

**GOVERNMENT OF INDIA  
MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION  
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION**

**LOK SABHA  
UNSTARRED QUESTION NO. 1434  
TO BE ANSWERED ON 11<sup>th</sup> FEBRUARY, 2020**

**DECONTROL OF SUGAR SECTOR**

**1434. SHRI BIDYUT BARAN MAHATO:  
SHRI GAJANAN KIRTIKAR:  
SHRI SHRIRANG APPA BARNE:  
SHRI SANJAY SADASHIV RAO MANDLIK:  
SHRI SUDHEER GUPTA:**

**Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री be pleased to state:**

- (a) the number of sugar mills operating in the country at present, State/UT-wise;**
- (b) whether it is fact that the country's sugar industry is suffering from various hurdles during recent times and if so, the details thereof along with the corrective measures taken/being taken by the Government in this regard;**
- (c) whether the Government has received any requests/demand from sugar mills regarding complete decontrol of the sugar industry;**
- (d) if so, the details thereof along with the response of the Government thereto;**
- (e) the impact likely on consumers, farmers and industry after the decontrol of sugar sector; and**
- (f) the rate at which Government procures sugar for ration shops and the likely rate after decontrol?**

**A N S W E R  
MINISTER OF STATE FOR MINISTRY OF CONSUMER AFFAIRS, FOOD &  
PUBLIC DISTRIBUTION  
(SHRI DANVE RAOSAHEB DADARAO)**

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**(a): The State/UT-wise number of sugar mills in the country presently in operation is given at Annexure.**

**(b): Excess production of sugar in the sugar season 2017-18 had adversely affected market sentiments due to which the ex-mill prices of sugar in the domestic market fell sharply in the range of Rs 24.50 to Rs 26 per Kg in the month of May,2018 which had adversely affected the liquidity of sugar mills resulting in accumulation of cane price arrears of farmers. Low realization from sale of sugar due to surplus sugar stocks has adversely affected the financial health of sugar mills during the sugar season 2018-19 also. Further huge carryover stocks and estimation of surplus production than the estimated consumption in the current sugar season 2019-20 may also affect the liquidity position of sugar mills.**

**In order to improve the liquidity of sugar mills thereby enabling them to clear cane price dues of farmers, the Central Government took following measures during last two sugar seasons and the current sugar season:**

#### **SUGAR SEASON 2017-18**

- (i) Fixed a minimum selling price (MSP) of sugar at Rs.29/kg w.e.f. 07.06.2018 which was revised to Rs. 31/kg w.e.f. 14.02.2019.**
- (ii) Extended Assistance to sugar mills @Rs.5.50/quintal of cane crushed for sugar season 2017-18 to offset the cost of cane amounting to about Rs.430 crore.**
- (iii) Created buffer stock of 30 LMT in sugar season 2017-18 for which Government is reimbursing carrying cost of Rs.780 crore towards maintenance of buffer stock.**

#### **SUGAR SEASON 2018-19**

- (i) Extending Assistance to sugar mills @Rs.13.88/quintal of cane crushed for sugar season 2018-19 to offset the cost of cane amounting to about Rs.3000 crore.**
- (ii) Extending Assistance to sugar mills for defraying expenditure towards internal transport, freight, handling and other charges to facilitate export of sugar from the country in sugar season 2018-19 amounting to about Rs. 700 crore.**
- (iii) Extended soft loans amounting to Rs 7402 crore to sugar mills through banks, for which Government would bear interest subvention of about Rs 518 crore @ 7% for one year.**

**SUGAR SEASON 2019-20**

(i) Created buffer stock of 40 LMT of sugar for a period of one year from 1st August, 2019 to 31st July, 2020 for which Government is reimbursing carrying cost of Rs.1674 crore towards maintenance of buffer stock.

(ii) Providing assistance to sugar mills @ Rs 10448/MT to facilitate export of sugar for expenses on export of 60 LMT of sugar in sugar season 2019-20 for which an estimated expenditure of Rs 6288 Cr would be borne by Govt.

The Government has allowed production of ethanol from sugar and sugar syrup for current ethanol supply year 2019-20 (December, 2019 - November, 2020) and fixed the remunerative ex-mill price of ethanol derived from C-heavy molasses @ Rs. 43.75/litre, from B-heavy molasses @ Rs. 54.27/ litre and @ Rs. 59.48/litre for the ethanol derived from sugarcane juice/ sugar/ sugar syrup.

(c) to (f): Government has not received any request from sugar mills regarding complete decontrol of the sugar industry. The Central Government has already decontrolled the sugar sector partially, from April 2013, by removing the levy obligation on sugar mills from 2012-13 sugar season. After deregulation of sugar sector, a new dispensation for distribution of sugar under Public Distribution System (PDS) was put in place w.e.f 01.06.2013 wherein State government / UT administrations are required to procure sugar from the open market through the transparent system. The Central Government had been reimbursing a fixed sugar subsidy @ Rs. 18.50 per kg to the participating states/UTs towards distribution of sugar under PDS to the targeted population covering BPL population and all the population of North Eastern states/Hilly states and island territories to make sugar available at the retail issue price of Rs. 13.5 per Kg.

Now, the National Food Security Act (NFSA) is being universally implemented in the country. There is no identified category of BPL under the NFSA. However, the Antayodaya Anna Yojana (AAY) beneficiaries are clearly identified. As such, the Government of India has reviewed the sugar subsidy scheme and decided to continue it for AAY families w.e.f June 2017. The Central Government is reimbursing a fixed subsidy of Rs 18.5 per kg @ 1 kg per month per AAY families to participating states /UTs.

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**Annexure**

**ANNEXURE REFERRED TO IN REPLY TO PART (a) OF THE UNSTARRED QUESTION NO.1434 FOR ANSWER ON 11.02.2020 IN THE LOK SABHA.**

**Statement showing State/UT-wise number of sugar mills in operation during current sugar season 2019-20**

<b>Sl. No.</b>	<b>Name of State</b>	<b>Number of Sugar Mills in operation during 2019-20 Sugar season</b>
<b>1</b>	<b>Andhra Pradesh</b>	<b>12</b>
<b>2</b>	<b>Bihar</b>	<b>11</b>
<b>3</b>	<b>Gujarat</b>	<b>15</b>
<b>4</b>	<b>Haryana</b>	<b>14</b>
<b>5</b>	<b>Karnataka</b>	<b>62</b>
<b>6</b>	<b>Maharashtra</b>	<b>140</b>
<b>7</b>	<b>Punjab</b>	<b>16</b>
<b>8</b>	<b>Tamil Nadu</b>	<b>21</b>
<b>9</b>	<b>Telangana</b>	<b>6</b>
<b>10</b>	<b>Uttar Pradesh</b>	<b>119</b>
<b>11</b>	<b>Uttarakhand</b>	<b>7</b>
<b>12</b>	<b>Madhya Pradesh</b>	<b>16</b>
<b>13</b>	<b>Chhattisgarh</b>	<b>4</b>
<b>All India</b>		<b>443</b>

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