

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:4040
ANSWERED ON:18.08.2000
SUGAR STOCK IN KARNATAKA
KOLUR BASAVANAGOUD

Will the Minister of CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION be pleased to state:

- (a) the quantum of sugar lying in the godowns of various sugar factories in Karnataka State;
- (b) whether the Government are aware that sugar factories are in a great difficulty due to non-lifting of stocks;
- (c) if so, the details thereof;
- (d) whether the Government are also aware that farmers have become defaulters to banks as the sugar factories have not paid the arrears to them; and
- (e) if so, the steps proposed to be taken to mitigate the sufferings of sugar factories in Karnataka?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SREENIVASA PRASAD)

- (a) As per information available with the Directorate of Sugar, stocks lying in the sugar factories of Karnataka as on 22nd July, 2000 were 11,92,453 MTs.
- (b) & (c) : Food Corporation of India (FCI) has not lifted 18397.7 MTs. of sugar allotted for the months of November and December, 1999 in respect of certain sugar factories of Karnataka State. These factories were compensated to the tune of 5486.00 MTs. by way of fresh allocation of levy sugar and the balance 12911.7 MTs. was allowed for sale in the open market as advance freesale quota subject to adjustment against their freesale entitlement, and subject to maintaining the overall levy obligations.
- (d) As per the information received from the sugar mills as on 15-6-2000, the total cane price arrears of the Karnataka sugar mills, was to the tune of Rs.155.10 Crores. The clearance of cane price dues is the responsibility of the State Government who has been requested to ensure the liquidation of cane arrears. The Central Government has not received any information regarding Sugarcane farmers having become defaulters of banks due to non-payment of dues by sugar factories.
- (e) The following remedial measures have been taken to improve the financial health of the sugar industry with a view to enabling it to reduce the cane price arrears :
 - (i) The Central Government have reduced the levy obligation of domestic sugar factories from 40% to 30% w.e.f 1.1.2000 with a view to improving the financial position of the sugar factories which would enable them to pay the cane price dues promptly.
 - (ii) To restrict inflow of imported sugar in the country, Government w.e.f. 9.2.2000, have increased the custom duty to 60% along with the existing countervailing duty of Rs.850 per tonne.
 - (iii) The Central Government is also pursuing a policy of encouraging stability and reasonable level of sugar prices in the domestic market through judicious releases of freesale sugar quotas to enable the sugar factories to clear the cane price dues of the farmers.
 - (iv) Advance releases of freesale sugar are being made to needy sugar factories enabling them to pay the cane price dues.
 - (v) Government have decided to allow export of 10 lakh tones of sugar and exempting the sugar factories their levy obligation on the exported quantity. Such exemption would be given for exports for a period of six months w.e.f. 1st June 2000.