

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

LOK SABHA
UNSTARRED QUESTION NO. 2074
TO BE ANSWERED ON 31ST JULY, 2018

OUTSTANDING AMOUNT TO SUGARCANE FARMERS

2074. SHRIMATI SANTOSH AHLAWAT:
SHRI OM PRAKASH YADAV:
SHRI SUMEDHANAND SARSWATI:
SHRI R. DHRUVA NARAYANA:
SHRIMATI VASANTHI M.:

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

- (a) whether the Government has taken any steps to solve the problem of excessive outstanding amount of the farmers for their sugarcane caused due to cash crunch of sugar mills and also approved a central package for sugar mill and if so, the details thereof;
- (b) whether it is also true that the sugarcane arrears have now crossed Rs. 22,000 crore on the back of record sugar production and if so, the details thereof;
- (c) whether the market price of sugar is falling continuously because of its excessive production at present and possibility of high production in future; and
- (d) if so, whether any concrete step has been taken by the Government in this regard and if so, the details thereof?

A N S W E R

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

(a): Yes, Madam. With a view to improve the liquidity position of the sugar mills enabling them to clear cane price arrears of farmers, the Government has brought out a comprehensive package with the following:

- (i) Scheme for "Assistance to sugar mills" under which financial assistance @Rs.5.50/quintal of cane crushed will be provided to sugar mills to offset the cost of cane amounting to about Rs.1540 crore;

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- (ii) Creation of buffer stock of 30 LMT for which Government will reimburse carrying cost of Rs.1175 crore towards maintenance of buffer stock;
- (iii) Extending soft loans of Rs.4,440 crore through banks to the mills for setting up new distilleries and installation of incineration boilers to augment ethanol production capacity for which Government will bear interest subvention of Rs. 1332 crore;
- (iv) Further, in order to prevent cash loss and to facilitate sugar mills to clear cane dues of farmers in time, the Government has also fixed a minimum selling price of sugar at Rs.29/kg for sale at factory gate in domestic market, below which no sugar mill can sell sugar.

(b): Depressed sugar price due to excess sugar production during current sugar season 2017-18 has adversely affected the financial health of sugar mills resulting accumulation of cane price arrears which peaked at Rs. 14538 cr on FRP basis and Rs. 23232 cr on State Advised Price (SAP) basis in the last week of May, 2018. As a result of various measures taken by the Government, the cane price arrears have come down to Rs. 8153 cr and Rs.16600 cr on FRP and SAP basis respectively as on 27.07.2018.

(c) & (d): The excess sugar production during the current sugar season and indication of surplus production in the ensuing season has adversely affected the market sentiments due to which the ex-mill sugar prices in the domestic market have fallen sharply and came down in the range of Rs 24.50 to Rs. 26 per kg in the month of May, 2018. However, as a result of various interventions undertaken by government as enumerated in part (a) of reply the ex-mill prices of sugar has improved to Rs. 30 to 33 per kg, thereby improving the liquidity position of sugar mills.
