06 March 2019

Pramod Sinha
Secretary, Ministry of Food and Public Distribution

To

R.C. General Manager,
National Bank for Agriculture and Rural Development

Scheme for Extending Soft Loan to Sugar Mills to facilitate payment of cane dues of the farmers for the current sugar season 2018-19

The Department of Food and Public Distribution (DFPD), Government of India has notified the Scheme for Extending Soft Loan to Sugar Mills to facilitate payment of cane dues of the farmers for the current sugar season 2018-19 vide Notification dated 02 March 2019. In terms of the said notification, NABARD has been appointed as the Nodal Agency for interacting with DFPD and managing interest subvention under the scheme.

We enclose herewith the operational guidelines of the said scheme and shall be glad if you will please arrange to circulate the same among District Central Cooperative Banks to ensure smooth implementation of the scheme.

Please acknowledge receipt.

Bhawani

(Attested by)

R.C. General Manager,
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Operational guidelines for Scheme of Soft Loan to sugar mills to facilitate payment of cane dues of the farmers for the sugar season 2018-19

Purpose of loan: The loan will be utilized by the sugar mills for clearance of cane price arrears of sugar season 2018-19 relating to the Fair and Remunerative Price (FRP) of sugarcane fixed by the Central Government to the sugarcane farmers for that sugar season.

2. Modalities and Extent of loan:

1. Loans will be sanctioned to the sugar mills, which have undertaken production of sugar in sugar seasons 2017-18 and 2018-19. The banks will provide, after due diligence, soft loan to sugar mills to facilitate payment of cane dues of farmers for the current sugar season 2018-19 equivalent to 85% of stock value of 40 Lakh MT @ Rs.31000 per MT.

2. 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. The sugar mills shall furnish to the banks a certificate from respective sugarcane commissioner relating to the quantity of white sugar production during sugar season 2017-18 and certifying that the

| चीनी मौसम 2018-19 के लिए किसानों की गन्ना देयताओं के भुगतान हेतु चीनी मिलों के लिए सुलभ ऋण की योजना संबंधी परिचालनात्मक दिशानिर्देश | Operational guidelines for Scheme of Soft Loan to sugar mills to facilitate payment of cane dues of the farmers for the sugar season 2018-19

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3. Bank will consider loan application of only those sugar mills which have cleared at-least 25% of cane price payable for current sugar season 2018-19 calculated on the basis of FRP as on 28 February 2019.

4. The sugar mills shall also furnish to the banks a certificate from respective sugarcane commissioner indicating that the mill has cleared at least 25% of the cane price payable on the basis of FRP for current sugar season 2018-19 as on 28.02.2019. Format for submission of certificate as at Sl no 2 and 4 is enclosed as Annexure I.

5. Lending will be subject to all relevant banking norms including restructuring guidelines as notified by RBI for the sugar industry from time to time. The loans will be backed by security and collateral of the sugar mill availing the loan including personal guarantees and other assets of promoters which are free from encumbrances to be decided by the individual banks.

6. In respect of Sugar mills financed under consortium or multiple banking arrangements, the Working Capital
Lenders to take pro-rata share. The leader of the consortium bank with largest Working Capital Exposure will assess the amount of eligible loan and allocate to individual members. It would be mandatory for all lenders to cede appropriate charge on currentFixed Assets of the company, as the case may be, to the lenders providing the soft loan.

7. The NPA units are also covered under the scheme provided the State Government concerned gives its guarantee for their new loans.

8. All loans which are sanctioned and disbursed by 31st May 2019 by the lending banks, pursuant to the issue of notification of DFPD dated 02 March 2019, would be eligible for interest subvention facility. The interest subvention will be available to sugar mills as if the loan is repayable in one year from the date of disbursement. The time of repayment may be decided by the bank in consultation with the borrower, based on cash flows. In the event of any pre-payment, the interest subvention liability towards loan account would get reduced.

9. Once the loan is sanctioned and necessary formalities for disbursal are completed, the Bank will obtain from the
3. Security of the loan:

i. The loans will be backed by the existing security and collaterals of the sugar industry availing the loan including other assets of promoters, which are free from encumbrances, to be decided by the individual banks.

ii. The list of farmers along with bank account details, borrowable account numbers of farmers who have availed credit facility from the banking system, and regular saving bank or current account numbers in respect of farmers who have not availed any credit facility, and the extent of cane dues to be paid computed on the basis of FRP and shall directly remit the funds allocated into the accounts of farmers on behalf of the sugar mill.

10. The loan amount available to a sugar mill shall be apportioned on a pro rata basis in accordance with outstanding arrears of the farmers whose dues are pending with the mill.

11. A separate loan account will be opened for release of the soft loan. The disbursement shall be reported to Department of Refinance, Head Office NABARD and DFPD in the proforma prescribed (Bank Form I).

3. क्रांण की प्रतिभूति

i. क्रांण प्राप्त करने वाले चीनी मिल की एकल गांठी और प्रवेत्रकों की क्रांणभार से मुक्त अन्य आस्तियों सहित प्रतिभूति और सममार्थिक के आधार पर क्रांण दिए जाएंगे और इसका निर्णय बैंक करेंगे.

ii. बैंक, चीनी मिल की आस्तियों, प्रवेत्रकों
| **ii. Banks will be free to obtain charge on the Fixed Assets of the Sugar Mill, Personal Guarantee of the Promoters/directors, Existing arrangements for sharing *pari-passu* charge over securities by lenders may be extended to the soft loan also.** |

| **Rate of interest:** |

| Banks may stipulate interest on the soft loan at the existing rate of interest charged or on the basis of risk rating as determined by the bank. Interest will be charged on a monthly rests as per normal practice. |

| **5. Interest Subvention:** |

| Interest subvention up to 7% simple interest or at the actual rate charged by the banks, whichever is lower, shall be provided to the sugar mills through participating Scheduled Commercial Banks, Regional Rural Banks and Cooperative Banks on quarterly basis for a maximum period of one year from the date of disbursement of loan on the principal amount only. Charges, if any, debited to the loan account will be excluded from the loan amount. Thereafter, sugar mills will be responsible for repaying the loan advanced by the banks under this scheme along with the interest amount. |

| **6. Modalities of payment of interest subvention:** |
7.5 BAPEDS has been appointed as the "Nodal Agency" for interacting with DFPD and managing the subsidy funded for onward reimbursement to respective banks. Interest subvention would be released by NABARD on quarterly basis, in advance on furnishing details of disbursement of bank loan. Subsequent instalments will be released in three tranches on a quarterly basis on furnishing of utilisation certificate.

The amount shall be released in advance, subject to furnishing of disbursement particulars as well as interest earned by the bank on the amount released in the previous quarter. Interest earned on the subvention advance shall be adjusted in the quarterly instalments from second quarter onwards.

The fund released by NABARD in advance towards interest subvention shall be parked in interest bearing account so that interest is accrued on this amount for the entire period commencing from the date of its release till it is credited to the accounts of the respective sugar mills.

7. Instructions for the lending banks:

(i) Each participating bank (except Cooperative Banks and RRBs) should notify one of their branches as 'Focal Point Branch' for collecting the claim from all their branches and lodge the claim with
Department of Refinance, NABARD, Head Office. Claims pertaining to Cooperative Banks and RRBs may be submitted by their respective Head office to Department of Refinance, NABARD, Head Office. The lending banks shall ensure submission of the interest subvention claim statement within one week of close of the previous quarter. Claims may be submitted in the prescribed proforma (Bank Form II) along with a certificate from Chartered Accountant regarding correctness of claim submitted (Annexure II).

(ii) The banksbranches while submitting the claim for interest subvention shall certify that the loan has been utilised for the purpose as specified.

8. Utilization certificate:
The concerned sugar mill shall submit utilization certificate by 30.6.2019, duly verified by the respective Sugar Cane Commissioner certifying that the loan amount has been utilized for the purpose specified in the scheme. Any failure by the concerned sugar mill to submit the utilization certificate by 30 June 2019 shall lead to non-reimbursement of interest subvention by the Central Government and the entire interest liability will be borne by the concerned sugar mill.

Format for submission of Utilisation
**Certificate is enclosed as Annexure III.**

**Enclosures:**
- Annexure I: Format for submission of certificate regarding production of white sugar and clearance of 25% cane price (FRP) arrears
- Annexure II: Certificate from Chartered Accountant
- Annexure III: Utilisation Certificate Format
- Bank Form No. I: Details of disbursement of loan
- Bank Form No. II: Interest Subvention Claim

<table>
<thead>
<tr>
<th>संलग्नक:</th>
<th>Certificate is enclosed as Annexure III.</th>
</tr>
</thead>
<tbody>
<tr>
<td>अनुबंध I : सफेद चीनी के उत्पादन तथा गन्ना की कीमत (एफआरपी) से संबंधित बकाया राशि के 25% क्लीयरेंस से संबंधित प्रमाणपत्र प्रस्तुत करने का फार्मेट।</td>
<td>Enclosures:</td>
</tr>
<tr>
<td>अनुबंध II : सन्दी लेखाकार से प्रमाणपत्र।</td>
<td>Annexure I: Format for submission of certificate regarding production of white sugar and clearance of 25% cane price (FRP) arrears</td>
</tr>
<tr>
<td>अनुबंध III: उपयोग प्रमाणपत्र का फार्मेट।</td>
<td>Annexure II: Certificate from Chartered Accountant</td>
</tr>
<tr>
<td>बैंक फॉर्म सं. I : ऋण संचालन संबंधी ब्यौरे।</td>
<td>Annexure III: Utilisation Certificate Format</td>
</tr>
<tr>
<td>बैंक फॉर्म सं. II : व्याज सहायता दावा।</td>
<td>Bank Form No. I: Details of disbursement of loan</td>
</tr>
<tr>
<td></td>
<td>Bank Form No. II: Interest Subvention Claim</td>
</tr>
</tbody>
</table>
Bank Form – I:  

Soft Loan 2018-19 Scheme

(To be submitted to DFPD* by concerned bank branch, through NABARD#, at the time of disbursement, subsequent submission would be required only in case of Principal prepayments requiring revised interest calculations)

(Amount in Rs. Crore)

<table>
<thead>
<tr>
<th>Individual Loan Account details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Bank, Branch and Code</td>
</tr>
<tr>
<td>Name of Sugar factory with plant code</td>
</tr>
<tr>
<td>Quantum of white sugar produced in sugar season 2017-18</td>
</tr>
<tr>
<td>Date of sanction of Loan</td>
</tr>
<tr>
<td>Loan Account No.</td>
</tr>
<tr>
<td>Current Account no. (where the loan amount is parked)</td>
</tr>
<tr>
<td>Amount of sanctioned loan</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
</tr>
<tr>
<td>Amount</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Interest Calculation**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount O/s</td>
</tr>
<tr>
<td>Interest @ 7 or lower rate charged</td>
</tr>
<tr>
<td>Period (Days)</td>
</tr>
<tr>
<td>Amount</td>
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</tbody>
</table>

As at the end of first quarter ended 30 June 2019
As at the end of second quarter 30 September 2019
As at the end of third quarter ended 31 December 2019
As at the end of fourth quarter ended 31 March 2020
After pre-payment of loan on……… (if applicable)
Total Interest

* Director (Sugar & Vegetable Oil), Room No.581, Directorate of Sugar, Department of Food and Public Distribution, Krishi Bhawan, New Delhi 110001 [Tele : 011-23382349; Fax : 011-23386052, e mail id: secy-food@nic.in]
# The Chief General Manager, Department of Refinance, NABARD, Plot No. C-24, ‘G’ Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051 {E mail id: dor@nabard.org}
** Interest from the date of disbursement till the end of quarter to be reported here. Interest to be calculated only on principal amount and no charges or interest etc. debited to the loan account to be included above.

Certified that:

1) The amount of loan of the above factory has been sanctioned as per provisions of the Soft Loan Scheme 2018-19, i.e. by taking into account 10.55% of their reported production of white sugar in sugar season 2017-18 and after confirming that this mill has undertaken sugar production in the sugar seasons 2017-18 and 2018-19.

2) The sugar factory has been operational during 2017-18 and 2018-19 sugar season.

3) No existing loan of the sugar mill has been converted into the loan under the scheme Soft Loan Sugar 2018-19.

4) Interest subvention payable has been calculated on outstanding amount reckoning the actual date of repayment or prescribed date of payment whichever is earlier.

(Signature of the Branch Manager)

Date..........................

Name................................

Place................................

Designation..........................

Ph. No................................

FAX................................

Email-Id............................

(Affix Official Stamp)
The interest/subvention amounts received in advance for the preceding quarter(s) from the NABARD, have been credited to the accounts of the respectivesuperintendents/through the branches on the due date.

Certified that:

- The cumulative interest/subvention amounts in the saving bank account where interest/subvention advances received from model bank are parked

<table>
<thead>
<tr>
<th>Net Claim for the next quarter***</th>
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<table>
<thead>
<tr>
<th>Amount in Rs. Crores</th>
<th>Details of Interest Subvention Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Calculations</td>
<td></td>
</tr>
</tbody>
</table>

**Loan and Branch (Focal Point Branch) of the Lending Bank**

**Loan Account Details**

- Name of Bank:
- Code or No. of Branch:

**To be submitted by Focal Point Branch of Lending banks/DC/II to NABARD, Head Office by 10th of the month succeeding each quarter**

**SoI Loan 2018-19 Scheme**

**Bank Form-II:**

2018-19 Scheme

Due Date:

- The interest/subvention amounts received in advance for the preceding quarter(s) from NABARD, have been credited to the accounts of the respective superintendents/through the branches on the due date.

Certified that:

- The cumulative interest/subvention amounts in the saving bank account where interest/subvention advances received from model bank are parked

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SoI Loan 2018-19 Scheme

**Bank Form-II:**

2018-19 Scheme
Annexure I

GOVERNMENT OF ______________________________

(Office of the Commissioner for Cane Development and Sugar Directorate)
(Address)

No. ___________________________ Date: __________

Certificate under Notification No.1(4)/2019-S.P.-I dated 02 March 2019

CERTIFICATE

This is to certify that M/s ___________________________ (name of the sugar mill) located at ___________________________ has undertaken sugar production in the sugar seasons 2017-18 and 2018-19 and the quantum of white sugar produced for the two seasons are ___________________________ MT and ___________________________ MT, respectively.

Further, ___________________________ (Name of the Sugar Mill) has to pay FRP of Rs._________________________ per MT for sugarcane crushed during the season 2018-19. The said factory has crushed ___________________________ MTs of sugarcane for which the cane bill amounts to Rs._________________________ lakhs as per the Fair and Remunerative Price of sugarcane fixed by the Central Government for 2018-19.

The said sugar factory has paid Rs._________________________ lakhs and the balance payable towards cane bill is Rs._________________________ as per the Fair and Remunerative Price.

Thus .................. (Name of the Sugar Mill) has cleared more than 25% of the cane price payable on the basis of Fair Remunerative Price for the season 2018-19 as on 28.02.2019.

This Certificate has been issued to ___________________________ on their request vide their letter dated ___________________________ for availing of loan from Banks under the Scheme for extending Soft Loans to Sugar Mills 2018-19.

Commissioner of Sugar/Cane
Annexure – II

(CA CERTIFICATE FORMAT)

CERTIFICATE OF CORRECTNESS OF INTEREST SUBVENTION CLAIMS FROM THE INDEPENDENT CHARTERED ACCOUNTANT ENGAGED BY THE BANK

(To be furnished with each quarterly claim of the branch.)

Reference No. ............

I / We ............................................ (Name of Chartered Accountant / Firm of Chartered Accountants) have verified the interest subvention claim of .................................. (Name of the branch) of ........................................ (name of the bank) under the Scheme for Extending Soft Loan to Sugar Mills 2018-19, for the quarter ended ................. has been checked and found correct in respect of the following sugar factories –

<table>
<thead>
<tr>
<th>(Name of the Factories)</th>
<th>Sugar Loan A/c. No.</th>
<th>Amount of interest Claimed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
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<td>3.</td>
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<tr>
<td>4.</td>
<td></td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Signature ....................

Membership No. ................

Name of Chartered Accountant. ................................

(Affix Seal)

Place ............

Date ...............
Annexure III

Utilization certificate to be submitted by the Sugar Factory duly verified by the concerned Sugar Commissioner

Name of Sugar Factory & Address: .................................................................
.................................................................

Short Name of Sugar Factory: ................... Plant Code:.............

This is to Certify that an amount of Rs..................... (Rupees....) disbursed in non-lien Account No..............................maintained by (Bank Name with branch name) ........................................ on (Date) ......................... towards the loan raised by the Sugar Factory under the “Scheme for Extending Soft Loan to Sugar Mills to facilitate payment of cane dues of the farmers for sugar season 2018-19” and the same was utilized by the Sugar Factory, for payment of cane price of the sugar season 2018-19, relating to the Fair and Remunerative Price (FRP), fixed by the central Government, to the Sugar cane farmers.

Authorized Signatory of the Sugar Factory
Name –
Designation -
Date -
Place -

Statutory Auditor of the Factory
Name -
Designation -
Date -
Place -

Regional Joint Director (Sugar)
Name –
Designation - Regional Joint Director
Date -
Place -

Commissioner of Sugar/Cane