

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

UNSTARRED QUESTION NO:3856

ANSWERED ON:16.12.2014

LIQUIDITY FOR SUGAR INDUSTRY

Dubey Shri Nishikant ;Khaire Shri Chandrakant Bhaurao;Kumar Dr. Virendra ;Naik Prof. Seetaram Ajmeera;Singh Shri Kunwar Haribansh;Singh Shri Ravneet;Sonkar Shri Vinod Kumar

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

- (a) the details of the operational, sick and closed sugar mills in the country along with the steps taken to revive these mills during each of the last three years and the current year and the number of mills benefitted therefrom, State-wise;
- (b) whether the Government is aware that the Sugar Industry is facing problem of finance and liquidity crunch, if so, the details thereof and the reaction of the Government thereto;
- (c) whether the Government has chalked out any special action plan or proposes to provide special economic package to assist the industry and revive the sugar mills and if so, the details thereof and the action taken thereon; and
- (d) whether the Government proposes to allow manufacture of ethanol from sugarcane to improve viability of sugar mills and if so, the details thereof?

Answer

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

(a). A Statement showing State-wise numbers of operational and closed sugar mills during last three sugar seasons i.e. 2011-12, 2012-13 and 2013-14 and sick sugar mills is at Annex. The information regarding the closed sugar mills for the current sugar season i.e. 2014-15 would be ascertained at the end of the crushing season.

As regards revival of potentially viable sick sugar undertakings, it is the responsibility of the entrepreneur concerned to take steps to re-open/revive the closed/sick sugar mills as far as private sector is concerned and State Government/UTs concerned in the case of the public and cooperative 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 undertaking.

During last three years, SDF loans of only one such sugar mill located in the state of Uttar Pradesh has been restructured.

(b)&(c): 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 on 03.01.2014 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 of the Country. The Government on 28.02.2014 has allowed incentives for marketing and promotion services for raw sugar production targeted for export market. The working capital loan and export incentive amount is to be used for clearance of cane price arrears. No special economic package for revival of sick sugar mills is under consideration of the Government.

(d): At present, sugarcane or sugarcane juice may not be used directly for production of ethanol and it is to be produced only from molasses.