

**GOVERNMENT OF INDIA  
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION  
LOK SABHA**

UNSTARRED QUESTION NO:4475  
ANSWERED ON:04.08.2009  
PACKAGE FOR SUGARCANE FARMERS  
Swamygowda Shri N Cheluvarya Swamy

**Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:**

- (a) whether the Government has given/proposes to give a special package to the sugarcane farmers and sugar mills to help them come out of the financial crunch and for their development and modernisation;
- (b) if so, the details thereof, State-wise;
- (c) whether some sugar producing States have not been provided the benefits of the said package; and
- (d) if so, the details thereof and the reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

- (a): Yes, Madam.
- (b): A statement is annexed.
- (c): No, Madam.
- (d): Does not arise.

**ANNEXURE**

STATEMENT REFERRED TO IN REPLY TO PART (b) OF THE UNSTARRED QUESTION NO.4475 DUE FOR ANSWER ON 04.08.2009 IN THE LOK SABHA.

The details of schemes/special packages given/proposed to be given are as follows:

**1. Short term loans to sugar factory**

The Central Government has recently sanctioned and notified two schemes viz.

(i) to give loans for modernisation of sugar factories to purchase and install machinery and equipment required for simultaneous processing of raw sugar with crushing of cane for the manufacture of sugar, and (ii) for development of sugarcane in the specified areas of the sugar factories for purchase of seeds, fertilizers and pesticides. These schemes are aimed at not only improving sugar availability but also at giving incentives to the sugar factories through concessional loans for simultaneous processing of raw sugar and to assist the sugarcane farmers for purchase of necessary inputs namely seeds, fertilizers and pesticides during the ensuing sugar season, 2009-10.

**2. Creation of buffer stock**

A buffer stock of 20 lac tons was created for a period of one year from 01.05.2007 to 30.04.2008. Another buffer stock of 30 lac tons was also created for a period of one year from 01.08.2007 to 31.07.2008. The sugar factories are reimbursed the interest, insurance and storage charges as buffer subsidy for the buffer maintained. The amount is to be utilised for cane price payment as a first priority. Further, banks provide additional credit on creation of buffer stock by waiving the margin requirement, which is to be exclusively used for cane price payment. The two buffer stocks involves subsidy of about Rs.880 crore from the Sugar Development Fund (SDF) and additional bank credit of Rs.978 crore.

**3. Export assistance**

Export assistance to defray expenditure on internal transport, marketing and handling charges and ocean freight @ Rs.1350/- per ton to sugar factories in coastal States and Rs.1450/- per ton for those in non-coastal States, subject to actuals if export has been made only by road/rail, for export of sugar including raw sugar to the neighbouring countries, was initially provided from 19.04.2007 to 18.04.2008. This facility was later extended upto 30.09.2008. It involves an expenditure of about Rs.840 crore from SDF and is aimed at clearing cane price arrears as first priority.

#### 4. Extending financial assistance to sugar mills

A loan scheme under the title "Scheme for extending financial assistance to sugar undertakings, 2007" (SEFASU, 2007) to extend financial assistance to sugar undertakings was formulated and implemented to provide additional liquidity support to the extent of notional central excise duty on production of sugar in 2006-07 and 2007-08 sugar seasons and exclusively earmarked for cane price arrears/dues of 2006-07 and 2007-08 sugar seasons, respectively. The total interest subvention upto a maximum 12% p.a. is to be borne by the Central Government (5% out of interest subvention from the general exchequer and balance upto 7% from the SDF). A sum of about Rs.2700 crore worth of loan is estimated to have been disbursed by the banks to sugar factories as per information available till date.

#### 5. Restructuring of term loans of cooperative sugar factories

NABARD package was announced in September, 2005, for restructuring outstanding terms loan of cooperative sugar factories as on 1.4.2005, which included reschedulement of repayment period upto 15 years and reduction in rate of interest to 10% per annum on restructured term loans. Central Government also decided to give interest subvention on the reduction of interest subject to a maximum of 3% per annum.

The NABARD package of 2005 was extended in 2007 to include cooperative sugar factories not included earlier in the package alongwith extension of moratorium period from two years to five years. It was decided to convert outstanding loans on account of harvesting and transport charges and short margins appearing in factories' account as on 01.04.2007 to five year term loans without interest subvention.

All the above special packages/schemes are applicable to all States and UTs in the country.