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F. No. 6/5/2018- (BP & E)
Government of India
Ministry of Consumer Affairs, F&PD
Department of Food and Public Distribution
Directorate of Sugar and Vegetable Oils

Krishi Bhawan, New Delhi
Dated: 2nd April, 2019

To,

1. Director General, ISMA (Shri Abinash Verma)
2. Managing Director, NFCSE (Shri Prakash P Naiknavare)

Subject: New Scheme for extending financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity notified on 08.03.2019-Reg.

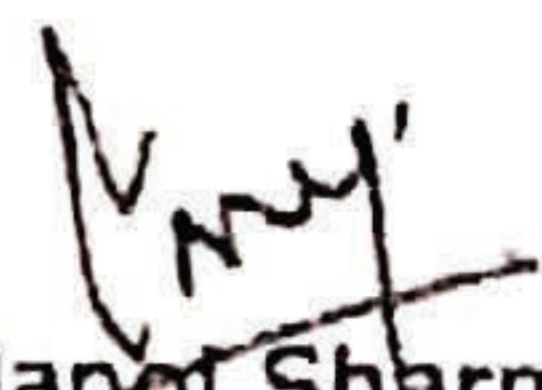
Sir,

As you are aware that in continuation of the earlier Scheme for augmenting ethanol production capacity of the sugar mills notified on 19.7.2018, the Central Government has notified a new scheme namely "**New Scheme for extending financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity**" dated 8th March, 2019 in order to open a window for the sugar mills which submitted their applications after the cut-off date or could not submit their applications under the earlier scheme. A list of such sugar mills has already been shared with you vide letter no. 6/1/2018-(BP&E) dated 11th March, 2019.

3. In view of the above, you are again requested to inform the member sugar mills associated with your organization whose applications were delayed or which did not apply under the earlier scheme, to file fresh application under the new scheme notified on 8th March, 2019. The last date for applying under the new scheme is 8th April 2019.

With regards,

Yours faithfully,


(Manoj Sharma)
Under Secretary to the Govt. of India
#011-23380552

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MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(Department of Food and Public Distribution)

NOTIFICATION

New Delhi, the 31st July, 2019

No. 1(8)/2019-SP-I - The Central Government, with a view to improve liquidity of the sugar industry; enabling them to clear cane price arrears of farmers and to stabilize domestic sugar price, hereby notifies the Scheme for Creation and Maintenance of Buffer Stock of 40 Lakh MT of sugar by the sugar mills in the country for one year with effect from 1st August, 2019, as under:

1. Purpose of Assistance:

The funds to be provided to the sugar mills as reimbursement of the carrying cost towards maintenance of the buffer stock are to be used firstly for payment of cane price dues of farmers for the current sugar season 2018-19 and 2019-20 as also for arrears of previous sugar seasons.

2. Allocation of Buffer Stock:

The Central Government shall make mill-wise allocation of buffer stock having regard to the stock held by it. In case a sugar mill has failed to export any quantity up to June, 2019 against the MIEQ issued vide directive dated 28.09.2018 of DFPD, its stock shall be considered after deducting the quantity equivalent to its allocated MIEQ. Thereafter, on allocation of buffer stock, every sugar mill shall set apart the quantity allocated as buffer stock and store it in a separate and distinctly identifiable lots and stock within the mill premises. In case a sugar mill opts for part quantity of offered quota; it shall not be allowed to enhance its quota subsequently;

Provided that the Department of Food & Public Distribution may in exceptional circumstances and for the reasons to be recorded in writing, grant exemption to a sugar mill from storage of buffer stock within its premises.

3. Extent of Assistance:

The carrying cost in terms of interest, insurance and storage charges to sugar factories for maintenance of buffer stock shall be admissible on a quarterly basis at the following rates, namely:-

(a) Interest at the rate of maximum 12% or the actual rate of interest for the quarter (excluding additional or penal interest) charged by the bank on advance given to sugar mill against the buffer stock or on the value of stock, whichever is less.

(b) Insurance including storage charges at the flat rate of 1.5% per annum on the value of stock.

(c) The buffer stock subsidy towards insurance including storage charges shall be payable only for the period during which the sugar mill has obtained the insurance coverage of the buffer stock, as the storage and insurance subsidy are clubbed together.

(d) The value of the stock shall be calculated at the rate of Rs. 31 per kg of sugar.

Explanation: - For the removal of doubts, it is hereby clarified that the valuation of the buffer stock by the Central Government is only for the purpose of calculation of buffer subsidy so as to simplify the procedure and that the valuation of the stock would continue to be done by the banks at market rates as per their banking practices.

4. Eligibility:

A sugar mill shall be eligible for the quarterly reimbursement of the buffer subsidy in respect of the quantity of buffer stock maintained by it and for the period in the relevant quarter for which such stock has been maintained, provided it has:

- a) maintained the allocated buffer stock, for the entire period either in full or in part for which the buffer stock has been created (unless permitted to dismantle in accordance with provisions of this scheme);
- b) submitted the utilization certificates in respect of buffer subsidy, disbursed for earlier quarters as per time schedule specified under this scheme;
- c) filed timely monthly statutory return in i.e. Proforma-II relating to data on cane crushing, sugar production, sugar stock, etc. as prescribed by Department of Food & Public Distribution under the provisions of Sugar (Control) Order, 1966.
- d) fully complied with the following orders/directives issued by Department of Food & Public Distribution during 2017-18 and 2018-19 sugar seasons:-
 - (i) S.O. 2346, dated 07.06.2018 as amended vide S.O. 874, dated 14.02.2019 relating to minimum selling price of sugar;
 - (ii) Order No. 5-1/2018-Sugar Control, dated 07.06.2018 relating to maintaining minimum stocks of sugar after sale of maximum specified quantity for the month of June, 2018 and similar Orders to be issued for subsequent period.

5. Every sugar mill shall be responsible for maintaining the quality of allocated buffer stock in good condition and in case of any damage or loss to the buffer stock; the sugar mill shall replace the same with the available surplus marketable stock or production of the subsequent sugar season, without any break to maintain the quantity of allocated buffer stock. Any break on this account in stock maintenance shall make the mill ineligible for buffer subsidy for subsequent period including the relevant quarter.

6. Every sugar mill shall insure the buffer stock so set apart against such risk as may be required by the bank with which the buffer stock is pledged for the purpose of securing loan

7. No sugar mill shall sell, remove, dispatch or dispose of any quantity of buffer stock without obtaining prior written permission of the Department of Food & Public Distribution.

8. The Director (Sugar and Vegetable Oils), Directorate of Sugar & Vegetable Oils (DS&VO) or any other officer authorized by the Department of Food and Public distribution may inspect the maintenance of buffer stock in the mill and on inspection, if it is found that the sugar mill has violated any condition of this scheme, the sugar mill shall be deemed not to have maintained the buffer stock during the entire period for which the buffer stock has been created and the buffer subsidy, if any, paid shall be recovered with due interest thereon at the rate as prescribed by the Government for such recovery along with penal interest of 2.5% per annum and the sugar mill shall become ineligible for buffer subsidy for subsequent period including the relevant quarter.

9. Modalities for submission of claims and disbursement:

(a) In order to ensure that the funds released towards re-imburement of carrying cost for maintaining the buffer stock are directly credited in to the accounts of farmers, the sugar mill shall open a separate no-lien bank account and furnish to that bank the list of farmers along with bank account details and the extent of cane price dues payable for the current sugar season 2018-19 and cane price arrears of previous sugar seasons, duly certified by the Cane Commissioner/ Director of Sugar of the state concerned. The banks shall directly remit the funds in to the accounts of farmers on behalf of sugar mills and subsequent balance, if any, shall be credited into mills' account.

(b) The sugar mills shall submit their buffer subsidy claims in the duly filled Proforma as per Form-A (Enclosure) along with the documents specified below to the Director (Sugar & Vegetable Oils), Directorate of Sugar & Vegetable Oils,

Department of Food and Public Distribution, Krishi Bhawan, New Delhi on quarterly basis:

- (i) Certificate from the Cane Commissioner / Director of Sugar of the state concerned, as per Annexure-I to Form-A, certifying the quantity and the period for which buffer stock has been maintained and its replacement, if any;
 - (ii) Certificate from the bank certifying the rate of interest charged by it on amount of loan extended against hypothecated buffer stock and certified copies of bank statement indicating the amount of interest paid by the sugar factory to the bank as per Annexure-II to Form-A ;
 - (iii) Certificate from the bank certifying crediting of buffer subsidy amount in a separate bank account as per Annexure-III of the Form-A;
 - (iv) Certificate from the Cane Commissioner / Director of Sugar of the state concerned certifying utilization of buffer subsidy reimbursed to sugar factory for earlier quarters as per Annexure-IV of the Form-A;
 - (v) A self certified photocopy of the insurance policy of the concerned insurance company along with a certificate from that insurance company certifying that the buffer stock of the sugar factory is covered under the insurance policy as per Annexure-V of the Form-A;
 - (vi) Any other document in addition to documents referred to above from (i) to (v), which the Central Government may require.
- (c) The time limit for submission of the claims along with complete requisite documents and duly filled in Form-A for the relevant quarter shall be three months from the end of the relevant quarter and no claim shall be entertained thereafter for that quarter;

Provided that the Central Government may for a valid reason, extend the period of submission of claims by such period as it deems fit.

10. Utilization Certificate: Every sugar mill shall submit the utilization certificate for buffer subsidy disbursed to it within three months of the disbursal, from the Cane Commissioner / Director of Sugar of the state concerned in the prescribed Proforma (referred in Para 9(b)(iv) above) and also from the concerned bank in the prescribed Proforma (referred in Para 9(b)(iii) above) certifying that the buffer subsidy amount has been utilized for making payment of cane price arrears including cane price arrears for the sugar season in which the buffer stock has been created/maintained. After reimbursement of buffer subsidy claims for the first quarter, claims for subsequent quarter shall be considered only on furnishing of requisite Utilization Certificate for preceding quarter.

Provided that the Central Government may extend the period of submission of utilization certificate by such period as it deems fit, if it is satisfied that there is sufficient cause for the delay in submission of utilization certificate.

11. If any sugar mill fails to adhere to the conditions of the scheme and the Central Government decides to recover the buffer subsidy amount paid to the sugar mill, then the buffer subsidy amount shall be recovered from the concerned sugar mill along with interest at the rate as notified by the Central Government plus penal interest @ 2.5% per annum in accordance with law. Such recovery may also be made from any other claim payable to the sugar mill by the Central Government in accordance with law.

12. The Central Government may at any time order for dismantling of the buffer stock in phases or in one go and the buffer stock subsidy shall cease to be payable to the extent of dismantling of the buffer stock.

13. Where the Central Government is of the opinion that it is necessary or expedient to do so, it may, relax any of the provisions of this Scheme.

Enclosure:

Form-A

PROFORMA FOR CLAIM OF BUFFER STOCK SUBSIDY FOR THE PERIOD
FROM TO (QUARTER ENDING.....)

1. Name of the sugar mill:
2. Short Name & Plant Code Number:
3. Address of the sugar mill:
(Please indicate the full address, telephone No., fax No. and e-mail address)
4. Buffer stock allocated, segregated and stored:-

Particulars of buffer stock	Quantity (in quintal)	Period	
		From	To
Allocated			
Segregated and stored			