

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

STARRED QUESTION NO:311

ANSWERED ON:19.03.2013

PROBLEMS OF SUGAR INDUSTRY

Paswan Shri Kamlesh ;Singh Shri Vijay Bahadur

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 become sick or have been closed down and if so, the details thereof indicating the number of operational, sick and closed sugar mills during the last three years and the current year, sector and State-wise;
- (b) whether the Government has made any assessment regarding the reasons for sickness/closure of the sugar mills and the problems being faced by the sugar industry;
- (c) if so, the details and the outcome thereof along with the remedial steps taken in this regard;
- (d) whether the Indian Sugar Mill Association has requested the Government to formulate a clear and stable policy for export of sugar; and
- (e) if so, the details thereof and the reaction of the Government thereto?

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.311 DUE FOR ANSWER ON 19-03-2013 IN LOK SABHA

(a) A statement indicating the details of sugar mills, sector-wise and state-wise, which were operational and those which remained closed during last three sugar seasons (October-September) and the current sugar season is at Annex-I. The details of sick sugar mills, sector-wise and state-wise is at Annex-II.

(b) 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.

(c) The Government has de-licensed sugar industry vide Press Note dated 31st August, 1998. It is the responsibility of the entrepreneurs, concerned, to take steps to revive the closed / sick sugar mills as far as private sector is concerned and the state Governments/UT Administrations concerned in case of the public and cooperative sector sugar mills. The Government, under the Sugar Development Fund (SDF), provides for concessional loans for modernization or rehabilitation, bagasse-based cogeneration power projects, production of ethanol and sugarcane development as well as restructuring of SDF loans of the potentially viable sick sugar undertakings.

(d) & (e). Indian Sugar Mills Association through its various representations has been representing to the Government to have a tariff based export/import policy. The committee headed by Dr. C. Rangarajan on de-regulation of sugar sector in its report submitted to the Government in October, 2012 has, inter-alia, also recommended for a tariff based stable trade policy. The recommendations of the committee are under active consideration of the Government.