

**STANDING COMMITTEE ON CONSUMER AFFAIRS,  
FOOD AND PUBLIC DISTRIBUTION (2023-2024)**

**36**

**SEVENTEENTH LOK SABHA**

**MINISTRY OF CONSUMER AFFAIRS, FOOD  
AND PUBLIC DISTRIBUTION  
(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)**

{Action Taken by the Government on the observations/ recommendations contained in the Thirty Second Report of the Committee (Seventeenth Lok Sabha) on the subject "Sugar Industry in India- A Review" pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution)}

**THIRTY SIXTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**December, 2023/Agrahayana, 1945 (Saka)**

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*Presented to Lok Sabha on 18 December, 2023  
Laid in Rajya Sabha on 14 December, 2023*



**LOK SABHA SECRETARIAT  
NEW DELHI**

**December, 2023/ Agrahayana, 1945 (Saka)**

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**Composition of the Standing Committee on Consumer Affairs, Food and Public Distribution (2023-24)**

Smt. Locket Chatterjee - Chairperson

**MEMBERS**

**Lok Sabha**

2. Dr. Farooq Abdullah
3. Shri Sudip Bandyopadhyay
4. Shri Shafiqur Rahman Barq
5. Shri Rajendra Dhedyia Gavit
6. Shri Sanganna Amarappa Karadi
7. Shri Faizal P.P. Mohammed
5. Km. Debasree Chaudhuri
6. Dr. Amar Singh
7. Shri Anil Firojiya
8. Shri Ganesan Selvam
9. Shri Khagen Murmu
10. Shri Mitesh Rameshbhai Patel
11. Shri Subrat Pathak
12. Smt. Himadri Singh
13. Smt. Kavita Singh
17. Shri Nandigam Suresh
18. Shri Saptagiri Sankar Ulaka
19. Shri Rajmohan Unnithan
20. Shri Vaithilingam Ve.
21. Vacant

**Rajya Sabha**

22. Shri Satish Chandra Dubey
23. Dr. Fauzia Khan
24. Shri Rajmani Patel
25. Shri Sakaldeep Rajbhar
26. Dr. Ashok Bajpai
27. Shri Baburam Nishad
28. Shri C. Ve Shanmugam
29. Shri Prakash Chik Baraik
30. Vacant
31. Vacant

**LOK SABHA SECRETARIAT**

1. Dr. Ram Raj Rai - Joint Secretary
2. Dr. Vatsala Joshi - Director
3. Dr. Mohit Rajan - Deputy Secretary
4. Smt. Veena Luthra - Executive Officer

## INTRODUCTION

I, the Chairperson of the Standing Committee on Consumer Affairs, Food and Public Distribution (2023-2024) having been authorized by the Committee to submit the Report on their behalf, present this Thirty Sixth Report on Action Taken by the Government on the Observations/Recommendations contained in the Thirty Second Report of the Committee (Seventeenth Lok Sabha) on the subject “Sugar Industry in India- A Review” of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Thirty Second Report was presented to Lok Sabha and laid in Rajya Sabha on 09.08.2023. The Government has furnished its replies indicating Action Taken on the recommendations contained in the Report on 02.11.2023.

3. The Report was considered and adopted by the Committee at their sitting held on 7<sup>th</sup> December, 2023.

4. An analysis of the action taken by the Government on Observations/Recommendations contained in the Report is given in **Appendix II**.

5. For facility of reference and convenience, the Observations/Recommendations of the Committee have been printed in thick type in the text of the Report.

**NEW DELHI;**  
**7 December, 2023**  
**16 Agrahayana, 1945 (Saka)**

**LOCKET CHATTERJEE,**  
**Chairperson,**  
**Standing Committee on**  
**Consumer Affairs, Food and Public Distribution**

# REPORT

## CHAPTER – I

This Report of the Standing Committee on Consumer Affairs, Food and Public Distribution deals with the action taken by the Government on the Observations/Recommendations contained in the Thirty Second Report of the Committee (17<sup>th</sup> Lok Sabha) on the subject 'Sugar Industry in India- A Review' pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

1.2 The Thirty Second Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 09.08.2023. It contained 08 observations/recommendations. Action taken replies in respect of all the 08 observations/ recommendations contained in the Report have been received and these have been categorized as follows:-

- (i) Observations/Recommendations which have been accepted by Government -

Para Nos. :- 1,2,3,4,5,6,7 & 8

(Chapter – II, Total : 08)

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of Government's replies -

Para. No.:- Nil

(Chapter – III, Total : 0)

- (iii) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee -

Para No.:- Nil

(Chapter – IV, Total : 0)

- (iv) Observations/Recommendations in respect of which final replies of Government are still awaited -

Para No. :- Nil

(Chapter – V, Total : 00)

**1.3 The Committee trust that utmost importance will be given to the implementation of the recommendations accepted by the Government. The Committee desire that final action taken notes to the Observations/Recommendations contained in Chapter-I of this Report should be furnished to the Committee within three months of the presentation of this Report.**

1.4 The Committee will now deal with action taken by the Government on some of the recommendations.

#### **Recommendation (SI. No. 4)**

##### **A. Productivity of Indian Sugarcane**

1.5 The Committee in their original report observed/recommended as follows:-

“The Committee are delighted to note that of the four major sugar cane producing countries such as India, Australia, Brazil and Thailand, the cane productivity in terms of tons per hectare in India stood at second place with cane productivity of 80 tons per hectare, which is only after Australia with productivity of 82.22 tons per hectare. The Committee strongly believe that our country has the potential to surpass Australia in cane productivity with improvement in R&D efforts and accordingly suggest the Govt to take suitable steps in this regard.”

1.6 The Ministry in its action taken reply has stated as under:-

“India's position as the second-largest sugar cane producer in terms of productivity indicates its significant potential. However, for further improvement in cane productivity, Indian Institute of Sugarcane Research, National Sugar Institute and Vasantdada Sugar Institute are collectively doing Research and Development in this regard. Further, the suggestions of the Committee have been noted and the same is also being communicated to the Department of Agriculture and Farmers Welfare to take suitable steps to increase the cane productivity.”

**1.7 The Committee had suggested the Govt to take suitable steps to surpass Australia in cane productivity per hectare with enhanced R&D efforts. The Department in its Action Taken Reply has stated that for further improvement in cane productivity in the country, Indian Institute of Sugarcane Research, National Sugar Institute and Vasantdada Sugar Institute are collectively doing Research and Development. The Department has further stated that the suggestions of the Committee have been noted and is also being communicated to the Department of Agriculture and**

**Farmers Welfare to take suitable steps to increase the cane productivity. The Committee, appreciate the efforts of the Department by ensuring collective research by Research Institutes of national repute for better cane productivity and desire to be apprised about the outcome of the efforts made in this regard.**

### **Recommendation (Sl. No. 5)**

#### **B. Ethanol Blending Programme**

1.8 The Committee in their original report observed/recommended as follows:-

“The Committee note that the National Bio-fuel Policy, 2018 allows production of ethanol from sugarcane juice, sugar containing materials like sugar beet, sweet sorghum, starch containing material like corn, cassava, damaged foodgrains like wheat, broken rice, rotten potatoes (unfit for human consumption). Further, the DFPD informed that for the current ESY i.e. ESY 2022-23, target of blending percentage is 12% which would require about 550-600 crore liters of ethanol (requirement is received from OMCs). The current ethanol production capacity in the country is about 1070 crore litres (which includes 723 crore litres of molasses based production capacity and 347 crore litres of grain based production capacity). The Committee note that in order to achieve the 20% blending target by 2025, about 1350 crore liters of ethanol will be required (1016 crore liters for blending and 334 crore liters for other industrial uses) for which about 1700 crore litres (for blending as well as for other uses) of ethanol production capacity is required to be in place by 2025. The Committee are pleased to observe that the Govt. had fixed a target of 10 per cent to be blended with petrol for 2022 and the same has been achieved as in the past years, the capacity of molasses-based distillery has been doubled and, currently, it is 863 crore litres. The Committee believes firmly that the Govt. will achieve the target of 20% ethanol blending in motorable fuel by 2025. Further, the Committee think that higher production of ethanol will help the country in earning carbon credits by reducing use of fossil fuel at one hand and also encourage the sugarcane farmers for increased production and sugar mills in maintaining their liquidity on the other.”

1.9 The Ministry in its action taken reply has stated as under:-

“The National Biofuel Policy of India, announced in 2018, is a comprehensive framework aimed at promoting the production and use of biofuels in the country. The policy seeks to address multiple objectives, including reducing greenhouse gas emissions, enhancing energy security,



boosting agricultural and rural economies, and reducing the country's dependence on fossil fuels.

Government has promoted the blending of ethanol with petrol under National Biofuel Policy 2018 and EBP Programme. The ethanol blending percentage in India has increased from 1.73% in 2013-14 to 11.71% (as on 27.08.2023) in 2022-23. Government announces feedstock wise remunerative prices of ethanol promoting diversion of sugar towards ethanol production. This addresses the issue of surplus sugar with the mills and improves their liquidity enabling them to pay cane dues to farmers. In the previous Ethanol Supply Year (ESY) (Dec-Nov) 2021-22, sugar mills earned revenue of about ₹ 20,000 crore from sale of ethanol to Oil Marketing Companies which has also played its role in early clearance of cane dues of farmers.

The achievement in the biofuel sector in last 4-5 years an example of inter-ministerial coordination of Ministry of Petroleum and Natural Gas, Department of Food & Public Distribution, Ministry of Agriculture and Farmers Welfare, Ministry of Environment Forest and Climate Change, Ministry of Commerce and Industry and Ministry of New and Renewable Energy. The Growth of ethanol as biofuel sector in last 5 years has amply supported the sugar sector as diversion of sugar to ethanol has led to better financial positions of sugar mills due to faster payments, reduced working capital requirements and less blockage of funds due to less surplus sugar with mills. Ethanol production capacity of molasses/sugar-based distilleries has increased to 1328 crore litres per annum and the progress is still continuing to meet targets of 20% blending by 2025 under Ethanol Blending with Petrol (EBP) Programme. In new season, the diversion of sugar to ethanol is expected to increase from 36 LMT in ESY 2021-22 to 43 LMT in ESY 2022-23.”

**1.10 The Committee in their report had observed that the Govt. had achieved the target of 10 per cent ethanol blending with petrol by 2022 and believed that they will achieve the target of 20% ethanol blending in motorable fuel by 2025. The Committee noted that in order to achieve the 20% blending target by 2025, about 1350 crore liters of ethanol will be required (1016 crore liters for blending and 334 crore liters for other industrial uses) for which about 1700 crore litres (for blending as well as for other uses) of ethanol production capacity is required to be in place by 2025. The Department in its Action Taken Reply has stated that Ethanol production capacity of molasses/sugar-based distilleries has increased to 1328 crore litres per annum and the progress is still continuing to meet targets of 20% blending by 2025 under Ethanol Blending with Petrol (EBP) Programme. The Committee, appreciate the efforts of the Department being made to increase the production of ethanol and reiterate their recommendation that all possible steps should be taken by them for achieving the target of 20% blending by 2025.**

## **CHAPTER II**

### **OBSERVATIONS/ RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **Recommendation (Sl. No. 1)**

2.1 The Committee note that Sugar industry is an agri-based one and plays a significant role in the economy of the country in terms of its contribution to domestic trade, increase in exports there by earning foreign exchange, decrease in fuel bills of the Govt. by way of reducing imports due to Govts' policy of Ethanol Blending with Petrol (EBP), providing direct and indirect livelihood to five crore farmers and the workers of the sugar mills, etc. The country with 512 operating sugar mills is not only the largest producer but also the largest consumer of sugar in the world. The Committee note with satisfaction that Cyclicity of India's sugar industry has witnessed decline from 2010-11 onwards and almost eliminated during the last five years in view of continuous increase in acreage and the consequent growth in sugar production. Further, the Committee are happy to note that policy interventions of the Govt. since 2014 such as Ethanol Blending with petrol (EBP), State Advised Price (SAP) /Fair and Remunerative Prices (FRP), cogeneration of power, etc have led to improving the overall health of the sugar industry in terms of the afore mentioned factors and put the sugar industry on a sweet spot and on the sustained growth path. The Committee also appreciated that forward looking policy interventions like EPB has played a commendable role in reducing the pollution.

#### **Reply of the Government**

2.2 Sugar Industry is an important Agro-based industry that impacts rural livelihood of about 5 crore sugarcane farmers (including their families) & around 5 lakh workers directly employed in sugar mills & other ancillary activities. Sugarcane has become second largest crop (in value terms) after paddy and the industry has turnover of about more than ₹1.3 lakh crore. Sugarcane cultivation and sugar industry has come a long way in last 5 years and now reached a level of self-sustainability. This is outcome of timely government interventions and collaboration with sugar industry, State Governments, various departments of Central Government as well as farmers. Further, the Ethanol Blended With Petrol (EBP) Programme is an important component of National Bio-fuels Policy-2018. Ethanol being a major bio-fuel, EBP offers a renewable energy source which is indigenous, non-polluting and virtually inexhaustible and its successful implementation would improve the environment and the eco-system and result in savings of substantial amount of foreign exchange on oil import bill.

[Ministry of Consumer Affairs, Food & Public  
Distribution (Department of Food & Public Distribution)  
O.M. No. 2-4/2023-Coord. Dated 02<sup>nd</sup> November, 2023]

### **Recommendation (Sl. No. 2)**

2.3 The Committee observe that during SS 2021-22, sugar mills procured sugarcane worth ₹1,18,271 Crores and most of the payment has been released with no financial assistance (subsidy) from Government of India. During the current sugar season 2022-23, sugar mills have procured sugar cane worth ₹1,13,208 crore and as on 30.06.2023 about ₹1,03,644 crores has been released by sugar mills i.e. 91.55%. The Committee note that the ex-mill prices of sugar in the domestic market have also been hovering in the range of ₹3200-3600 per quintal reflecting a reasonable realization by sugar mills on sale of their domestic stocks. Further, cane arrears for SS2022 have been reduced to ₹115 crore indicating that about 99.9% of cane dues had already been cleared. The Committee find it noteworthy that upto SS 2020-21, about 99.97% cane dues are cleared. The Committee, therefore, heartily appreciate the unswerving efforts of DFPD which have resulted in the payment of 99.97% and 91.55% of cane dues to farmers for Sugar Season 2020-21 and 2022-2023 respectively.

### **Reply of the Government**

2.4 Timely Government interventions during last 5 years have been crucial in building the sugar sector step by step from taking them out of financial distress in 2018-19 to the stage of self-sufficiency in 2021-22& 2022-23. It is a remarkable achievement that during SS 2021-22, sugar mills procured sugarcane worth more than ₹ 1.18 lakh crore and most of the payment has been released with no financial assistance (subsidy) from Government of India. During the previous sugar season 2022-23, sugar mills have procured sugarcane worth more than ₹ 1.13 lakh crore and as on 04.10.2023 about ₹ 1.08 lakh crore has been released by sugar mills and only ₹ 0.05 lakh crore is pending. The ex-mill prices of sugar in the domestic market have also been hovering in the range of ₹3600-3900 per quintal reflecting a reasonable realization by sugar mills on sale of their domestic stocks. It is also noteworthy that upto SS 2021-22, about 99.9% cane dues have been cleared.

[Ministry of Consumer Affairs, Food & Public  
Distribution (Department of Food & Public Distribution)  
O.M. No. 2-4/2023-Coord. Dated 02<sup>nd</sup> November, 2023]

### **Recommendation (Sl. No. 3)**

2.5 The Committee are happy to note that the country has been producing sugar more than the domestic requirement from the year 2010-11 onwards (except during sugar season 2016-17), which has also encouraged export of sugar. The Committee are of the view that the Department would continue to make sincere efforts for encouraging sugarcane farmers to take all steps to increase sugarcane production by declaring timely and adequate Fair and Remunerative Price of Sugarcane and ensuring timely payment of cane arrears by sugar mills in order to attract farmers for cultivation of sugarcane crop thereby ensuring adequate production of sugar by the sugar mills.

Further, the Committee noted with pride that India has emerged as world's second largest exporter of sugar. Exports of sugar reflects the competitive price and quality of Indian sugar in international markets. The Committee strongly believe that this commendable performance of the sugar industry is a testament to the success of the policy initiatives taken by the Govt over the last few years.

### **Reply of the Government**

2.6 The cane price announced by the Central Government is decided on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP) in consultation with the State Governments and after taking feedback from associations of sugar industry. Under the FRP system, the farmers are not required to wait till the end of the season or for any announcement of the profits by sugar mills or the Government. The new system also assures margins on account of profit and risk to farmers, irrespective of the fact whether sugar mills generate profit or not and is not dependent on the performance of any individual sugar mill.

In order to ensure that higher sugar recoveries are adequately rewarded and considering variations amongst sugar mills, the FRP is linked to a basic recovery rate of sugar, with a premium payable to farmers for higher recoveries of sugar from sugarcane. FRP of sugarcane, which stood at ₹210 per quintal in 2014-15 season, has now been increased to ₹315 per quintal for 2023-24 season. Accordingly, FRP of sugarcane for current sugar season 2023-24 has been fixed at Rs. 315 per quintal linked to basic recovery of 10.25 percent subject to a premium of Rs 3.07 per Quintal for each 0.1 percentage increase of recovery over and above 10.25 percent and reduction in FRP at the same rate for 0.1% decrease in the recovery rate till 9.5%.

In every sugar season, production of sugar is around 320-360 Lakh Metric Tons (LMT) as against the domestic consumption of 260-280 LMT which results in huge carry over stock of sugar with mills. To liquidate excess stocks, Govt. has

also been **extending assistance to sugar mills to facilitate export of sugar**. In sugar seasons 2017-18, 2018-19 & 2019-20 and 2020-21, about 6.2 LMT, 38 LMT, 59.60 LMT and 70 LMT of sugar was exported. The international prices of sugar were in up trend, so, even **without announcement of any export subsidy; about 110 LMT & 63.08 LMT of sugar was exported in SS 2021-22 & 2022-23 respectively**.

Further, keeping in view the high international prices of sugar and to ensure availability of sugar for domestic consumption and ethanol production, DGFT has extend the 'restriction' of sugar exports up to 31.10.2023.

[Ministry of Consumer Affairs, Food & Public  
Distribution (Department of Food & Public Distribution)  
O.M. No. 2-4/2023-Coord. Dated 02<sup>nd</sup> November, 2023]

#### **Recommendation (Sl. No. 4)**

2.7 The Committee are delighted to note that of the four major sugar cane producing countries such as India, Australia, Brazil and Thailand, the cane productivity in terms of tons per hectare in India stood at second place with cane 41 productivity of 80 tons per hectare, which is only after Australia with productivity of 82.22 tons per hectare. The Committee strongly believe that our country has the potential to surpass Australia in cane productivity with improvement in R&D efforts and accordingly suggest the Govt to take suitable steps in this regard.

#### **Reply of the Government**

2.8 India's position as the second-largest sugar cane producer in terms of productivity indicates its significant potential. However, for further improvement in cane productivity, Indian Institute of Sugarcane Research, National Sugar Institute and Vasantdada Sugar Institute are collectively doing Research and Development in this regard. Further, the suggestions of the Committee have been noted and the same is also being communicated to the Department of Agriculture and Farmers Welfare to take suitable steps to increase the cane productivity.

[Ministry of Consumer Affairs, Food & Public  
Distribution (Department of Food & Public Distribution)  
O.M. No. 2-4/2023-Coord. Dated 02<sup>nd</sup> November, 2023]

#### **Comments of the Committee**

(Please see Para No. 1.7 of Chapter-I of the Report)

## **Recommendation (Sl. No. 5)**

2.9 The Committee note that the National Bio-fuel Policy, 2018 allows production of ethanol from sugarcane juice, sugar containing materials like sugar beet, sweet sorghum, starch containing material like corn, cassava, damaged foodgrains like wheat, broken rice, rotten potatoes (unfit for human consumption). Further, the DFPD informed that for the current ESY i.e. ESY 2022-23, target of blending percentage is 12% which would require about 550-600 crore liters of ethanol (requirement is received from OMCs). The current ethanol production capacity in the country is about 1070 crore litres (which includes 723 crore litres of molasses based production capacity and 347 crore litres of grain based production capacity). The Committee note that in order to achieve the 20% blending target by 2025, about 1350 crore liters of ethanol will be required (1016 crore liters for blending and 334 crore liters for other industrial uses) for which about 1700 crore litres (for blending as well as for other uses) of ethanol production capacity is required to be in place by 2025. The Committee are pleased to observe that the Govt. had fixed a target of 10 per cent to be blended with petrol for 2022 and the same has been achieved as in the past years, the capacity of molasses-based distillery has been doubled and, currently, it is 863 crore litres. The Committee believes firmly that the Govt. will achieve the target of 20% ethanol blending in motorable fuel by 2025. Further, the Committee think that higher production of ethanol will help the country in earning carbon credits by reducing use of fossil fuel at one hand and also encourage the sugarcane farmers for increased production and sugar mills in maintaining their liquidity on the other.

## **Reply of the Government**

2.10 The National Biofuel Policy of India, announced in 2018, is a comprehensive framework aimed at promoting the production and use of biofuels in the country. The policy seeks to address multiple objectives, including reducing greenhouse gas emissions, enhancing energy security, boosting agricultural and rural economies, and reducing the country's dependence on fossil fuels.

Government has promoted the blending of ethanol with petrol under National Biofuel Policy 2018 and EBP Programme. The ethanol blending percentage in India has increased from 1.73% in 2013-14 to 11.71% (as on 27.08.2023) in 2022-23. Government announces feedstock wise remunerative prices of ethanol promoting diversion of sugar towards ethanol production. This addresses the issue of surplus sugar with the mills and improves their liquidity enabling them to pay cane dues to farmers. In the previous Ethanol Supply Year (ESY) (Dec-Nov) 2021-22, sugar mills earned revenue of about ₹ 20,000 crore from sale of ethanol to Oil Marketing Companies which has also played its role in early clearance of cane dues of farmers.

The achievement in the biofuel sector in last 4-5 years an example of inter-ministerial coordination of Ministry of Petroleum and Natural Gas, Department of Food & Public Distribution, Ministry of Agriculture and Farmers Welfare, Ministry of Environment Forest and Climate Change, Ministry of Commerce and Industry and Ministry of New and Renewable Energy. The Growth of ethanol as biofuel sector in last 5 years has amply supported the sugar sector as diversion of sugar to ethanol has led to better financial positions of sugar mills due to faster payments, reduced working capital requirements and less blockage of funds due to less surplus sugar with mills. Ethanol production capacity of molasses/sugar-based distilleries has increased to 1328 crore litres per annum and the progress is still continuing to meet targets of 20% blending by 2025 under Ethanol Blending with Petrol (EBP) Programme. In new season, the diversion of sugar to ethanol is expected to increase from 36 LMT in ESY 2021-22 to 43 LMT in ESY 2022-23.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Food & Public Distribution)  
O.M. No. 2-4/2023-Coord. Dated 02<sup>nd</sup> November, 2023]

### **Comments of the Committee**

(Please see Para No. 1.10 of Chapter-I of the Report)

### **Recommendation (Sl. No. 6)**

2.11 The Committee note that apart from exports of a part of surplus stock, Govt. is encouraging sugar mills to divert sugar to ethanol under EPB programme so that sugar mills may make payment of cane dues to farmers in time and also mills may have better financial conditions to continue their operations. The Committee note with satisfaction that in the previous Ethanol Supply Year (ESY) (Dec-Nov) 2021-22, sugar mills earned revenue of about ₹20,000 crore from sale of ethanol to Oil Marketing Companies which has also played its role in early clearance of cane dues of farmers. The Committee appreciate the long term planning of the Govt. by encompassing all the factors effecting the sugar industry as a whole in terms of promoting ethanol as biofuel which is eventually supporting the sugar sector ensuring the liquidity. Further, some of the efforts of Govt. for betterment of sugar industry like financial assistance of more than ₹ 18,000 crore extended to mills, increase in FRP from ₹ 29/ kg to ₹ 31/kg w.e.f. 14-02-2019 and interest subvention scheme for augmentation and enhancement of ethanol production capacities enhancement in the ethanol blending capacity are worth praising.

## Reply of the Government

2.12 Besides allowing exports of a part of surplus stocks and to find a permanent solution to address the problem of excess sugar, Government has been encouraging sugar mills to divert excess sugar to ethanol so that sugar mills may make payment of cane dues to farmers in time and also mills may have better financial conditions to continue their operations. Government has fixed target of 10% blending of fuel grade ethanol with petrol by 2022 & 20% blending by 2025.

Till year 2014, ethanol distillation capacity of molasses-based distilleries was less than 200 crore litres. Supply of ethanol to OMCs was only 38 crore litres with blending levels of only 1.53% in ethanol supply year (ESY) 2013-14. However, in past 8 years due to the policy changes made by the Government, the capacity of molasses-based distilleries has been doubled and is currently at 873 crore litres. Capacity of grain-based distilleries are presently about 455 crore litres leading to total capacity of 1328 crore litres. Loans of More than ₹ 21,520 crore have been sanctioned to more than 253 projects by banks out of which loans of about ₹ 13,150 crore have been disbursed to 219 projects. Thus, the ethanol sector is getting investment of about ₹ 30,000 crore in rural areas of the country generating thousands of employment opportunities in decentralized manner.

Production of fuel grade ethanol and its supply to OMCs has increased by 10 times from 2013-14 to 2022-23. In the ESY 2021-22, more than 408 crore litres of ethanol have been supplied resulting in achievement of 10% blending target during the year. In ESY 2022-23, till 27.08.2023, about 413 crore litres of ethanol has been supplied by distilleries achieving 11.71% blending.

In sugar seasons 2018-19 & 2019-20 about 3.37 & 9.26 LMT of sugar was diverted to ethanol. In sugar season 2020-21, about 22 LMT of excess sugar has been diverted to ethanol. In sugar season 2021-22, about 36 LMT of excess sugar was diverted to ethanol. In current Season, about 43 LMT of sugar is expected to be diverted to ethanol production. By 2025, it is targeted to divert more than 60 LMT of excess sugar to ethanol, which would solve the problem of high inventories of sugar, improve liquidity of mills thereby help in timely payment of cane dues of farmers.

In sugar seasons 2017-2018, 2018-19 & 2019-20, about Rs. 22,000 cr revenue was generated by sugar mills/ distilleries from sale of ethanol to OMCs. In sugar season 2021-22, more than Rs. 20,000 crore revenue has been generated by sugar mills from sale of ethanol to OMCs which has helped sugarcane mills in making timely payment of cane dues of farmers. In current



ESY 2022-23, sugar mills are expected to earn more than ₹24,000 crore from sale of ethanol.

[Ministry of Consumer Affairs, Food & Public  
Distribution (Department of Food & Public Distribution)  
O.M. No. 2-4/2023-Coord. Dated 02<sup>nd</sup> November, 2023]

### **Recommendation (Sl. No. 7)**

2.13 The Committee are happy to note that the payment for sugarcane supplied to mills and the arrears to the sugarcane farmers is being directly credited to the bank a/cs of the farmers. The Committee appreciate the efforts of the DFPD in assimilating the payments with Direct Benefit Transfer scheme of the Govt. They believe that this is a step in the right direction and impart transparency to the process of payments. This is win – win situation for all those involved in the payment.

### **Reply of the Government**

2.14 Sugarcane is one of the major cash crops in India, and millions of farmers across the country cultivate it. Due to various factors, including fluctuations in sugar prices, delayed payments to farmers by sugar mills have been a longstanding issue. To address this problem and improve the financial condition of sugarcane farmers, the government introduced a system where the payments are directly credited to the farmers' bank accounts.

Under this system, the dues owed to sugarcane farmers by sugar mills are directly credited to their bank accounts. This is a significant departure from the previous practice where farmers had to rely on the sugar mills for payment, often leading to delays and disputes. The integration of sugarcane payments with DBT brings transparency to the entire process. Farmers can easily track the status of their payments, and any delays or discrepancies can be quickly addressed. During the sugar season 2018-19 to 2020-21 subsidy of Rs. 18,000/- crore was reimbursed by the Govt. for clearing the cane dues of farmers which was directly credited into the bank accounts of the farmers.

Further, in order to improve and systemize data management system in sugar sector as well as to have all the relevant data of sugar and ethanol industry at one place, a dedicated portal has been developed on National Single Window System (NSWS), and the Directorate of Sugar and Vegetable Oils has completed and integrated digitisation of the whole system. This has helped the Government to take prompt and informed policy decisions for better management of the sugar sector. The new system also provides transparency in the data management of the sugar mills as well as Government's working. The portal also provides window for online connectivity with the State Governments for getting inputs regarding production, cane price arrears of sugars mills.

**Recommendation (SI. No.8)**

2.15 The Committee appreciate the various measures taken by the Govt to improve the liquidity position of sugar Mills such as extending (i) assistance to sugar mills to (a)facilitate export of sugar; and, (b) for maintaining buffer stocks; (ii) soft loans to sugar mills through banks to clear cane price dues; (iii) fixing of FRP to ensure guaranteed price to the sugarcane growers ; (iv) fixing Minimum Selling Price (MSP) to prevent fall in ex- mill prices of sugar and accumulation of cane price arrears , (v) diversion of sugar to ethanol production ,etc. The Committee feel that the aforementioned steps will be positive to the sugar industry.

**Reply of the Government**

2.16 Sugarcane cultivation and sugar industry has come a long way in last 5 years and now reached a level of self-sustainability and minimal government support. This is outcome of timely government interventions and collaboration with sugar industry, State Governments, various departments of Central Government as well as farmers. Further, the government is keeping close watch in sugar sector and to protect the interest of the cane farmers as well as sugar industry necessary decisions will be taken.

**CHAPTER III**

**OBSERVATIONS/ RECOMMENDATIONS WHICH THE COMMITTEE  
DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S  
REPLIES**

**-NIL-**

**CHAPTER IV**

**OBSERVATIONS/ RECOMMENDATIONS IN RESPECT OF WHICH  
REPLIES OF THE GOVERNMENT HAVE NOT BEEN  
ACCEPTED BY THE COMMITTEE**

**-NIL-**

**CHAPTER V**

**OBSERVATIONS/RECOMMENDATIONSIN RESPECT OF WHICH  
THE FINAL REPLIES OF THE GOVERNMENT  
ARE STILL AWAITED**

**-NIL-**

**NEW DELHI;  
7 December, 2023  
16 Agrahayana, 1945 (Saka)**

**LOCKET CHATTERJEE,  
Chairperson,  
Standing Committee on  
Consumer Affairs, Food and Public Distribution**

**MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON  
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (2023-2024)  
HELD ON THURSDAY, 7<sup>TH</sup> DECEMBER, 2023**

The Committee sat from 1500 hrs. to 1530 hrs. in Committee Room No. 4,  
Extension to Parliament House Annexe, New Delhi.

**PRESENT**

Smt.Locket Chatterjee - Chairperson

**Members**

**Lok Sabha**

2. Dr. Farooq Abdullah
3. Shri Shafiqur Rahman Barq
4. Shri Anil Firojiya
5. Shri Rajendra Dhedya Gavit
6. Shri Khagen Murmu
7. Shri Ganesan Selvam
8. Dr. Amar Singh
9. Smt. Kavita Singh
10. Shri Saptagiri Sankar Ulaka
11. Shri Vaithilingam Ve.

**Rajya Sabha**

12. Shri C.Ve Shanmugam

**SECRETARIAT**

1. Dr. Ram Raj Rai - Joint Secretary
2. Dr. Vatsala Joshi - Director
3. Dr. Mohit Rajan - Deputy Secretary
4. Shri Dong Lianthang Tonsing - Deputy Secretary

2. At the outset, Hon'ble Chairperson welcomed the Members to the sitting of the Committee convened for consideration and adoption of the following Draft Reports of the Committee:

(i) xxxx xxxx xxxx xxxx;

(ii) xxxx xxxx xxxx xxxx;

(iii) xxxx xxxx xxxx xxxx;and

(iv) Thirty Sixth Report on Action Taken by the Government on the Recommendations/Observations contained in the Thirty Second Report of the Committee (Seventeenth Lok Sabha) on the subject 'Sugar Industry in India- A Review' of the Ministry of Consumer Affairs, Food and Public Distribution (Department Food and Public Distribution).

3. Thereafter, the Committee took up for consideration the above mentioned Draft Reports of the Committee.

4. After deliberations, the Committee adopted the above mentioned Draft Reports without any amendments/modifications.

5. The Committee then authorized Hon'ble Chairperson to finalize and present the aforesaid Reports.

**The Committee then adjourned.**

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xxxx Matter does not relate to the Report.

## APPENDIX II

(Vide Para No. 4 of Introduction of the Report)

### ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE THIRTY SECOND REPORT OF THE STANDING COMMITTEE ON CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (2023-24)

#### (SEVENTEENTH LOK SABHA)

(i) Total number of Recommendations: 08

(ii) Observations/Recommendations which have been accepted by the Government :

Para Nos. :- 1,2,3,4, 5,6,7 & 8

(Chapter – II, Total 08)  
Percentage : 100%

(iii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government

Para No.:- NIL

(Chapter – III, Total - 0)  
Percentage : 0.00%

(iv) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Para No. :- NIL

(Chapter – IV, Total -0)  
Percentage : 0.00%

(v) Observations/Recommendations in respect of which final replies of Government are still awaited -

Para No.:- NIL

(Chapter – V, Total - 0)  
Percentage : 0.00%