

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

UNSTARRED QUESTION NO:1446
ANSWERED ON:14.07.2009
LIQUIDATION OF CANE ARREARS
Swamygowda Shri N Cheluvarya Swamy

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

- (a) the sugarcane dues of farmers pending against mills during each of the last three years, sector-wise;
- (b) the time since when the said dues are pending for payment;
- (c) whether the Government has urged the States to enforce the provisions of Sugarcane (control) Order to liquidate the cane arrears;
- (d) if so, the out come thereof;
- (e) whether the mounting cane arrears have coerced the farmers to switch over to other crops;
- (f) if so, the details thereof and the corrective action taken in the matter; and
- (g) the other steps taken by the Government to ensure payment of dues within 14 days of the delivery of cane to the sugar mills?

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) : The sugar season-wise and sector wise details of outstanding cane price dues payable, as on 30.4.2009, by sugar mills to the cane growers are given at Annexure-I.

(b): Supply of sugarcane by cane growers to sugar mills and their payment by the sugar mills is a continuous process. Since the cane price dues payable to the cane growers for a sugar season pertains to supply of sugarcane to different sugar mills at different points of time and the position is continually changing on account of payment towards fresh supplies by a very large number of farmers during the course of the season, it is not possible to pinpoint the dates from which such dues are pending to individual farmers.

(c)&(d): The powers to enforce provisions of the Sugarcane (Control) Order, 1966 to liquidate the cane arrears already vest with the State Government.

(e)to(g): The excess production of sugar in 2006-07 and 2007-08 sugar seasons resulted in decline in sugar prices which constrained capacity of the sugar factories to pay cane price and cane price arrears built up. However, the Central Government took a slew of measures to help the sugar industry and sugarcane farmers. The details of these measures are indicated at Annexure II. Further, the Central Government has fixed the Statutory Minimum Price (SMP) of sugarcane for the sugar season 2009-10 at Rs. 107.76 per quintal, with an additional premium of Rs.1.13 for every 0.1% point increase in the recovery above 9.5% as compared to SMP of Rs. 81.18 per quintal with an additional premium of Rs. 0.90 for every 0.1% point increase in the recovery above 9% for the previous sugar season 2007-08.

In November, 2000, the Sugarcane (Control) Order, 1966 was amended providing that where any producer of sugar or his agent defaults in paying the whole or any part of the price of sugarcane to a farmer of sugarcane or a grower's cooperative society within 14 days from the delivery of sugarcane or where there is an agreement in writing between the parties for payment of price within a specified time and any producer or his agent defaults in making payment within the agreed time specified therein, the amount of price of sugarcane and interest due thereon is recoverable from the producer of sugar or his agent as arrears of land revenue.

ANNEXURE-I

ANNEXURE REFERRED TO IN REPLY TO PART (a) OF THE UNSTARRED QUESTION NO.1446 DUE FOR ANSWER ON 14.07.2009 IN THE LOK SABHA.

Sugar season-wise and Sector-wise position of cane price arrears as on 30.04.2009
(Amount in Crore Rupees)

Sugar season	Public Sector	Cooperative	Private Sector	Total
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(October-September)	Sector
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2008-09	83.08	273.31	352.63	709.02
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2007-08	Nil	19.36	68.23	87.59
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2006-07 & earlier	5.84	46.53	174.27	226.64
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Total	88.92	339.20	595.13	1023.25
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ANNEXURE-II

ANNEXURE REFERRED TO IN REPLY TO PART (e) TO (g) OF THE UNSTARRED QUESTION NO.1446 DUE FOR ANSWER ON 14.07.2009 IN THE LOK SABHA.

MEASURES TAKEN BY THE GOVERNMENT TO HELP THE SUGAR INDUSTRY AND SUGARCANE FARMERS

Creation of buffer stock of 50 lac tons:

A buffer stock of 20 lakh tons for one year was created for a period of one year from 01.05.2007 to 30.04.2008. Another buffer stock of 30 lakh tons was also created for a period of one year from 01.08.2007 to 31.07.2008. Under the buffer subsidy scheme, the sugar factories are reimbursed the interest, insurance and storage charges for the quantity allocated as buffer which is to be utilized for cane price payment as first priority. Further, the banks provide additional credit on creation of buffer stock by waiving the margin requirement which is to be exclusively used for cane price payment. The two buffer stocks involve annual subsidy of about Rs.880 crore from the SDF and additional bank credit of about Rs.978 crore.

Export Assistance:

Export assistance to defray expenditure on internal transport, marketing and handling charges and ocean freight @ Rs.1,350/- per ton for sugar factories in coastal States and Rs.1,450/- per ton for those in non- coastal States subject to actuals by road/rail for overland exports to the neighboring countries, was initially provided from 19.04.2007 to 18.04.2008. This facility was later extended upto 30.09.2008. It involves about Rs.840 crore assistance from SDF and is aimed at clearing cane price arrears as first priority [Total exports during the whole period covered by the Scheme have been about 6 million tons of sugar (raw and white)].

Extending financial assistance to sugar mills:

A loan scheme to extend financial assistance to sugar undertakings was formulated and implemented to provide additional liquidity support to the extent of notional excise duty on production of sugar in 2006-07 and 2007-08 sugar seasons, and exclusively earmarked for cane arrears/dues of 2006-07 and 2007-08 sugar seasons, respectively. The total interest subvention is to be borne from the Central Government budget (5% out of the maximum 12% p.a. interest subvention from the exchequer and balance upto 7% p.a. from the SDF). A sum of about Rs. 2700 crore worth of loan is estimated to have been disbursed by the banks to sugar factories as per information available till date.

Restructuring of term loans of the sugar factories:

The NABARD package of 2005 for restructuring of term loans of co-operative sugar factories was extended to include cooperative sugar factories not included earlier in the package. It was also decided to convert outstanding loans on account of harvesting and transport charges and short margin appearing in the factories' accounts as on 01.04.2007 to five year term loans without interest subvention. The budgetary support was increased from Rs.560 crore to Rs.600 crore to provide upto 3% interest subvention on the restructured term loans for reduction in interest rate to 10% per annum.