

Cabinet approves financial assistance to sugar mills for clearing cane dues of farmers

Posted On: 02 MAY 2018 3:25PM by PIB Delhi

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi has given its approval to provide financial assistance @ of Rs. 5.50 per quintal of cane crushed in sugar season 2017-18 to sugar mills to offset the cost of cane, in order to help sugar mills to clear cane dues of farmers.

Details:

- The assistance shall be paid directly to the farmers on behalf of the mills.
- It will be adjusted against the cane price payable due to the farmers against Fair and Remunerative Price (FRP) including arrears relating to previous years.
- Subsequent balance if any, shall be credited into the mill's account.

Assistance shall be provided to those mills which will fulfil the eligibility conditions as decided by the Government.

Background:

Due to higher sugar production against the estimated consumption during the current sugar season 2017-18, the domestic sugar prices have remained depressed since the commencement of the season. Due to depressed market sentiments and crash in sugar prices, the liquidity position of sugar mills has been adversely affected, leading to accumulation of cane price dues of farmers which have reached to more than Rs.19,000 crore.

In order to stabilize sugar prices at reasonable level and to improve liquidity position of mills thereby enabling them to clear cane price dues of farmers, Government has taken following steps in past three months:

- a. Increased customs duty on import of sugar from 50% to 100% in the interest of farmers.
- b. Imposed reverse stock holding limits on producers of sugar for the months of February and March, 2018.
- c. Government has also fully withdrawn the customs duty on export of sugar to encourage sugar industry to start exploring possibility of export of sugar.
- d. In view of the inventory levels with the sugar industry and to facilitate achievement of financial liquidity, mill-wise Minimum Indicative Export Quotas (MIEQ) have been fixed for sugar season 2017-18. Export Quotas of 20 Lakh tonnes of all grades of sugar; viz. raw, plantation white as well as refined, have been prorated amongst sugar factories by taking into account their average production of sugar

achieved by the sugar mills during last two operational sugar seasons and the current season (up to February,2018).

- e. Further, to facilitate and incentivize export of surplus sugar by sugar mills, Government has allowed Duty Free Import Authorization (DFIA) Scheme in respect of sugar.

AKT/VBA/SH

(Release ID: 1530947) Visitor Counter : 90