

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4229

ANSWERED ON:22.03.2013

INTEREST FREE LOANS TO SUGAR MILLS

Adhalrao Patil Shri Shivaji; Adsul Shri Anandrao Vithoba

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has provided/proposes to provide a comprehensive relief/bail out package as sought/requested for by the sugar industry in the country;
- (b) if so, the details thereof;
- (c) whether the Government has issued instructions to the public sector banks (PSBs) to incorporate provision of interest free loans to sugar mills in the said package;
- (d) if so, the details thereof and the amount of interest free loan distributed to the sugar mills during the last three years in the country, State/UT-wise, bank-wise and mill-wise;
- (e) whether some banks have not yet complied with the said instructions of the Government; and
- (f) if so, the details thereof, bank-wise along with the action taken/being taken by the Government thereon?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) to (f): There is no proposal under consideration to provide a comprehensive relief/bail out package to the sugar industry, at present.

However, interest subvention to sugar mills is provided under (a) Scheme for Extending Financial Assistance to Sugar Undertakings(SEFASU), 2007; and (b) Package for restructuring of Term Loans to Cooperative Sugar Mills.

SEFASU was notified on 7.12.2007 to give assistance through interest subvention to the sugar mills on the loan given by the banks to them. The interest subvention under SEFASU was extended upto 30.9.2012.

Under Package for restructuring of Term Loans to Cooperative Sugar Mills, the outstanding term loans of the sugar mills in the cooperative sector was restructured/rescheduled to enable repayment within a maximum period of 15 years.

The rate of interest on the restructured loans was reduced to 10% per annum w.e.f. 1st April, 2005, irrespective of the original contracted rate. The Government provides interest subvention on the restructured loans subject to a maximum of 3% through funds released to NABARD.

Further development of sugar industry is being supported through the Sugar Development Fund, through soft loans for cane development, modernization, bagasse based co-generation and ethanol projects, etc.