

QUESTION DETAILS

MINISTRY OF : CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

DEPARTMENT OF : FOOD AND PUBLIC DISTRIBUTION

RAJYA SABHA

UNSTARRED QUESTION NO 3887

TO BE ANSWERED ON 26.07.2019

Payment of sugarcane arrears to farmers

3887. Shri G.C. Chandrashekhar

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

- (a) whether sugar mills operated by HPCL Biofuels Limited owe a huge amount as sugarcane arrears to farmers;
- (b) if so, the details thereof indicating the total amount paid by the mill to farmers and the balance of payment pending during the current crushing season;
- (c) whether the mill has submitted a payment schedule for clearing the dues; and
- (d) if so, the details thereof and if not, the steps taken by Government to ensure payment of sugarcane arrears to farmers?

Answer

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

(a)&(b): Details of cane price payable, paid and arrears during current sugar season 2018-19 as on 15.07.2019 in respect of Sugauli and Lauriya sugar mills operated by HPCL Bio-fuels Limited are as under:-
Rs. in Crores.

Name of Unit	Payable	Paid	Dues
Sugauli	110.50	38.19	72.31
Lauriya	104.65	43.23	61.42

(c) & (d): Payment of cane price to sugarcane growing farmers by the sugar mills is a continuous process. However, on account of surplus sugar production during the previous sugar season 2017-18 and current sugar season 2018-19 the sugar prices remained depressed which adversely affected the liquidity of the sugar mills resulting in accumulation of cane price arrears of the farmers.

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The Sugarcane (Control) Order, 1966 stipulates payment of cane price within 14 days of supply, failing which interest at the rate of 15% per annum on amount due for the delayed period beyond 14 days is payable. The Powers to enforce the provisions of Sugarcane (Control) Order, 1966 with regard to payment of cane dues of farmers is vested with the State Governments as they have necessary field formation for its implementation. Central Government from time to time issues advisory to the state Governments for ensuring clearance of cane price arrears of farmers and to take action against defaulting mills and also review the position through meetings and video conferences.

With a view to improve the liquidity position of sugar mills of the country including State of Bihar, enabling them to clear cane price arrears of farmers, the Government took following measures, in sugar seasons 2017-18 & 2018-19:

- (i) Fixing a Minimum Selling Price (MSP) of sugar w.e.f 07.06.2018 at Rs.29/kg for sale at factory gate in domestic market, below which no sugar mill can sell sugar. MSP has further been increased to Rs.31/Kg. w.e.f. 14th February, 2019.
- (ii) Extending Assistance to sugar mills to offset the cost of cane in sugar seasons 2017-18 and 2018-19.
- (iii) Extending assistance to sugar mills by reimbursing carrying cost towards maintenance of buffer stock of 30 LMT of sugar.
- (iv) 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.
- (v) Extending soft loans to sugar mills through banks for which Government would bear interest subvention @ 7% for one year to clear cane price arrears.

Further, Government of Bihar is providing a subsidy of Rs. 12.50/qtl. to sugar mills of State of Bihar on purchase of sugarcane to clear their dues for the current sugar season 2018-19.

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