

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

UNSTARRED QUESTION NO:3652
ANSWERED ON:05.08.2014
DOWNFALL IN SUGAR INDUSTRY
Devi Smt. Veena

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

- (a) whether the steep downfall has been registered in the sugar industry;
- (b) if so, the details thereof and the reaction of the Government thereto;
- (c) whether the Government has made efforts to revive the industry by providing financial and other technical assistance;
- (d) if so, the details thereof indicating assistance provided and the success achieved as a result thereof; and
- (e) the impact of the said downfall on the general consumer?

Answer

MINISTER OF STATE FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (SHRI RAOSAHEB PATIL DANVE)

(a)& (b): 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 low realisation from sale of sugar. This has adversely affected the financial health of the mills and resulted in accumulation of cane price arrears. The Central Government has taken a slew of measures as mentioned in reply to parts c) and d) of the question.

(c)& (d): The Central Government, with a view to increase competitiveness and efficiency in the sugar sector, has decontrolled it by doing away with the levy obligation on sugar mills and dispensing with the regulated release mechanism on open market sale of sugar. Further, in order to facilitate clearance of cane price arrears of previous sugar seasons and timely settlement of cane price of current sugar season to sugarcane farmers, the Central Government on 3.1.2014 has notified a Scheme for Extending Financial assistance to Sugar Undertakings (SEFASU-2014) envisaging interest free loans worth Rs.6600 crores by bank as additional working capital to sugar mills. As on 18.7.2014 loans amounting to Rs. 5914 crores have been sanctioned and out of this loans worth Rs. 5711 crores have been disbursed under the scheme. An another scheme has been notified on 28.2.2014 allowing incentives for marketing and promotion services for raw sugar production targeted for export market. The incentive available under the Scheme shall be utilized by the sugar mills for making payment to the farmers. The Government has also decided 5% blending of ethanol with petrol at all India level, which can go up to 10% in a State. This is expected to generate revenue for sugar mills enabling them to make timely and better payment of cane price to sugarcane farmers. Besides, soft loans to the sugar industry are being provided from sugar Development Fund for modernization, cane development, ethanol production and for bagasse based co-generation projects.

(e): The sugar prices are currently stable in the domestic market.