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Union Cabinet clears Rs 7,000 cr for sugar industry, farmers

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THE UNION Cabinet chaired by Prime Minister Narendra Modi on Wednesday approved a set of relief measures, involving a total amount of about Rs 7,000 crore, in an attempt to reduce stress on the sugar industry and clear dues of sugarcane farmers.

The measures include creation of a buffer stock of 30 LMT (lakh metric tonnes) of sugar for one year and to incur estimated expenditure of Rs 1,175 crore for this purpose. This may be reviewed by the Department of Food & Public Distribution (DFPD) based on the market price and availability of sugar. Reimbursements under the scheme would be made on a quarterly basis and would be directly credited to the farmers' accounts on behalf of sugar mills against their cane price dues.

Further, the Sugar Price (Control) Order, 2018 shall be notified under the Essential Commodities Act, 1955 to fix the minimum selling price of white/refined sugar and below which no white/refined sugar can be sold or delivered by a sugar mill in the domestic market. The fixing of MSP for white sugar would be based on the fair remunerative price (FRP) of cane and minimum conversion cost of white/refined sugar. Union Minister for Consumer Affairs Ram Vilas Paswan said the MSP of white/refined sugar shall be initially fixed at Rs 29 per kg, which can be subsequently revised by the DFPD based on revision of FRP, etc.

To augment capacity through up-gradation of existing distilleries attached to sugar mills by installing incineration boilers and setting up new distilleries in sugar mills, the government has decided to bear interest subvention of maximum Rs 1,332 crore over a period of five years, including moratorium period of one year, on estimated bank loans amounting to Rs 4,440 crore to be sanctioned to the sugar mills over a period of three years. The DFPD would formulate a detailed scheme for the same and this would facilitate diversion of sugar during surplus phase to reduce excess inventories.

After the Cabinet meeting, Paswan said that that the government will facilitate soft loans from banks at cheaper interest rates to promote ethanol.

According to the government, excess production during the current sugar season and indication of higher production in the ensuing sugar season has been continuously depressing the market price of sugar. Due to the depressed market sentiments and crash in sugar prices, the liquidity position of the sugar mills has been adversely affected, leading to accumulation of cane price dues which have already reached more than Rs 22,000 crore.

Paswan said that these measures have been taken so that sugar mills earn profit and become able to pay the farmers.

OTHER DECISIONS

- During the meeting on Wednesday, the Cabinet was informed of the progress report of the special committee for interlinking of rivers between July 1, 2016 and March 31, detailing progress made in the priority links of Ken-Betwa, Damanganga-Pinjal and Para-Tapi-Narmada, besides status of other Himalayan and Peninsular links identified as per National Perspective Plan of 1980.
- The Cabinet approved the PSLV Continuation Programme (Phase 6) and funding of 30 PSLV operational flights. It also approved funding for GSLV Mk-III continuation programme (Phase I) consisting of 10 GSLV (Mk-III) flights, at an estimated cost of Rs 4,338.20 crore.