

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

UNSTARRED QUESTION NO:2298
ANSWERED ON:23.11.2010
SUGAR MILLS
Jaiswal Shri Gorakh Prasad ;Rama Devi Smt.

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

- (a) whether a number of sugar mills in the country have either become sick or closed down during each of the last three years and the current year;
- (b) if so, the details thereof and the reasons therefor, State-wise and sectorwise;
- (c) whether the Government proposes to open new sugar mills and revive/ modernise the present mills to boost production capacity; and
- (d) if so, the details thereof and the steps taken thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) & (b): The State-wise, sector-wise details of sugar mills which did not work and remained closed during the last three sugar years is enclosed at Annexure-I. The position regarding the current year can not be indicated as the season has just commenced on 1st October, 2010. The details of State-wise, sector-wise sick sugar mills in the Country are at Annexure-II. The main reasons for closure/sickness of these sugar mills are non-availability of adequate raw material, poor recovery from sugarcane, uneconomic size, lack of modernization, up-gradation and diversification, high cost of working capital, declaration of high State Advised Price (SAP) of sugarcane by some States, control of molasses, lack of professional management, overstaffing etc. A sugar mill may become sick or closed due to one or the other reasons as afore stated.

(c) & (d): The Central Government had de-licensed sugar industry vide Press Note dated 31st August, 1998. It is up to entrepreneurs to set up new sugar mills as per their commercial prudence and after fulfilling the requirements specified in the Sugarcane (Control) Order, 1966. As regards modernization of sugar mills, it is the responsibility of the entrepreneurs concerned to take necessary steps to modernize their sugar mills. However, the Sugar Development Fund Rules, 1983, provides that an existing sugar undertaking can avail Sugar Development Fund (SDF) loan for rehabilitation/ modernization of plant and machinery provided such sugar undertaking is approved by a financial institution for financial assistance under its relevant scheme for the purpose of rehabilitation/ modernization. The loan from SDF is also available for rehabilitation/ modernization of plant and machinery of potentially viable sick sugar undertakings provided that the loan from the Fund should be recommended by the Board for Industrial and Financial Reconstruction (BIFR) for sugar mills in private and public sector or the Committee of Rehabilitation (CoR) in the case of cooperative sector sugar mills.