

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

UNSTARRED QUESTION NO:3216

ANSWERED ON:11.02.2014

ASSISTANCE FOR SUGAR INDUSTRY

Bishnoi Shri Kuldeep; Dhruvanarayana Shri R. ; Krishnaswamy Shri M.; Kumar Shri P.; Nagar Shri Surendra Singh; Ponnampaluri Shri Prabhakar; Sivasami Shri C.

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

- (a) whether the sugar industry has sought assistance from the Government to reduce stocks and to rationalise sugarcane pricing policy in view of increasing inventory, falling price of sugar and increasing sugarcane dues;
- (b) if so, the details thereof and the reaction of the Government thereto along with the reasons for the fall in prices and accumulation of stocks;
- (c) whether the Government has cleared a proposal to provide interest free loan to the cash strapped industry to clear the cane arrears and if so, the details thereof indicating the total outstanding dues, loans to be provided and the extent to which it would help in clearing the dues; and
- (d) the details thereof and the findings of the commission/committees set up to enquire into the reasons for the crisis faced by the industry along with the present status thereof?

Answer

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

(a) & (b) Yes, Madam. The apex bodies of the sugar industry have submitted representations to the Central Government, inter-alia, seeking assistance from the Government to reduce stocks and to rationalise sugarcane pricing policy. To look into the problems being faced by the Sugar industry, the Government has formed an Informal Group of Union Ministers (IGOM) under the Chairmanship of Minister of Agriculture. Surplus production over domestic consumption in the last three sugar seasons and low exports due to subdued international sugar prices have led to building up of sugar stocks with the mills and fall in sugar prices.

(c) The Central Government on 03.1.2014 has notified a scheme envisaging a financial package in the form of interest free loans worth Rs. 6600 crores as additional working capital to sugar mills, for clearance of cane price arrears of previous sugar seasons and timely settlement of cane price of current sugar season to sugarcane farmers. Interest burden estimated at Rs. 2750 crores over next five years would be borne by the Government through Sugar Development Fund. The cumulative cane price arrears as on 15.12.2013 stand at Rs. 5656.11 crores.

(d) The IGOM has been of the view that in current scenario of falling sugar prices, there was need for rationality in sugarcane prices. The interest of both farmers and sugar industry had to be balanced as their future was completely inter-dependent. There was need for a sustainable system of sugarcane pricing and the State Governments should appoint autonomous committee/board/authority to examine different modalities. The Group also recommended providing incentive towards marketing and promotion services for raw sugar production targeted for export market for quantity of 40 lakh MT during 2013-14 and 2014-15 sugar seasons, providing loans to sugar mills with interest subvention and encouraging ethanol blending with petrol.