

**GOVERNMENT OF INDIA  
AGRICULTURE  
LOK SABHA**

UNSTARRED QUESTION NO:869

ANSWERED ON:08.12.2003

PACKAGE FOR SUGARCANE GROWERS

CHANDRA BHUSHAN SINGH;KANTI SINGH;RAGHUVANSH PRASAD SINGH;RATTAN LAL KATARIA;RENUKA CHOWDHURY

**Will the Minister of AGRICULTURE be pleased to state:**

- (a) the details of outstanding arrears of sugarcane growers in the country as on April 1,2003 and September 1,2003 separately;
- (b) whether the Government has announced any assistance package and allocated fund to the States for clearance of the said arrears during current year;
- (c) if so, the details thereof alongwith the funds made available for the purpose, State-wise;
- (d) whether some States have opposed the package;
- (e) if so, the details thereof and the reasons therefore;
- (f) whether some States have not yet been provided with the assistance despite reminders from them thereby causing delay in payments to the affected growers;
- (g) if so, the details thereof and the reasons therefore; and
- (h) the efforts made by the Government to ensure timely clearance of the dues to affected parties?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE(SHRI HUKUMDEO NARAYAN YADAV)

(a) : The outstanding arrears of sugarcane growers in the country stood at Rs.304689.18 lakhs as on 31st March, 2003 and Rs.233183.80 lakhs as on 31st August, 2003.

(b) & (c) : The Government has decided to provide Rs.678.06 crores as one time assistance to State Governments to mitigate the hardship of the sugarcane farmers who have not been paid cane arrears for 2002-03 season by private sector sugar factories in the States of Uttar Pradesh, Uttranchal, Bihar, Punjab and Haryana. The State-wise allocation of funds out of Rs.678.06 crores is as under :-

States Allocation  
(Rs. in crores)

Uttar Pradesh	490.21
Uttranchal	32.25
Haryana	84.73
Punjab	30.96
Bihar	39.91
Total	678.06

The assistance will be in the nature of soft loan to the State Governments at a concessional rate of interest of 4% with an initial moratorium of three years and repayable within three years thereafter, to clear the sugarcane arrears for 2002-03 season arising out of the difference between the Statutory Minimum Price (SMP) and the State Advised Prices (SAP) with regard to private sugar mills only in these States.

(d) & (e) : The State Governments of Uttar Pradesh, Uttranchal, Punjab and Haryana are unwilling to avail assistance in the present form. The State Government of Bihar has requested to release a sum of Rs.4954.90 lakhs to clear the dues of sugarcane arrears of the farmers. However, this amount includes arrears of the previous years also. Moreover, the State Government did not provide required information regarding the amount eligible for assistance as a difference of State Advised Price (SAP) and Statutory Minimum Price (SMP) for 2002-03 in respect of private sugar mills which is essential for release of funds. In view of this, the State Government has been requested to provide the aforesaid information so that funds are released. The response from the State Government of Bihar is still awaited.

(f) to (g) : The Government has also decided to offer assistance to the State Governments by way of market borrowings to help sugar factories clear cane price arrears of 2002-03 sugar season. The main features of the provision of this assistance are stated hereunder :-

(i) The State Governments would be extended financial support to meet the interest liability to the extent of difference between the Coupon Rate on the Bonds raised through additional market borrowings and 4% (the rate at which loan is being extended to the sugar mills).

(ii) The State Governments would, in turn, extend 10 years loan to the sugar mills with a ceiling interest rate of 4% per annum, this loan will have moratorium on repayment of principal and interest for a period of five years and would, thereafter, be repaid in five equal instalments.

(iii) The above would be available to all sugar mills in non-SAP States and to the mills in the cooperative and public sectors in the SAP States.

(iv) The extent of open market borrowings would be determined on the basis of sugarcane price arrears in a given State.

(v) Any additional benefit, which a State Government may wish to provide, would be to the charge of the State Government concerned.

(vi) The State Governments would make specific proposals to the Ministry of Finance seeking permission for access to additional open market borrowings.

(h) : For the past one year, the Central Government has initiated steps to assist the sugar industry in improving its viability and thereby facilitating clearance of sugarcane price arrears. These include creation of buffer stocks of 20 lakh tonnes of sugar (in December, 2002) for a period of one year, reimbursement of internal transport charges and neutralization of ocean freight disadvantage on exports of sugar as also the handling and marketing charges on account of export of sugar.