

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

UNSTARRED QUESTION NO:3368

ANSWERED ON:17.03.2015

SUGAR INDUSTRY

Mahadik Shri Dhananjay Bhimrao;Patil Shri Vijaysinh Mohite;Satav Shri Rajeev Shankarrao

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

- (a) whether the present financial condition of the sugar mills is extremely poor with most of them incurring losses and being on the verge of closure;
- (b) if so, the details thereof and the response of the Government thereto, Statewise;
- (c) whether the Sugar Federations and the industry have represented to the Government for financial assistance; and
- (d) if so, the details thereof and the response of the Government thereto?

Answer

MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (SHRI RAMVILAS PASWAN)

(a)&(b): Surplus production of sugar over domestic consumption in the last four sugar seasons and low exports due to subdued international sugar prices have led to building up of sugar stocks with the mills. This has adversely affected the financial health of the mills and led to a situation of liquidity crunch due to poor realization from sale of sugar. The Government has extended the incentive scheme for marketing and promotion Services of raw Sugar production targeted for export for current sugar season 2014-15 and modified the policy for procurement of ethanol under the Ethanol Blending Programme (EBP) to smoothen the entire ethanol supply chain and ensure remunerative price. These measures are likely to help in evacuation of surplus sugar from the country and improve the financial condition of sugar mills. The state-wise details of sick sugar mills are at Annexure.

(c)& (d): Representations from Association of Sugar Industry have been received from time to time by the Government inter-alia seeking financial assistance in the form of interest subvention and export incentive. Apart from extending the export incentive scheme for raw sugar production, as referred to in reply to part a) & b) above, Government has notified a Scheme for Extending Financial Assistance to Sugar Undertakings (SEFASU-2014) on 3.1.2014 envisaging additional working capital loans to sugar mills by banks with interest subvention.