

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

UNSTARRED QUESTION NO:319

ANSWERED ON:25.11.2014

STOCK OF SUGAR .

Ram Mohan Naidu Shri Kinjarapu;Sundaram Shri P.R.;Venugopal Dr. Ponnusamy

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

- (a) whether there is surplus production and stock of sugar in the country affecting the viability of mills and payment of sugarcane dues;
- (b) if so, the details thereof indicating the production, stock, demand and consumption of sugar in the country along with the total value of stocks blocked in the said inventories and sugarcane dues pending against the mills during each of the last three years and the current year;
- (c) whether the Government has received requests for increasing the import duty on sugar to check cheap imports with a view to make the domestic sugar more competitive and reducing inventories;
- (d) if so, the details thereof and the reaction of the Government thereto; and
- (e) the steps taken/proposed to be taken to liquidate the surplus stocks and improve the viability of the industry?

Answer

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

(a) & (b): Sugar production has been more than the domestic consumption during the last three sugar seasons (October-September) and sugar production during the current sugar season 2014-15 is also provisionally estimated at about 250.46 lac tons against the estimated domestic consumption of about 248 lac tons. Consequently, the prices of sugar have been depressed in the domestic market which in turn has adversely affected the financial health of the sugar mills to pay the sugarcane dues on time. The value of sugar stocks blocked in the said inventories depends mainly upon the prevailing ex-mill prices of sugar which vary from mill to mill and State to State. As such, it is not possible to exactly quantify the value blocked in the said inventories. The details of production, demand/consumption and closing stock of sugar in the country along with the sugarcane dues pending against the mills during each of the last three sugar seasons are Annexed.

(c) & (d): The apex bodies of the sugar industry represented the Government for increasing the import duty on sugar from 15% to 40%. The Government has increased the customs duty on import of raw and white/refined sugar from 15% to 25% with effect from 21.08.2014.

(e): With a view to improve the financial health of the sugar mills, increase the cash flow and reduce their inventory cost, the Central Government has removed the levy obligation on sugar mills and dispensed with the regulated release mechanism on open market sale of sugar. To further improve the viability of the sugar mills, the Government has notified a Scheme for Extending Financial Assistance to Sugar Undertakings (SEFASU-2014) on 03.01.2014, envisaging interest free loans worth Rs.6600 Crores by banks as additional working capital to sugar mills, for clearance of cane price arrears. The Government on 28.02.2014 notified another scheme allowing incentives for marketing and promotion services for raw sugar production targeted for export. The scheme is likely to help in evacuation of surplus stocks and liquidation of cane price arrears.