

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

UNSTARRED QUESTION NO:3182

ANSWERED ON:24.04.2012

INTEREST ON SUGAR LOANS

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Gaikwad Shri Eknath Mahadeo;Mandlik Shri Sadashivrao Dadoba;Paranjpe Shri Anand Prakash

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

- (a) whether the Government has increased the interest rate on loans provided to sugar factories from the Sugar Development Fund (SDF);
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the said move is likely to have an adverse impact on the sugar industry/sugar factories; and
- (d) if so, the steps taken by the Government to safeguard the interest of the sugar industry/sugar factories?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) & (b): Loans to Sugar Factories from Sugar Development Fund (SDF) carry an interest rate of 2% below the Bank rate prevailing on the date of disbursement. There is no change in the provision. However, the Reserve Bank of India has revised the Bank rate from 6% to 9.5% per annum with effect from the close of business on 13/02/2012. Accordingly, interest rate on loans provided to sugar factories from Sugar Development Fund, disbursed on or after 14/02/2012, stands increased to 7.5% per annum.

(c) & (d): Loans given out of Sugar Development Fund are at concessional rate of interest i.e. 2% below the bank rate. Despite upward revision of bank rate, the loans from the Sugar Development Fund will still be much cheaper compared to prevailing market rate of interest.