

F. No. 1(4)/2019-SP-1
Government of India
Ministry of Consumer Affairs, Food and PD
Department of Food and PD

Krishi Bhawan, New Delhi.
Dated the 14th March, 2019.

To,
Chief General Manager,
NABARD,
Mumbai.

Subject: Scheme for extending soft loan to sugar mills to facilitate payment of cane dues of the farmers for the current sugar season 2018-19.

Sir,

I am directed to say that with a view to improve the liquidity position of sugar mills to enable them to clear cane price dues of farmers for sugar season 2018-19, the Government vide notification dated 02.03.2019 has notified a scheme for extending soft loan to sugar mills through banks for which Government would bear interest subvention @ 7% for one year. The scheme has been subsequently amended vide notification dated 13.03.2019. Copies of notifications are enclosed herewith.

2. As per para 2(i) of scheme notification dated 2.03.2019, soft loan is being extended to sugar mills equivalent to 85% of stock value of 40 LMT @ Rs 31000/MT which works out to Rs. 10540 crores. Further, as per para 2(v) of the scheme notification dated 2.03.2019, it has been provided that the mill-wise quantum of soft loan shall be determined by taking into account 10.55% of their reported production of white sugar in sugar season 2017-18. However, it has come to the notice that banks are extending loan to sugar mills by taking 85% of 10.55% of their reported production of white sugar in SS 2017-18, which is not as per the scheme.

3. It is clarified that, 85% of the stock value of 40 LMT works out to about 34 LMT. Considering that 322 LMT of sugar was produced in 2017-18 sugar season, the stock value of this 34 LMT @ Rs 31000/MT works out to be Rs. 10540 crore. This 34 LMT of stock value is 10.55% of 322 LMT of white sugar production in sugar season 2017-18. Accordingly, the mill-wise quantum of soft loan has been decided to be determined by taking into account 10.55% of their value of reported production of white sugar in sugar season 2017-18. Thus, while arriving at mill-wise quantum of soft loan as per parameter of 10.55%, DFPD has already factored in 85% of stock value of 40 LMT of white sugar.

4. Therefore, NABARD is requested to issue instructions to banks to decide the admissibility of loan in respect of individual sugar mills as per para 2 (v) of the scheme notification dated 2.3.2019.

Yours faithfully,


(Jitender Juyal)

Under Secretary to the Govt. of India
Tele:- 23385726

Copy to:-

1. Secretary, Deptt. of Financial Services, Ministry of Finance.
2. ISMA/NFCSE/AISTA.