

F.No. 1(11)/2019-SP-I
Government of India
Ministry of Consumer Affairs, Food & Public Distribution
Department of Food & Public Distribution

Krishi Bhawan, New Delhi
Dated the 13th May, 2020

To

The CEO/MD/GM
(All Sugar Mills)

Subject : Diversion of excess sugarcane and sugar - a long term solution for addressing the problem of excess stock.

Sir/Madam,

As you are aware , due to surplus production of sugar there is excess availability of sugar in the country which has been continuously depressing the ex-mill price of sugar. This has adversely affected the realization on sale of sugar thereby affecting liquidity of sugar mills resulting in accumulation of cane price arrears of farmers.

2. With a view to improve liquidity position of sugar mills to enable them to clear cane price dues of farmers, the Government has taken various measures in sugar seasons 2017-18, 2018-19 and current sugar season 2019-20, namely assistance to sugar mills to facilitate export of sugar; extending buffer subsidy; extending assistance for defraying expenditure towards internal transport, freight, handling and other charges on export of sugar; extending soft loans to sugar mills through banks; extending interest subvention to sugar mills for augmentation of ethanol production capacity, etc.

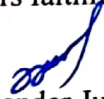
3. Though Government has taken various measures for sugar sector, but going forward diversion of excess sugarcane and sugar is the long term solution for addressing the problem of excess stock. With a view to encourage sugar mills to divert excess sugarcane to produce ethanol for blending with petrol, the Government has also allowed production of ethanol from B-Heavy Molasses, sugarcane juice, sugar syrup and sugar; and has fixed the remunerative ex-mill price of ethanol derived from C-heavy molasses @ Rs. 43.75/litre; from B-heavy molasses @ Rs. 54.27/ litre and @ Rs. 59.48/litre for ethanol derived from sugarcane juice/ sugar/ sugar syrup for ethanol season 2019-20(December- November) .

4. Further ,with a view to support sugar sector and to encourage sugar mills to divert excess sugarcane to produce ethanol in the interest of sugarcane farmers and sugar industry , soft loans of about Rs. 18600 crores are being extended through banks to 362 projects (349 sugar mills and 13 molasses-based standalone distilleries) for enhancement and augmentation of ethanol production capacity, for which an interest subvention of about Rs.4045 crore for five years is being borne by the Government. However, out of 349 sugar mills who have been granted in-principle approval by DFPD, so far, only 166 sugar mills have submitted their applications to banks.

5. As ethanol is a way forward for sugar sector, all sugar mills should come forward and submit their applications to banks for availing loans for augmentation of their ethanol production capacity; and should divert excess sugarcane to fuel grade ethanol.

6. At present, even the installed capacity for production of ethanol has not been fully utilized by the sugar mills/distilleries. Therefore, sugar mills should utilize their existing capacity to produce ethanol. Sugar mills having distillation capacity should divert B-heavy molasses and sugar syrup for producing ethanol to utilize their capacity to maximum extent. Those sugar mills which do not have distillation capacity should produce B-Heavy molasses and should tie up with distilleries which can produce ethanol from B-Heavy molasses.

Yours faithfully,



(Jitender Juyal)

Under Secretary to the Government of India

Ph-2309 7059

Copy to :

ISMA/NFCSF/SISMA- with the request to advise your member sugar mills to encourage them to divert excess sugarcane /sugar to produce fuel grade ethanol.

Copy also to:

- (i) Principal Secretaries Sugar/Sugarcane Development of all sugar producing states
- (ii) Cane Commissioners of all sugar producing states