

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

STARRED QUESTION NO:118
ANSWERED ON:29.11.2011
REVIVAL OF CLOSED SUGAR MILLS
Sinh Dr. Sanjay,Siricilla Shri Rajaiah

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

- (a) whether several sugar mills in the country have been closed down or have become sick and/or are on the verge of closure/sick during the last three years and the current year;
- (b) if so, the details thereof and the reasons therefor indicating the number of functioning, closed/sick and revived/ rehabilitated sugar mills in the country during the said period, State-wise, year-wise and sector-wise;
- (c) the details of the steps taken and the funds allocated for revival of the said mills;
- (d) whether the Government proposes to fix the price of ethanol and encourage its purchase by oil companies to improve the viability of sugar mills; and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (e) OF THE STARRED QUESTION NO. 118 DUE FOR ANSWER ON 29.11.2011 IN LOK SABHA.

(a) & (b) The yearwise, State-wise, sector-wise details of sugar mills which functioned and the those sugar mills which did not work and remained closed during the last three sugar seasons (October -September) is enclosed at Annexure-I. The details of sick sugar mills, State-wise is at Annexure-II. The position regarding the current year can not be indicated as the sugar season has just commenced on 1st October, 2011. The reasons for closure/sickness of the sugar mills, generally, 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. As per information received from the State Governments, two sugar mills have been revived each in Andhra Pradesh and Bihar and one sugar mill has been revived in Tamilnadu during last three years.

(c) It is the responsibility of the entrepreneur concerned to take steps to re-open/revive the closed/ sick sugar mills as far as private sector is concerned and the State Governments/ UTs concerned in the case of the public and cooperative sugar mills. At the level of Central Government, the Sugar Development Fund Rules, 1983, provide for concessional loans for modernization or rehabilitation of plant and machinery and sugarcane development as well as restructuring of SDF loans of the potentially viable sick sugar undertakings. In addition, Central Government introduced interest subvention facility of 3% for restructuring of the term loans of the commercially viable cooperative sugar mills through National Bank for Agriculture and Rural Development (NABARD) from financial year 2005-06.

(d) & (e) The Government has made 5% blending of Ethanol with petrol mandatory and has fixed adhoc ex-factory price of Rs. 27/- per litre. This price would be subject to adjustment with the final price arrived at, based on the recommendations of the Expert Committee constituted for determining formula/ principles for pricing of Ethanol. The 'Expert Committee on Pricing of Ethanol' has submitted its Final Report containing its recommendations on pricing of Ethanol.