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MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

(Department of Food and Public Distribution)

NOTIFICATION

New Delhi, the 2nd December, 2015

No. 20(43)/2015-S.P.-I —The Central Government, with a view to offset the cost of cane and facilitate timely payment of cane price dues of farmers for sugar season 2015-16, hereby notifies the scheme for extending production subsidy to sugar mills as under:

1. Purpose of subsidy:

The production subsidy is to be used for payment of cane price dues of the current sugar season 2015-16 relating to the Fair and Remunerative Price (FRP) of sugarcane fixed by the Central Government for that sugar season and cane price arrears of previous sugar seasons.

2. Modalities and Extent of subsidy:

i. A production subsidy @ of Rs. 4.50 per quintal of cane crushed for the production of sugar shall be provided to offset the cost of cane purchased by the sugar mills. The sugar mills shall be entitled for the production subsidy as per actual cane crushed during 2015-16 sugar season or the proportionate inter-se allocation of estimated 255 million MT of cane crushed (for sugar season 2015-16) on the basis of their average sugar production of last three sugar seasons, whichever is lower. A new sugar mill which has commenced cane crushing for the first time in 2015-16 sugar season, shall be entitled for production subsidy on the basis of actual cane crushed.

ii. The said subsidy shall be paid directly to the farmers on behalf of the mills and be adjusted against the cane price payable due to the farmers against FRP including arrears relating to previous years. Subsequent balance, if any, shall be

credited into the mill's account. Priority will be given to settling cane arrears due of the previous years.

iii. Those mills which have achieved at least 80% of the targets as per terms and conditions under the Minimum Indicative Export Quota (MIEQ) scheme notified on 18.09.2015 and in case of mills having distillation capacities to produce ethanol have achieved 80% of the targets notified on 16.09.2015 by the Department under the EBP shall be eligible for the above production subsidy.

iv. Sugar mills shall submit the production subsidy claim in the prescribed Proforma – 'A' annexed with the notification after fulfilling the eligibility criteria as referred in Para 2 (iii) above.

v. In order to ensure that production subsidy is directly credited in to the accounts of farmers, the sugar mills shall open a separate no-lien bank account and furnish to its bankers the list of farmers along with bank account details and the extent of cane dues to be paid computed on the basis of Fair and Remunerative Price (FRP) for the current sugar season and cane price arrears of previous sugar seasons.

vi. The banks shall directly remit the funds released by Department of Food and Public Distribution (DFPD) into the accounts of farmers on behalf of the sugar mill. Subsequent balance, if any, shall be credited into the mill's account. If a sugar mill does not have any cane price arrear due, the entire subsidy amount will be credited into the mill's account.

vii. The Department of Financial Services (DFS) shall issue suitable instructions to the banks.

viii. The expenditure on production subsidy would be met from Sugar Development Fund (SDF).

3. Utilization certificate: The sugar mill concerned shall submit utilization certificate duly counter-signed by the respective sugar/cane commissioner within three months from the date of release of production subsidy certifying that the production subsidy has been utilized for the purpose specified in this scheme. Any failure to submit the utilization certificate of earlier instalment within stipulated time would debar the mill from availing subsequent instalment of subsidy and action would be initiated for recovery of amounts already released.

4. The DFPD shall closely monitor the prices of sugar, both in domestic as well as global markets on monthly basis. In case prices are assessed to be substantially higher than levels required for operational viability of the industry, the scheme may be amended or withdrawn.

5. Where the Central Government is of the opinion that it is necessary or expedient so to do, it may, by order and for reasons to be recorded in writing relax any of the provisions of this scheme.

Proforma – A

APPLICATION FORM FOR SUBMISSION OF PRODUCTION SUBSIDY CLAIM

(To be furnished by sugar mills)

1. Details of sugar mills :

(a) Name :

(b) Plant code and short name :

(c) Complete address :

(d) Telephone (s) number, Fax number and email :

2. Details of Cane crushed by the mill :
 - (a) Date of start of cane crushing :
 - (b) Quantity of cane crushed as on.....(in MT):
 - (c) Quantity of sugar produced as on.....(in MT) :
 - (d) Rate of production subsidy :
 - (e) Total subsidy amount claimed (b*d) :
3. Details of performance achieved by mills in respect of ethanol supply and sugar export.
 - (a) Quantity of ethanol if allocated to the mill (in Kilo ltrs) :
 - (b) Quantity of ethanol offered (in Kilo ltrs) :
 - (c) Quantity of ethanol supplied (in Kilo ltrs) :
 - (d) Quantity of MIEQ for export (in MT) :
 - (e) Quantity of sugar exported (in MT) :
4. Details of separate bank account (no lien account) including RTGS code etc. for making payment of subsidy (a copy of bank mandate form to be enclosed).
5. Details of documents to be enclosed :
 - (a) Certificate from Cane Commissioner/ Director of Sugar concerned indicating the quantity of sugarcane crushed by the sugar mill .
 - (b) Information relating to supply of ethanol during current sugar season 2015-16 as per Annexure – I duly certified by Oil Marketing Companies (OMCs) concerned.
 - (c) Documents as referred in Para 2(iii) above to assess eligibility.
6. Pre-receipted bills in the prescribed Proforma as at Annexure-II.

Place: (Signature of authorized signatory of the sugar mill)

Date: (Please indicate the name and designation of the signatory and affix the seal)

Annexure – I

**Statement showing data on Supply of Ethanol to Oil Marketing Companies (OMCs)
under EBP during 2015-16 Sugar Season**

Name of the sugar mill	State	Quantity of ethanol allocated (in KLtrs)	Date(s) and quantity of EOI floated by OMCs	Quantity of ethanol offered for supply to OMCs against EOI referred in column (iv)	Quantity of ethanol supplied to OMCs	Remarks
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)

Place: (Signature of authorized signatory of the sugar mill)

Date: (Please indicate the name and designation of the signatory and affix the seal)

Place: (Signature of authorized signatory of the OMC)

Date: (Please indicate the name and designation of the signatory and affix the seal)

Annexure – II

Pre-receipted bill for payment of production subsidy

(To be furnished in duplicate)

Name and address of the factory: -

Received a sum of Rs. _____

(Rs. _____ only) from the Department of Food and Public Distribution.

DECLARATION: -

1. I hereby solemnly affirm and declare that the information furnished above is correct and no relevant information has been concealed thereof.
2. I hereby declare that the above claim is in full and final settlement against the production subsidy of cane crushed during the period fromto.....
3. I hereby certify that sugar mill did not receive production subsidy amount from the Government of India for the quantity of cane crushed during the period mentioned at serial number 2 above prior to the submission of the this claim.
4. I hereby undertake to refund to the Central Government such amount of claim received by me along with interest, as may be required if any information given in the claim above is found to be incorrect at any time and if the provisions of this notification are not adhered to.
5. I also declare that I am competent to make the foregoing declaration and sign these documents on behalf of the proprietor or partner or company or occupier or owner of the above sugar mill.

Place: (Signature of authorized signatory of the sugar mill)

Date: (Please indicate the name and designation of the signatory and affix the seal)

[F. No.20 (43)/2015-S.P.-I]



Prashant Trivedi, Joint Secretary