

# CABINET APPROVES COMPREHENSIVE POLICY TO DEAL WITH EXCESS SUGAR PRODUCTION IN THE COUNTRY

Relevant for: Indian Economy | Topic: Major crops, Cropping patterns in various parts of the country incl. Various Agriculture Revolutions

Cabinet Committee on Economic Affairs (CCEA)

## Cabinet approves comprehensive policy to deal with excess sugar production in the country

Posted On: 26 SEP 2018 3:48PM by PIB Delhi

Due to excess carryover stocks and indication of similar excess production in the ensuing sugar season 2018-19, the liquidity problem of the sugar mills is likely to persist in the coming sugar season too. As a result, cane price arrears of sugarcane farmers may also peak at unprecedented high level.

In order to mitigate the situation, the Cabinet Committee on Economic Affairs chaired by Hon'ble Prime Minister Shri Narendra Modi has approved following measures involving total assistance of over Rs. 5500 crore to support the sugar sector by way of offsetting cost of cane and to facilitate export of sugar from the country thereby improving liquidity of the industry enabling them to clear cane price arrears of farmers:

### Details:

- a. To provide assistance to sugar mills by defraying expenditure towards internal transport, freight, handling and other charges to facilitate export during the sugar season 2018-19 @ Rs. 1000/MT for the mills located within 100 kms from the ports, @ Rs. 2500/MT for the mills located beyond 100 kms from the port in the coastal states and @ Rs. 3000/MT for mills located in other than coastal states or actual expenditure, whichever is lower. The total expenditure on this account would be about Rs.1375 crore which will be borne by Government.
- b) In order to help sugar mills to clear cane dues of farmers, the Government has decided to provide financial assistance @ of Rs. 13.88 per quintal of cane crushed in sugar season 2018-19 to sugar mills to offset the cost of cane. The assistance shall be provided to only those mills which fulfil the conditions as stipulated by Department of Food & Public Distribution. The total expenditure on this account would be about Rs.4163 crore which will be borne by Government.
- c) To ensure payment of sugarcane dues of farmers, both the assistance would be credited directly into the accounts of farmers on behalf of sugar mills against cane price dues payable to farmers against FRP including arrears relating to previous years and subsequent balance, if any, would be credited to mill's account. Assistance shall be provided to those mills which will fulfil the eligibility conditions as decided by the Government.

### Background:

Due to depressed market sentiments and crash in sugar prices, the liquidity position of sugar mills was adversely affected in the sugar season 2017-18 leading to accumulation of cane price dues of sugarcane farmers which reached an alarming level of about Rs. 23,232 crores in the last week of May, 2018.

In order to stabilize sugar prices at reasonable level and to improve the liquidity position of the mills thereby enabling them to clear the cane price arrears of farmers, for the current sugar season 2017-18, Central Government took the following measures in past six months:

- (i) Increased custom duty on import of sugar from 50% to 100% to check any import in the country.
- (ii) Withdrew custom duty on export of sugar to encourage sugar industry to start exploring possibility of export of sugar.
- (iii) Allocated mill-wise Minimum Indicative Export Quotas (MIEQ) of 20 LMT of sugar for export during Sugar Season 2017-18.
- (iv) Re-introduced Duty Free Import Authorization (DFIA) Scheme in respect of sugar to facilitate and incentivize export of surplus sugar by sugar mills.
- (v) Extended financial assistance to sugar mills @ Rs.5.50/qtl of cane crushed during 2017-18 Sugar Season to offset the cost of cane.
- (vi) Notified Sugar Price (Control) Order, 2018 directing that no producer of sugar shall sell white/refined sugar at factory gate at a rate below Rs. 29/kg; along with imposition of stock holding limits on mills.
- (vii) Created buffer stock of 30LMT of sugar w.e.f01.07.2018, to be maintained by sugar mills for one year for which Government will bear a carrying cost of about Rs. 1175 crore.
- (viii) In order to augment ethanol production capacity and thereby also allow divergence of sugar for production of ethanol, approval has already been granted for extension of soft loan of Rs. 4440 crore through banks to the mills for setting up new distilleries/ expansion of existing distilleries and installation of incineration boilers or installation of any method as approved by Central Pollution Control Board for Zero Liquid Discharge for which Government will bear interest subvention of Rs. 1332 crore.

As a result of above measures, all India average ex mill prices of sugar increased from the range of Rs. 24-27/kg to Rs. 30-33/kg; and all India cane price arrears of farmers have also come down to Rs. 12988 crore from the peak arrears of about Rs. 23232 crore on State Advised Price (SAP) basis for sugar season 2017-18. On FRP basis, all India cane price arrears of farmers have come down to Rs. 5312 crore from the peak arrears of about Rs. 14538 crore.

\*\*\*\*

NW/AKT/SH

(Release ID: 1547295) Visitor Counter : 509

Read this release in: [Marathi](#) , [Tamil](#)

**END**

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

CrackIAS.com