

# Centre's ₹8K-cr bailout for sugarcane farmers

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**NEW DELHI:** The Union government on Monday announced a package of more than ₹8,000 crore aimed to provide relief to sugarcane farmers and to clear their dues, officials said. The package is part of the government's efforts to address the ongoing agrarian crisis in the country and offset its political impact.

According to a government official, the package includes three elements. A buffer stock of 30 LMT (lakh metric tonnes) of sugar will be created with ₹1,200 crore.

This money will be directly transferred to accounts of sugarcane farmers. ₹4,400 crore will be used to increase ethanol production to divert sugarcane away from sugar mills which are unable to dispose of their inventories. The government has also decided to ensure a minimum sale price of ₹29/kg for sugar.

To be sure, a creation of buffer stock need not lead to the government buying sugar from the

## THE SUGAR FEE

The package is part of government's efforts to tackle a growing crisis in India's farm sector

<b>THE BAILOUT</b>	<b>₹29/kg</b>	<b>₹12,000cr</b>
<b>₹1,200cr</b> For purchasing sugar to create a buffer stock of 30 lakh metric tonne	Minimum support price to be set for sugar	Pending arrears of sugarcane farmers in UP alone
<b>₹4,400cr</b> For purchasing sugar to create a buffer stock of 30 lakh metric tonne	<b>Why the crisis:</b> Sugar prices have nosedived in the country due to a glut in production	

market, and might actually entail the government agreeing to bear a part of carrying cost of unsold inventories of sugar mills. A spokesperson of the Indian Sugar Mills Association declined to comment on the package citing lack of exact details.

A crisis in the sugar industry shot into limelight after the BJP's defeat in the Kairana Lok Sabha bypoll.

The region is dominated by sugarcane farmers who have

been protesting against the non-payment of dues by sugar mills. According to media reports, pending arrears of sugarcane farmers in Uttar Pradesh alone are to the tune of more than ₹12,000 crores.

According to statistics from Centre for Monitoring Indian Economy, sugarcane production in 2017-18 was the third highest ever in the country at 35.5 million tonnes.

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## Sugar

Sugar prices have nosedived in the country due to a glut of sugarcane production. The annual growth in the Consumer Price Index for sugar and condiments has been on a downward trajectory since August 2016. It has gone into negative territory since February this year.

The sugar industry is an important agro-based industry that impacts the livelihood of about 5 crore sugarcane farmers and around 5 lakh workers

directly employed in sugar mills. Employment is also generated in various ancillary activities relating to transport, trade, servicing of machinery and supply of agriculture inputs. India is the second largest producer of sugar in the world after Brazil and is also the largest consumer. Today Indian sugar industry's annual output is worth approximately ₹80,000 crore.

The move has come after the Uttar Pradesh government reportedly wrote to the central government requesting a fixation of sugar prices at ₹34/kg to enable the mills to clear pending dues of farmers. The Uttar Pradesh sugar industry had also written to the state government conveying its inability to participate in any activities related to the 2018-19 sugar season due to economic distress.