

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

UNSTARRED QUESTION NO:1375  
ANSWERED ON:14.07.2009  
CLOSED SUGAR MILLS  
Owaisi Shri Asaduddin;Verma Smt. Usha

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

- (a) the details of sick and closed sugar mills in the country including Uttar Pradesh; State-wise;
- (b) the reasons for the closure of the said mills;
- (c) the steps taken by the Government to revive the said mills; and
- (d) the efforts made by the Union Government to rehabilitate the workers rendered unemployed by the closure of the said 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): A statement indicating the State-wise number of sick sugar mills as furnished by Board for Industrial and Financial Reconstruction (BIFR) and National Bank for Agriculture and Rural Development (NABARD) is enclosed at Annexure-I. Another statement indicating the number of sugar mills which did not work during the current sugar season is enclosed at Annexure-II.
- (b): 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 high State Advised Price (SAP) of sugarcane by some States, control of molasses, lack of professional management, overstaffing etc.
- (c): It is responsibility of the entrepreneur concerned to take steps to restart the closed sugar mills. However, Sugar Development Fund Rules, 1983, provides that a potentially viable sick sugar undertaking can take Sugar Development Fund (SDF) loan for
  - (i) modernization or rehabilitation of plant and machinery and
  - (ii) sugarcane development. 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) which has been set up in the Department of Food and Public Distribution to consider cases of sugar mills in co-operative sector.
- (d): The rehabilitation of the workers rendered unemployed by the closure of the said sugar mills is not the responsibility of the Central Government. However, the interest of workers employed in closed sugar mills is protected under the relevant laws.