annexure-III**. State-wise and Year-wise number of new sugar mills, both co-operative and private, for last five years is enclosed at **Annexure-IV**. **Data on sugar production/crushing capacity (Sugar Season wise w.e.f. 2017-18, as furnished by DFPD is as under:**

Installed production capacity (in terms of sugar production)					
Sugar Season	2017-18	2018-19	2019-20	2020-21	2021-22

(October-September)					
Production Capacity (in Lakh Metric Ton)	342	345	347	347	431

* Note: Installed Capacity = recovery percentage x capacity in TCD x 180 days

64. They further informed that operation of sugar mill depends upon various factor viz. availability of sugarcane, financial condition of sugar mill, availability of sufficient water for irrigation, climatic condition and various other managerial and technical issues. The operation of number of sugar mills in each sugar season depends upon all these factors and varies in different sugar seasons.

65. The step-wise procurement process of Sugarcane by Sugar Mills, as submitted by DFPD is as follows :

“the process of procurement of cane by the sugar mills is not identical in each of the sugar producing states. In Maharashtra, the maturity-wise harvesting and transportation from field to sugar mills are managed by the sugar mills themselves through H&T methodology. Thus, mills are procuring cane depending upon their daily requirement and thus the loss after harvesting is lesser. Further, in Uttar Pradesh, cane is harvested & transported by the farmers of their reserved area. The sugar mills are placing daily indents to selected number of farmers through cane society and the concern farmers then manage to harvest their crop as per indented quantity and transport the same to either factory gate or at the designated cane centers.

State Advisory Prices (SAP) and Fair & Remunerative Prices (FRP)

66. DFPD in written reply to a query on SAPs and FRPs submitted as follows:

“...Government of India announces Fair and Remunerative Prices (FRP) for cane growers for every Sugar Seasons, State Government also announces State Advised Prices (SAPs) which are generally higher than that of FRPs. The respective State Government evaluates the situation and takes the necessary steps depending upon the local conditions. The higher SAPs are to be borne by the sugar mills concerned, not the State Governments which announce SAPs.”

67. In written reply to a query about the Sugar Mills equipped with state of the art machinery and infrastructure in different States, DFPD submitted as under :

“that there is no specific data in this regard as modernisation is a dynamic concept and mills need constant upgradation. However, majority of private sector sugar mills have been equipped with modern machinery while cooperative sugar mills are still undergoing the process of modernisation of machinery and infrastructure mainly in the state of Maharashtra, Karnataka and Gujarat.”

XXII. Production cost of Sugar

68. In regard to a query relating to high manufacturing cost of sugar in India, the DFPD submitted that-

“ the high manufacturing cost of sugar in India is primarily due to high price of raw material i.e. sugarcane, in comparison to other countries including Brazil. The technology also plays an important role but mills are adopting improved technology and increasing efficiencies of the mill machinery to reduce losses and reduce cost of production. It may be noted that average sugar recovery % in the sugar sector as a whole has increasing trend and is now more than 10% indicating better efficiency of the sector and higher FRP payable to the farmers.”

69. In response to a query about the comprehensive plan for making sugar mills self-reliance, the DFPD submitted as follows :

“ the central Government has been continuously encouraging the sugar mills to become self-reliant by adopting approach to establish ethanol distilleries to utilize better use of surplus sugar for ethanol production and supply under EBP to earn a good remuneration. Further, other by-product i.e. bagasse could be used for power generation and press mud as well as molasses for Potash fertilizer production. The Government is also providing incentive in financial form to establish distilleries and incentive on production of potash. Diversification to ethanol, power cogen and exports of sugar has made the industry self-reliant and sustainable. During 2021-22, no subsidy has been provided to sugar mills except interest subvention for ethanol production plants.”

70. In a written reply to a query about existence or otherwise of a plan to monetize the by-Products of the Sugar mills like Molasses, Bagasse and Press Mud, the DFPD in their written replies submitted that-

“ the govt. has announced National Bio-fuel Policy 2018 wherein it has been mandated to achieve 20% blending of ethanol with motor-fuel by 2025. The major source of producing ethanol is cane molasses. The govt. is also fixing remunerative prices of ethanol produced from different feedstocks including molasses. Sugar mills have also been encouraged/incentivized to augment ethanol production capacity to utilize its main by-product molasses to increase their liquidity. Similarly, surplus Bagasse is utilized for power co-generation, in card board, pulp and paper industry which generally fetch a better realization. Press Mud on the other hand is utilized for production of potash, fertilizers, manure and marking ink etc.”

71. About utilization of by-products of sugar industries by Mills, the DFPD informed that

“Bagasse, molasses and press mud are the main by-products of the sugar industry. Bagasse is used as a fuel in boilers to generate steam and also used for manufacturing of another important products such as paper. The potential of electricity generated through bagasse cogeneration in sugar mills across the country is estimated to be around 7500 MW and Molasses are used for the production of alcohol/ethanol.

Further, press mud contains many nutrients, so it is applied as organic manure to the crop and composted for value addition for easy uptake by the plants. In addition, ash generated from incineration boilers is used for making potash fertilizer, which is generally imported to meet domestic requirements.

XXIII. Measures taken by Government to address the problems of sugarcane growers

72. Regarding measures taken by the Govt in last five years to address the problems faced by sugarcane growers the DFD informed that-

“ 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 had taken various measures viz. extended assistance to sugar mills to facilitate export of sugar; extended assistance to mills for maintaining buffer stocks; extended soft loans to sugar mills through banks to clear cane price dues; fixed Minimum Selling Price of sugar etc. Salient measures taken by the Government for Sugar Sector in recent years are as under:

- FRP of sugarcane is fixed to ensure a guaranteed price to sugarcane growers. Cane prices are more lucrative than other competing crops as it gives relative average gross returns on A2+FL cost of production (i.e. actual paid out cost plus imputed value of family labour) more than many other competing crops. The measures taken by the Govt and FRP enhancement have encouraged farmers to

cultivate sugarcane and facilitated continued operation of sugar factories for domestic manufacturing of sugar.

- Minimum Selling Price of sugar was fixed to prevent 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).
- Financial assistance of more than ₹ 18,000 crore extended to mills resulting in clearance of farmers' dues during last 7 years.
- Diversion of surplus sugar to production of ethanol led to improved financial conditions of sugar mills. As a result, they are able to clear cane dues early. The target of 10 % blending was achieved during Ethanol Supply Year (ESY) 2021-22 (Dec-Nov) ending on 30.11.2022. In the current ESY 2022-23, as on 05.03.2023, about 138 crore litres of ethanol have been supplied to OMCs for blending thereby achieving 11.48% target.s a result of these measures, about 99.97% of cane dues up to sugar seasons 2020-21 have been cleared. For the sugar season 2021-22, out of total cane dues payable of Rs. 118271 cr, about Rs. 117944 cr have been paid & only Rs. 327 cr are pending as on 13.03.2023; thus more than 99.72% cane dues have been cleared."

XXIV Distress sale of sugarcane – steps to address the issue

73. In regard to steps taken by Govt w.r.t distress sale by the sugarcane growers, the DFPD informed that –

“ in exercise of the powers conferred by section 3 of the Essential Commodities Act, 1955 (10 of 1955) of the Sugar Price (Control) Order, 2018 dated 07.06.2018, the Central Government notified that “ no producer of sugar shall sell or agree to sell or otherwise dispose off or deliver or agree to deliver white sugar or refined sugar in the domestic market or remove white sugar or refined sugar from the godowns of the factory in which it is produced for sale in the domestic market, at a rate below Rs. 29 /- per Kg”, which was further revised to Rs. 31 /- per Kg w.e.f. 14.02.2019.

Keeping in view of the distress sale, the Central Government brought in monthly stock holding limit system vide S.O. 2347(E) dated 07.06.2018 which states that *“every producer producing sugar by vacuum pan process shall hold such quantity of white sugar or refined sugar at the end of each month as may be specified by the Central Government for each month”.*

Further, the central government has been periodically directing the sugar mills through states to make timely payment of cane dues of farmers so that the farmers do not get de-motivated to make distress sale of cane to other industry so that they could quickly generate funds to cater their day-to-day needs. States have also been advised from time to time to take action against defaulting sugar

mills for non-payment of dues in time. However, no such specific report/incidence has come to the notice of the Central Government in recent past.

Part- II

Observations/Recommendations

1. The context – Sugar Industry

The Committee note that Sugar industry is an agri-based one and plays a significant role in the economy of the country in terms of its contribution to domestic trade, increase in exports there by earning foreign exchange, decrease in fuel bills of the Govt by way of reducing imports due to Govts' policy of Ethanol Blending with Petrol (EBP), providing direct and indirect livelihood to five crore farmers and the workers of the sugar mills, etc. The country with 512 operating sugar mills is not only the largest producer but also the largest consumer of sugar in the world. The Committee note with satisfaction that Cyclicity of India's sugar industry has witnessed decline from 2010-11 onwards and almost eliminated during the last five years in view of continuous increase in acreage and the consequent growth in sugar production. Further, the Committee are happy to note that policy interventions of the Govt since 2014 such as Ethanol Blending with petrol (EBP), State Advised Price (SAP) /Fair and Remunerative Prices (FRP), cogeneration of power, etc have led to improving the overall health of the sugar industry in terms of the afore mentioned factors and put the sugar industry on a sweet spot and on the sustained growth path. The Committee also appreciate that forward looking policy interventions like EPB has played a commendable role in reducing the pollution.

2. Cane arrear payment to farmers

The Committee observe that during SS 2021-22, sugar mills procured sugarcane worth ₹1,18,271 Crores and most of the payment has been released with no financial assistance (subsidy) from Government of India. During the current sugar season 2022-23, sugar mills have procured sugar cane worth ₹1,13,208 crore and as on 30.06.2023 about ₹1,03,644 crores has been released by sugar mills i.e. 91.55%. The Committee note that the ex-mill prices of sugar in the domestic market

have also been hovering in the range of ₹3200-3600 per quintal reflecting a reasonable realization by sugar mills on sale of their domestic stocks. Further, cane arrears for SS2022 have been reduced to ₹115 crore indicating that about 99.9% of cane dues had already been cleared. The Committee find it noteworthy that upto SS 2020-21, about 99.97% cane dues are cleared. The Committee, therefore, heartily appreciate the unswerving efforts of DFPD which have resulted in the payment of 99.97% and 91.55% of cane dues to farmers for Sugar Season 2020-21 and 2022-2023 respectively.

3. Production and export of Sugar

The Committee are happy to note that the country has been producing sugar more than the domestic requirement from the year 2010-11 onwards (except during sugar season 2016-17), which has also encouraged export of sugar. The Committee are of the view that the Department would continue to make sincere efforts for encouraging sugarcane farmers to take all steps to increase sugarcane production by declaring timely and adequate Fair and Remunerative Price of Sugarcane and ensuring timely payment of cane arrears by sugar mills in order to attract farmers for cultivation of sugarcane crop thereby ensuring adequate production of sugar by the sugar mills.

Further, the Committee note with pride that India has emerged as world's second largest exporter of sugar. Exports of sugar reflects the competitive price and quality of Indian sugar in international markets. The Committee strongly believe that this commendable performance of the sugar industry is a testament to the success of the policy initiatives taken by the Govt over the last few years.

4. Productivity of Indian Sugarcane

The Committee are delighted to note that of the four major sugar cane producing countries such as India, Australia, Brazil and Thailand, the cane productivity in terms of tons per hectare in India stood at second place with cane

productivity of 80 tons per hectare, which is only after Australia with productivity of 82.22 tons per hectare. The Committee strongly believe that our country has the potential to surpass Australia in cane productivity with improvement in R&D efforts and accordingly suggest the Govt to take suitable steps in this regard.

5. Ethanol Blending Programme

The Committee note that the National Bio-fuel Policy, 2018 allows production of ethanol from sugarcane juice, sugar containing materials like sugar beet, sweet sorghum, starch containing material like corn, cassava, damaged foodgrains like wheat, broken rice, rotten potatoes (unfit for human consumption). Further, the DFPD informed that for the current ESY i.e. ESY 2022-23, target of blending percentage is 12% which would require about 550-600 crore liters of ethanol (requirement is received from OMCs). The current ethanol production capacity in the country is about 1070 crore litres (which includes 723 crore litres of molasses based production capacity and 347 crore litres of grain based production capacity). The Committee note that in order to achieve the 20% blending target by 2025, about 1350 crore liters of ethanol will be required (1016 crore liters for blending and 334 crore liters for other industrial uses) for which about 1700 crore litres (for blending as well as for other uses) of ethanol production capacity is required to be in place by 2025. The Committee are pleased to observe that the Govt. had fixed a target of 10 per cent to be blended with petrol for 2022 and the same has been achieved as in the past years, the capacity of molasses-based distillery has been doubled and, currently, it is 863 crore litres. The Committee believes firmly that the Govt. will achieve the target of 20% ethanol blending in motorable fuel by 2025. Further, the Committee think that higher production of ethanol will help the country in earning carbon credits by reducing use of fossil fuel at one hand and also encourage the sugarcane farmers for increased production and sugar mills in maintaining their liquidity on the other.

6. Revenues form Ethanol selling and impact on payment of sugarcane dues

The Committee note that apart from exports of a part of surplus stock, Govt. is encouraging sugar mills to divert sugar to ethanol under EPB programme so that sugar mills may make payment of cane dues to farmers in time and also mills may have better financial conditions to continue their operations. The Committee note with satisfaction that in the previous Ethanol Supply Year (ESY) (Dec-Nov) 2021-22, sugar mills earned revenue of about ₹20,000 crore from sale of ethanol to Oil Marketing Companies which has also played its role in early clearance of cane dues of farmers. The Committee appreciate the long term planning of the Govt. by encompassing all the factors effecting the sugar industry as a whole in terms of promoting ethanol as biofuel which is eventually supporting the sugar sector ensuring the liquidity. Further, some of the efforts of Govt. for betterment of sugar industry like financial assistance of more than ₹ 18,000 crore extended to mills, increase in FRP from ₹ 29/ kg to ₹ 31/kg w.e.f. 14-02-2019 and interest subvention scheme for augmentation and enhancement of ethanol production capacities enhancement in the ethanol blending capacity are worth praising.

7. Payment of sugarcane dues directly into the bank /acs of sugarcane farmers

The Committee are happy to note that the payment for sugarcane supplied to mills and the arrears to the sugarcane farmers is being directly credited to the bank a/cs of the farmers. The Committee appreciate the efforts of the DFPD in assimilating the payments with Direct Benefit Transfer scheme of the Govt. They believe that this is a step in the right direction and impart transparency to the process of payments. This is win – win situation for all those involved in the payment.

8. Measures taken to address concerns of sugar industry

The Committee appreciate the various measures taken by the Govt to improve the liquidity position of sugar Mills such as extending (i) assistance to sugar mills to (a) facilitate export of sugar; and, (b) for maintaining buffer stocks; (ii) soft loans to sugar mills through banks to clear cane price dues; (iii) fixing of FRP to ensure guaranteed price to the sugarcane growers ; (iv) fixing Minimum Selling Price (MSP) to prevent fall in ex- mill prices of sugar and accumulation of cane price arrears , (v) diversion of sugar to ethanol production ,etc . The Committee feel that the afore mentioned steps will be positive to the sugar industry.

New Delhi;
08 August, 2023
17Sravana,1945 (Saka)

LOCKET CHATTERJEE,
Chairperson,
Standing Committee on
Consumer Affairs, Food and Public Distribution

Statement showing state-wise number of operational sugar mills since Sugar Season 2017-18					
State	Operated	Operated	Operated	Operated	Operated
	2017-18	2018-19	2019-20	2020-21	2021-22
MAHARASHTRA	187	195	144	190	200
UTTAR PRADESH	119	119	119	120	120
KARNATAKA	65	67	63	65	73
TAMILNADU	36	34	26	28	30
MADHYA PRADESH	19	18	18	20	19
PUNJAB	16	16	16	16	16
GUJARAT	17	15	15	15	15
HARYANA	14	14	14	14	14
BIHAR	11	11	11	10	9
UTTRAKHAND	7	7	7	7	8
TELENGANA	7	7	7	6	7
ANDHRA PRADESH	18	18	12	8	5
CHATTISGARH	4	4	4	4	4
RAJASTHAN	1	1	1	1	1
ORISSA	2	2	1	2	1
Others	1	1	0	0	
ALL INDIA	524	529	458	506	522

Annexure II

OPERATED AND CLOSED SUGAR MILLS DURING SUGAR SEASON 2021-22									
(Position as on 30.09.2022)									
State	Co-operative Sector		Public sector/ State owned		Private Sector		Total Mills		
	Operated	Closed	Operated	Closed	Operated	Closed	Operated	Closed	Total
1	2	3	4	5	6	7	8	9	10
Punjab	9	7	-	-	7	1	16	8	24
Haryana	11	2	-	-	3	0	14	2	16
Rajasthan	0	1	1	0	0	1	1	2	3
Uttarakhand	3	1	2	0	3	1	8	2	10
Uttar Pradesh	24	5	3	11	93	22	120	38	158
Madhya Pradesh	2	3	0	2	17	6	19	11	30
Chhattisgarh	4	0	-	-			4	0	4
Gujarat	13	11	-	-	2	3	15	14	29
Maharashtra	93	44	-	-	107	13	200	57	257
Bihar	-	-	0	13	9	6	9	19	28
Odisha	1	3	-	-	1	3	2	6	8
Andhra Pradesh	1	12	0	1	4	15	5	28	33
Telangana	0	1	0	3	7	0	7	4	11
Karnataka	23	6	0	3	49	7	72	16	88
Tamil Nadu	13	3	2	1	15	12	30	16	46
Others	-	6	-	2	-	4	0	12	12

All India	197	105	8	36	317	94	522	235	757
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OPERATED AND CLOSED SUGAR MILLS DURING SUGAR SEASON 2020-21 (Position as on 30.09.2021)

State	Cooperative Sector		Public sector/State owned		Private Sector		Total Mills		
	Operated	Closed	Operated	Closed	Operated	Closed	Operated	Closed	Total
1	2	3	4	5	6	7	8	9	10
Punjab	9	7	-	-	7	1	16	8	24
Haryana	11	2	-	-	3	-	14	2	16
Rajasthan	-	1	1	-	-	1	1	2	3
Uttarakhand	2	2	2	-	3	1	7	3	10
Uttar Pradesh	24	5	3	12	93	21	120	38	158
Madhya Pradesh	2	3	-	2	18	5	20	10	30
Chhattisgarh	4	-	-	-	-	-	4	0	4
Gujarat	13	11	-	-	2	3	15	14	29
Maharashtra	105	33	-	-	85	34	190	67	257
Bihar	-	-	2	13	8	5	10	18	28
Odisha	1	3	-	-	1	3	2	6	8
Andhra Pradesh	3	10	-	1	5	14	8	25	33
Telangana		1	-	-	6	4	6	5	11
Karnataka	18	10	-	3	47	9	65	22	87

Tamil Nadu	12	4	2	1	14	13	28	18	46
Others	-	6	-	2	-	4	0	12	12
All India	204	98	10	34	292	118	506	250	756

OPERATED AND CLOSED SUGAR MILLS DURING SUGAR SEASON 2019-20									
(Position as on 30.09.2020)									
State	Cooperative Sector		Public sector/State owned		Private Sector		Total Mills		
	Operated	Closed	Operated	Closed	Operated	Closed	Operated	Closed	
1	2	3	4	5	6	7	9	10	
Punjab	9	7	-	-	7	1	16	8	
Haryana	11	2	-	-	3	0	14	2	
Rajasthan	-	1	1	-	-	1	1	2	
Uttarakhand	2	2	2	-	3	1	7	3	
Uttar Pradesh	21	7	3	11	95	21	119	39	
Madhya Pradesh	3	2	-	2	15	8	18	12	
Chattisgarh	4	-	-	-	-	-	4	0	
Gujarat	12	12	-	-	3	2	15	14	
Dadar N. Haveli		1	-	-	-	-	0	1	
Maharashtra	105	63	-	-	39	47	144	110	
Bihar	-	-	-	15	11	2	11	17	
Assam	-	2	-	-	-	1	0	3	
Orissa	-	4	-	-	1	3	1	7	
West Bengal	-	-	-	1	0	2	0	3	

Nagaland	-	-	-	1	-	-	0	1
Andhra Pradesh	5	8	-	1	7	12	12	21
Telengana	-	-	-	-	7	4	7	4
Karnataka	13	14	2	1	48	7	63	22
Tamilnadu	13	3		3	13	14	26	20
Pondicherry	0	1				1	0	2
Kerala	-	1	-	-	-	1	0	2
Goa	-	1	-	-	-	-	0	1
All India	198	131	8	35	252	128	458	294

OPERATED AND CLOSED SUGAR MILLS DURING SUGAR SEASON 2018-19 (Position as on 30.09.2019)									
State	Cooperative Sector		Public sector/State owned		Private Sector		Total Mills		
	Operated	Closed	Operated	Closed	Operated	Closed	Operated	Closed	TOTAL
1	2	3	4	5	6	7	8	9	10
Punjab	9	7	-	-	7	1	16	8	24
Haryana	10	2	-	-	4	0	14	2	16
Rajasthan	-	1	1	-	-	1	1	2	3
Uttarakhand	1		2	1	4	2	7	3	10
Uttar Pradesh	21	7	1	13	97	19	119	39	158
Madhya Pradesh	3	2	-	2	15	6	18	10	28
Chhattisgarh	3		-	-	1	-	4	0	4
Gujarat	13	11			2	3	15	14	29
Dadar N. Haveli	-	1	-	-	-	-	0	1	1
Maharashtra	119	50	-	-	76	7	195	57	252
Bihar	-	-	2	13	9	4	11	17	28
Assam	-	2	-	-	-	1	0	3	3
Orissa	1	3	-	-	1	3	2	6	8

West Bengal	-	-	-	1	0	2	0	3	3
Nagaland	-	-	-	1			0	1	1
Andhra Pradesh	7	6	-	1	11	8	18	15	33
Telengana	-	-	-	-	7	4	7	4	11
Karnataka	20	6	2	1	45	9	67	16	83
Tamilnadu	13	3	2	1	19	8	34	12	46
Pondicherry	0	1	-	-	-	1	0	2	2
Kerala	-	1	-	-	-	1	0	2	2
Goa	1	-	-	-	-	-	1	0	1
All India	221	103	10	34	298	80	529	217	746

OPERATED AND CLOSED SUGAR MILLS DURING SUGAR SEASON 2017-18(Position as on 30.09.2018)									
State	Cooperative Sector		Public sector/State owned		Private Sector		Total Mills		
	Operate d	Closed	Operate d	Closed	Operated	Closed	Operate d	Closed	TOTAL
1	2	3	4	5	6	7	8	9	10
Punjab	9	7	-	-	7	1	16	8	24
Haryana	10	2	-	-	4	0	14	2	16
Rajasthan	-	1	1	-	-	1	1	2	3
Uttarakhand	1	-	2	1	4	2	7	3	10
Uttar Pradesh	21	7	1	13	97	19	119	39	158
Madhya Pradesh	3	2	-	2	16	4	19	8	27
Chhattisgarh	3	-	-	-	1		4	0	4

Gujarat	14	9	-	-	3	2	17	11	28
Dadar N. Haveli	-	1	-	-	-	-	0	1	1
Maharashtra	117	52			70	9	187	61	248
Bihar	-	-	2	13	9	4	11	17	28
Assam	-	2	-	-	-	1	0	3	3
Orissa	1	3	-	-	1	3	2	6	8
West Bengal	-	-	-	1	0	2	0	3	3
Nagaland	-	-	-	1	-	-	0	1	1
Andhra Pradesh	7	6	-	1	11	8	18	15	33
Telangana	-	-	-	-	7	4	7	4	11
Karnataka	20	6	2	1	43	11	65	18	83
Tamil Nadu	14	2	2	1	20	7	36	10	46
Pondicherry	0	1	-	-	-	1	0	2	2
Kerala		1	-	-	-	1	0	2	2
Goa	1	-	-	-	-	-	1	0	1
All India	221	102	10	34	293	80	524	216	740

STATE-WISE, SECTOR-WISE DETAILS OF SICK SUGAR MILLS

State	No. of sick sugar mills in private and public sector as provided by the BIFR*	No. of sick sugar mills in cooperative sector as provided by the NABARD**	Total
PUNJAB	-	7	7
HARYANA	-	6	6
MAHARASHTRA	4	62	66
UTTAR PRADESH	13	-	13
UTTARAKHAND		7	7
TAMIL NADU	2	-	2
KARNATAKA	3	14	17
GUJARAT	-	1	1
BIHAR	1	-	1
ANDHRA PRADESH	3	8	11
MADHYA PRADESH	-	2	2
Odisha	-	2	2
Goa	-	1	1
ALL INDIA	26	110	136

Annexure IV

State-wise and Year-wise number of new sugar mills, both co-operative and private, for last five years

State	Cooper ative	Private	Cooper ative	Private	Cooper ative	Private	Coopera tive	Privat e	Coo pera tive	Private	Cooperative	Private
	2016-17		2017-18		2018-19		2019-20		2020-21		2021-22	
Maharashtra	2	3	-	2	-	5	-	1	-	2	-	-
Karnataka	-	4	1	2	-	-	1	1	-	2	-	1
Madhya Pradesh	-	1	-	2	1	-		2	-	-	-	-
Gujarat	-	-	-		1	-	-	-	-	-	-	-
Chhattisgarh	-	-	1		-	-	-	-	-	-	-	-
All India	2	8	2	6	2	5	1	4	-	4	-	1

**MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON FOOD,
CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2022-2023) HELD ON
WEDNESDAY, 9th NOVEMBER, 2022**

The Committee sat from 1500 hrs. to 1730 hrs. in Committee Room '2', Block 'A',
Extension to Parliament House Annexe, New Delhi.

PRESENT

Smt. Locket Chatterjee - Chairperson

Members

Lok Sabha

2. Dr. Farooq Abdullah
3. Shri Anil Firojiya
4. Shri Khagen Murmu
5. Shri Mitesh Rameshbhai (Bakabhai) Patel
6. Shri Subrat Pathak
7. Dr. Amar Singh
8. Smt. Kavita Singh
9. Shri Saptagiri Sankar Ulaka
10. Shri Rajmohan Unnithan

Rajya Sabha

11. Shri Satish Chandra Dubey
12. Dr. Fauzia Khan
13. Shri Baburam Nishad
14. Shri Rajmani Patel

SECRETARIAT

- | | | |
|---------------------------|---|-----------------|
| 1. Shri Srinivasulu Gunda | - | Joint Secretary |
| 2. Dr. Vatsala Joshi | - | Director |

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|-----------------------|---|---------------------|
| 3. Shri Ram Lal Yadav | - | Additional Director |
| 4. Dr. Mohit Rajan | - | Deputy Secretary |

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**LIST OF OFFICIAL WITNESSES ON THE SUBJECT 'SUGAR INDUSTRY IN INDIA-
A REVIEW'**

Sl No.	Name	Designation
1.	Shri Sanjeev Chopra	Secretary (Food &PD)
2.	Shri Subodh Kumar Singh	Joint Secretary (Sugar & Admin)
3.	Shri Sangeet	Director (S&VO)
4.	Shri Vivek Shukla	Director (Sugar Policy)

2. xxxx xxxx xxxx xxxx (iii) have briefing by the representatives of the Department of Food and Public Distribution on the subject 'Sugar Industry in India- A Review'. xxxx
xxxx xxxx xxxxx

3. xxxx xxxx xxxx xxxx

4. xxxx xxxx xxxx xxxx

[The Witnesses on 'Sugar Industry in India- A Review' were then called in]

5. The Hon'ble Chairperson welcomed the representatives of the Department of the Food and Public Distribution and apprised them about Direction 55 (1) of the 'Direction by the Speaker' regarding confidentiality of the proceedings. Then the witnesses introduced themselves and briefed the Committee on the various aspects of the subject 'Sugar Industry in India - A Review'. The issues discussed, *inter-alia*, included sugar production & diversion of sugar to ethanol, cane dues payable, paid and

pending as on 4.11.2022, problems faced by sugar industry, measures taken by the Government of India, outcomes of measures taken by the Government, increase in ethanol supplies and blending percentage, existing and upcoming ethanol production capacities in India, Interest Subvention Schemes to create new ethanol capacity, Sugar Development Fund (SDF), etc. The queries raised by the Chairperson and the Members on various issues were responded to by the witnesses.

6. The Hon'ble Chairperson thanked the Secretary, Department of Food and Public Distribution for their free and frank discussion and directed the Secretary to furnish information to the Committee on the issues that remained unanswered or were partially answered.

[The Witnesses then withdrew]

The Committee then adjourned.

XXXX Matter does not relate to the Report.

**MINUTES OF THE TENTH SITTING OF THE STANDING COMMITTEE ON
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (2022-2023) HELD ON
TUESDAY, 21st March, 2023**

The Committee sat from 1500 hrs. to 1630 hrs. in Committee Room 'C',
Parliament House Annexe, New Delhi.

PRESENT

Smt.Locket Chatterjee - Chairperson

Members

Lok Sabha

2. Ms. Debasree Chaudhuri
3. Shri Anil Firojiya
4. Shri Rajendra Dhedya Gavit
5. Shri Khagen Murmu
6. Shri Mitesh Rameshbhai Patel
7. Shri Ganesan Selvam
8. Dr. Amar Singh
9. Smt. Himadri Singh
10. Shri Rajmohan Unnithan
11. Shri Ve. Vaithilingam

Rajya Sabha

12. Shri Satish Chandra Dubey
13. Dr. Fauzia Khan
14. Shri Sakaldeep Rajbhar
15. Ms. Dola Sen
16. Dr. Ashok Bajpai

SECRETARIAT

- | | | |
|---------------------------|---|------------------|
| 1. Shri Srinivasulu Gunda | - | Joint Secretary |
| 2. Dr. Vatsala Joshi | - | Director |
| 3. Dr. Mohit Rajan | - | Deputy Secretary |

Representatives of the Ministry Consumer Affairs, Food and Public Distribution

(Department of Food and Public Distribution)

Sl. No.	Name	Designation
1.	Shri Sanjeev Chopra	Secretary(Food&PD)
2.	Shri Shantmanu	AS&FA
3.	Shri Subodh Kumar Singh	AS(Sugar&Admin)
4.	Shri Sangeet	Director(S&VO)
5.	Shri Vivek Shukla	Director(Sugar Policy)

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to take oral evidence of the representatives of Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) in connection with examination of the subject- 'Sugar Industry in India-A Review'.

[The witnesses were then called in.]

3. Thereafter, the representatives of the Department of Food and Public Distribution were called to depose before the Committee, in connection with the examination of the subject 'Sugar Industry in India-A Review'. The Hon'ble Chairperson then welcomed the representatives of the Department of Food and Public Distribution to the sitting and invited their attention to the provisions contained in Direction 55 of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings.

4. The Chairperson in her welcome remarks requested the witnesses to elaborate on various issues relating to sugar industry in India with special focus on Production, Consumption and Export of sugar, measures taken by the Government to boost sugar sector and their outcome, problems faced by sugar industry, diversion of sugar for production of ethanol blending, existing and upcoming ethanol production capacities in

India, increase in ethanol supplies and blending percentage, interest subvention scheme to create new ethanol capacities, Sugar Development Fund, status of cane dues since 2017-18 till date, time limit for procuring sugarcane, pricing formula i.e. Fair and Remunerative Price (FRP), State Advised Price (SAP) and to apprise the various recommendations/ suggestions contained in the Report of NITI Aayog Task Force on 'Sugarcane and Sugar Industry', March, 2020 etc.

5. The representatives of Department of Food and Public Distribution with the permission of Hon'ble Chairperson made a power point presentation highlighting State-wise sugarcane crushed, sugar production & diversion of sugar to ethanol for sugar season 2021-22(October –September),sugar balance sheet, sugar season wise Fair & Remunerative Price (FRP) of sugarcane, problems faced in past by sugar industry and support measures by Government of India, outcome of support measures for sugar sector, impact of Government Policies on increase in ethanol blending, interest subvention schemes to enhance ethanol production capacity, sugar development fund, export of sugar from India, Year wise Revenue from sugar based ethanol, cane dues payable paid and pending, diversion of sugar for production of ethanol, funds released under various schemes since 2014-15 to 2021-22, etc.

6. The Committee then sought certain clarifications on the issues related to the subject such as steps taken by the Government to ensure survival of cooperative sugar sector, loan restructuring, recovery formula and reasons for different cane price offered to farmers from State to State etc.

7. The Chairperson thanked the Secretary and other officials of the Department for appearing before the Committee.

8. The Chairperson directed the Department to furnish written replies to the queries in respect of which the information was not readily available with them at the earliest.

A verbatim record of the proceedings has been kept.

The Committee then adjourned.

**MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE ON
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (2022-2023) HELD ON
MONDAY, 10th July, 2023**

The Committee sat from 1500 hrs. to 1630 hrs. in Committee Room 'D',
Parliament House Annexe, New Delhi.

PRESENT

Smt.Locket Chatterjee - Chairperson

Members

Lok Sabha

2. Shri Anil Firojiya
3. Shri Khagen Murmu
4. Shri Mitesh Rameshbhai Patel
5. Dr. Amar Singh
6. Smt. Himadri Singh
7. Smt. Kavita Singh

Rajya Sabha

8. Shri Satish Chandra Dubey
9. Dr. Fauzia Khan
10. Shri Baburam Nishad
11. Ms. Dola Sen

SECRETARIAT

- | | | |
|--------------------------------|---|------------------|
| 1. Shri Srinivasulu Gunda | - | Joint Secretary |
| 2. Dr. Vatsala Joshi | - | Director |
| 3. Shri Dong Lianthang Tonsing | - | Deputy Secretary |

**Representatives of the Ministry of Consumer Affairs, Food and Public
Distribution (Department of Food & Public Distribution) & National Sugar Institute**

S. No.	Name	Designation
1.	Shri Sanjeev Chopra	- Secretary (Food & PD)
2.	Shri Shantmanu	- AS&FA
3.	Ms. Anita Karn	- Joint Secretary (Sugar)
4.	Shri Narendra Mohan	- Director (National Sugar Institute, Kanpur)
5.	Shri Sangeet	- Director (S&VO)

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened for to take oral evidence of the Representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) and National Sugar Institute in connection with examination of the subject 'Sugar Industry in India-A Review'.

[The witnesses were then called in.]

3. The Chairperson, then welcomed the representatives of the Department of Food and Public Distribution and National Sugar Institute to the sitting and invited their attention to Direction 55 of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings.

4. The Chairperson in the welcome remarks requested the witnesses to apprise the Committee about Production, Consumption and Export of sugar, problems faced by sugar industry and measures taken by the Government, diversion of sugar for

production of ethanol blending, plan of action with respect to sick sugar mills, mandate of National Sugar Institute, its area of work and latest development in the field of Sugar, ongoing research on diversification of Sugar Industry into Ethanol Pattern etc.

5. The representatives of the Department of Food and Public Distribution and National Sugar Institute, Kanpur with the permission of Hon'ble Chairperson made a power point presentation highlighting various aspects of the subject 'Sugar Industry in India-A Review' such as state-wise sugarcane crushed, sugar production & diversion of sugar to ethanol for sugar season 2022-23, Fair & Remunerative Price (FRP) of sugarcane, Problems faced in past by Sugar Industry and Support Measures taken by Government of India, Ethanol Blended with Petrol (EBP) Programme, contribution of National Sugar Institute in boosting ethanol production by providing technical inputs Research & Consultancy Services to DFPD etc.

6. The Committee then sought certain clarifications on the issues related to the subject such as plan of action to clear remaining outstanding cane dues, blending ethanol with petrol, interest subvention scheme to enhance ethanol production capacity, Sugar Development Fund, current status of implementation the recommendations of report of 'Task Force of Niti Aayog' on sugarcane and sugar industry etc. The representatives of the Department replied to various queries raised/clarifications sought by the Members on the subject. The Committee directed the Department to furnish the written replies to those queries/clarifications which could not be clarified/replied to.

7. The Hon'ble Chairperson thanked the Representatives of the Department of Food and Public Distribution and National Sugar Institute, Kanpur for appearing before the Committee and furnishing valuable information on the subject.

[The Witnesses then withdrew]

8. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

**MINUTES OF THE TWENTY FIRST SITTING OF THE STANDING COMMITTEE ON
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (2022-2023) HELD ON
TUESDAY, 8th AUGUST, 2023**

The Committee sat from 1030 hrs. to 1100 hrs. in Chairperson's Chamber, Room No.140, 3rd Floor, Parliament House, New Delhi.

PRESENT

Smt.Locket Chatterjee - Chairperson

Members

Lok Sabha

2. Ms. Debasree Chaudhuri
3. Shri Anil Firojiya
4. Shri Khagen Murmu
5. Shri Mitesh Rameshbhai Patel
6. Shri Subrat Pathak
7. Shri Ganesan Selvam
8. Smt. Himadri Singh
9. Shri Saptagiri Sankar Ulaka
10. Shri Rajmohan Unnithan
11. Shri Ve. Vaithilingam

Rajya Sabha

12. Dr. Fauzia Khan
13. Shri Baburam Nishad
14. Shri Rajmani Patel
15. Shri Sakaldeep Rajbhar
16. Ms. Dola Sen

SECRETARIAT

1. Shri Srinivasulu Gunda - Joint Secretary

- | | | |
|----------------------|---|------------------|
| 2. Dr. Vatsala Joshi | - | Director |
| 3. Dr. Mohit Rajan | - | Deputy Secretary |

2. At the outset, Hon'ble Chairperson welcomed the Members to the sitting of the Committee convened for consideration and adoption of the Draft Report on the subject 'Sugar Industry in India-A Review' of the Committee pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

3. The Committee, then, took up for consideration the above mentioned Draft Report of the Committee.

4. After deliberations, the Committee adopted the above mentioned Draft Report without any amendments/modifications.

5. The Committee then authorized Hon'ble Chairperson to finalize and present the aforesaid Report.

The Committee then adjourned.
