



ABSTRACT

Agriculture – Sugarcane – Extension of the scheme of Transitional Production Incentive to sugarcane farmers 2019-20 crushing season - Sanction of Rs.126.65 Crore (Rupees one hundred twenty six crore and sixty five lakhs only) – Accorded – Orders – Issued.

AGRICULTURE (S1) DEPARTMENT

G.O.(Ms) No.246

Dated: 23.10. 2020

Read:

1. G.O.(Ms).No.191, Agri. (S1) Department Dated: 24.07.2018.
2. G.O.(Ms).No.230, Agri. (S1) Department Dated 17.09.2018.
3. G.O.(Ms).No.23, Agri (S1) Department, Dated: 29.01.2019.
4. G.O.(Ms).No.61, Agri (S1) Department, Dated: 07.03.2019.
5. Government of India Letter No.3(2)/2018-SP-I of Department of Food and Public Distribution Ministry of Consumer Affairs, Food & Public Distribution, Dated 06.08.2019.
6. G.O.(Ms).No.191, Agri (S1) Department, Dated: 05.09.2019.
7. From the Commissioner of Sugar letter Rc.No.73/Cane1/ 2020, Dated: 23.01.2020 & 20.05.2020
8. From the Commissioner of Sugar letter Rc.No.73/Cane1/ 2020, Dated: 07.10.2020 & 12.10.2020

ORDER:

In the Government Order 1st read above, the Government have sanctioned a sum of Rs.134.50 crore for the timely transfer of Transitional Production Incentive to the farmers through Direct Benefit Transfer due to switch over to the revenue sharing based sugarcane price fixation policy for the crushing season 2017-18.

2. In Government Order 2nd read above, the Government have permitted the Commissioner of Sugar to transfer the difference amount between the State Advised Price for 2016-17 crushing season and the Fair and Remunerative Price for 2017-18 crushing season of Rs.200/- per MT as Transitional Production Incentive to the farmers through Direct Benefit Transfer.

3. In Government Order 3rd read above, the Government have sanctioned an additional amount of Rs.11.82 Crore for timely transfer of Transitional Production Incentive to sugarcane growers through Direct Benefit Transfer for the special crushing season 2017-2018. Thus, a total sum of Rs.146.32 Crore was sanctioned for payment of Transitional Production Incentive to sugarcane growers for 2017-18 season.

4. In the Government Order 4th read above, a sum of Rs.150.00 Crore was sanctioned for the timely transfer of Transitional Production Incentive to the farmers through Direct Benefit Transfer for 2018-19 season.

5. In the letter 5th read above, the Commissioner of Sugar has inter-alia stated that for the sugar season 2019-20, the Government of India announced Fair and Remunerative Price for Sugarcane at two scales :-

- (i) Fair and Remunerative Price of sugarcane for 2019-20 sugar season at Rs.2750/- per MT for a basic recovery rate of 10% with a premium of Rs.27.50 per MT for every 0.1% increase above 10% recovery. Further, Fair and Remunerative Price will be proportionately reduced by Rs.27.50 per MT for 0.1% decrease in recovery in respect of those mills whose recovery is below 10% but above 9.50%.
- (ii) Fair and Remunerative Price of sugarcane for mills having recovery of 9.50% or less at Rs.2612.50 per MT. There is no change in the cane price of 2019-20 crushing season announced by the Central Government as compared to Fair and Remunerative Price of 2018-19 crushing season. The difference between State Advised Price for 2016-17 crushing season (Rs.2750/- per MT) and the Fair and Remunerative Price for 2019-20 crushing season is Rs 137.50 per MT. The average recovery of Tamil Nadu State is below 9.50% only. As per the Order of the Government of India, the Tamil Nadu sugarcane farmers will get only Rs.2612.50 per MT as Fair and Remunerative Price for 2019-20 crushing season which is below the present cane price of Rs.2750/- per MT received by the farmers including the Transitional Production Incentive of Rs.137.50 per MT.

6. The Commissioner of Sugar has pointed out that in Tamil Nadu State, sugarcane production, productivity and sugar recovery % have been worst affected by drought due to failure of monsoons in the last three years. Due to severe drought in the last year (2019), the Tamil Nadu state witnesses sharp decline in sugarcane and sugar production in the ensuing 2019-20 crushing season. Further, the market price of sugar has not increased in the last three years. The South Indian Sugar Mills Association (SISMA) has submitted memorandums to the Hon'ble Chief Minister of Tamil Nadu and the Chief Secretary of Tamil Nadu seeking various support measures including the extension of Transitional Production Incentive @ Rs.137.50 per MT to save the sugar industry and sugarcane farmers of Tamil Nadu. Further, various Sugarcane Farmers Associations also frequently representing the State Government to extend the Transitional Production Incentive for 2019-20 crushing season also as announced during 2017-18 and 2018-19 crushing seasons considering the escalation of cost of cultivation of sugarcane, no increase in the cane price announced by the Government of India and crop failure due to severe drought.

7. Further, the sugar mills are facing acute shortage of cane to their capacity utilization and the sugar recovery is also worst affected. Some of the sugar mills in Cooperative and Private Sector Sugar mills are not able to commence their 2019-20 crushing season due to meagre quantity of cane available for crushing. Considering the welfare of the sugarcane growers, the Commissioner of Sugar has requested that the transitional production incentive may also be extended for the crushing season 2019-20. Hence, to implement this payment of Transitional Production Incentive for 2019-20 crushing season, he has requested the Government to allocate Rs.150 Crores during 2020-21 budget.

8. The Commissioner of Sugar in his letters 8th read above, has informed that the 2019-20 crushing season has been concluded on 30.09.2020 with a crushing of 92.20 LMT of sugarcane by 27 sugar mills viz. 11 Cooperative Sector Sugar Mills, 2 Public Sector Sugar Mills and 14 Private Sector Sugar Mills and requested the Government to sanction a sum of Rs.126.65 crore (inclusive of Rs.60 lakh required for data base preparation and contingency) for payment of Transitional Production Incentive to sugarcane growers for 2019-20 crushing season and to permit the Director of Agriculture to draw the money and to transfer to the Commissioner of Sugar and further to approve the guidelines for the successful implementation of timely transfer of Transitional Production Incentive to the farmers through Direct Benefit Transfer scheme with a view to pave the way for the improvement both in sugarcane production and productivity in Tamil Nadu.

9. The Government have examined the proposal of the Commissioner of Sugar and decided to accept the same, subject to restricting the amount sought for by him. Accordingly, the Government sanction a sum of Rs.126.65 Crore (Rupees One hundred and twenty six crore and sixty five lakh only) for the timely transfer of Transitional Production Incentive to the farmers during 2019-20 crushing season through Direct Benefit Transfer due to switching over to the revenue sharing based sugarcane price fixation policy from 2017-18 crushing season.

10. The Commissioner of Sugar is also permitted to incur expenditure of Rs. 60.00 Lakh (Rupees Sixty lakh only) (i.e Rs.25.00 Lakh for data preparation and Rs. 35.00 Lakh for contingency) from the savings expected out of total sanctioned amount of Rs. 126.65 Crore (Rupees One hundred and twenty six Crore and sixty five lakh only) due to ineligible quantum of cane crushed by the sugar mills in 2019-20 season.

11. The expenditure sanctioned in paragraph 8 above shall be debited to the following head of account:-

2401 – 00 – Crop Husbandry–108 Commercial Crops – State's
Expenditure – LA Production Incentive to Sugarcane Farmers –
309 Grants – in - Aid – 03 Grants for Specific Schemes.
(IFHRMS 2401 00 108 LA 309 03).

12. The Director of Agriculture is authorized to draw and disburse the expenditure amount sanctioned in para-10 above to the Commissioner of Sugar.

13. The Government also direct that the Sugar Mills shall continue to bear the transportation costs.

14. The Commissioner of Sugar is requested to implement the scheme of sanction of transitional production incentive directly to the farmers through Direct Benefit Transfer as per the detailed guidelines appended to this order. The Commissioner of Sugar is requested to ensure transfer of incentives to farmers in time by strict adherence to the above guidelines in implementation of the scheme.

15. The Commissioner of Sugar is also requested to send a status report on the implementation of the scheme periodically.

16. This order issues with the concurrence of Finance Department vide its U.O.No.37401/Fin (Ind)/2020, dated 22.10.2020.

(By Order of the Governor)

**GAGANDEEP SINGH BEDI
AGRICULTURAL PRODUCTION COMMISSIONER
AND PRINCIPAL SECRETARY TO GOVERNMENT**

To

The Commissioner of Sugar, Chennai -35.

The Director of Agriculture, Chennai -5.

The Pay and Accounts Officer, Chennai – 8/35.

The Principal Accountant General (AE/Audit), Chennai -18.

The Principal Accountant General (G&SSA), Chennai -18.

The Principal Accountant General (E&RSA), Chennai – 18.

The Resident Audit Officer,

O/o. The Principal Accountant General (GSSA), Chennai – 9.

Copy to:

The Office of the Hon'ble Chief Minister, Chennai -9.

The Office of the Hon'ble Deputy Chief Minister, Chennai -9.

The Special Personal Assistant to Hon'ble Minister for Industries, Chennai -9.

The Special Personal Assistant to Hon'ble Minister for Agriculture, Chennai -9.

The Senior Private Secretary to Additional Chief Secretary to Government,
Industries Department, Chennai -9.

The Senior Private Secretary to Agricultural Production Commissioner and
Principal Secretary to Government, Agriculture Department, Chennai -9.

The Assistant Programmer, Agriculture Department, Chennai-9.

The Finance (Agri/Ind) Department, Chennai -9.

The Industries (MIC-I) Department, Chennai 9.

The Agriculture (OP3) Department, Chennai-9.(For indexing purpose)

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Section Officer

ANNEXURE

G.O.(Ms) No.246, Agriculture (S1) Department, dated : 23.10.2020

Detailed guidelines for implementation of disbursement of
Transitional Production Incentive directly to the farmers through
Direct Benefit Transfer for 2019-20 crushing season

1. Eligibility :

The Government of India has announced Fair and Remunerative Price for sugarcane at two scales –

- (i) Fair and Remunerative Price of sugarcane for 2019-20 sugar season at Rs.2,750/- per M.T. for a basic recovery rate of 10% with a premium of Rs.27.50 per M.T. for every 0.1% increase above 10% recovery. Further, Fair and Remunerative Price (FRP) will be proportionately reduced by Rs.27.50 per M.T. for 0.1% decrease in recovery in respect of those mills whose recovery is below 10% but above 9.5% ; and
- (ii) **Fair and Remunerative Price of sugarcane for mills having recovery of 9.5% or less at Rs.2,612.50 per MT.** The average sugar recovery of Tamil Nadu State is below 9.5% which is 8.64 % only. The difference between State Advised Price for 2016-17 crushing season (Rs.2,750/- per M.T.) and the Fair and Remunerative price (Rs.2,612.50) for **2018-19 crushing season is Rs.137.50 per M.T.**

However certain sugar mills in Tamil Nadu have recorded recovery higher than 9.5% in 2018-19 sugar season :-

Sl. No.	Name of the Sugar Mills	Recovery for 2018-2019 (%)	FRP for 2019-2020 (in Rs.)
1	Dharmapuri Co-operative Sugar Mills & Subramania Siva Co-operative Sugar Mills	10.6	2915.00
2	Tirupattur Co-operative Sugar Mills	10.1	2777.50
3	Rajshree Sugars & Chemicals Ltd., (Theni) & Ponni Sugars	9.8	2695.00

Earlier when the State Advised Price was announced by the State Government, higher State Advised Price per tonne of cane was given to the higher recovery sugar mills over and above the higher Fair and Remunerative Price i.e for example Dharmapuri Cooperative Sugar Mills reported a recovery of 9.9% in 2015-16 crushing season and hence Fair and Remunerative Price was fixed at Rs.2396.80 i.e. Rs.2300+Rs.96.80 for additional % of recovery in 2016-17. State Advised Price was declared by Government of Tamil Nadu for 2016-17 as Rs.450 per MT and accordingly State Advised Price for Dharmapuri Cooperative

Sugar Mills was fixed at Rs.2846.80 and accordingly the sugar mills cleared the cane dues. On the same basis, the Transitional Production Incentive may be extended at Rs.137.50 per MT of cane for all these sugar mills also without linking recovery and hence uniformly across to all sugar mills.

2. Exemption :

As the Tamil Nadu Government has enacted the Sugarcane (Regulation of Purchase Price Act 2018) and under the said Act, the Rules are being framed. Hence exemption from applicability of said Act and Rules for disbursement of Transitional Production Incentive may be given as done in the last year.

3. Data Entry of the Farmers :

Huge time and effort of all the officials of the sugar mills, Government Data Centre and Department of Sugar is highly consumed for the processes such as making data entry of the farmers' details provided by the sugar mills, making correction in the details of the farmers' data base at the Government Data Centre (GDC), providing inputs to the District Level Committee (DLC) and verification of data for the disbursement of the Transitional Production Incentive in their bank account. Even for verification of private sugar mills' data, the officials of cooperative and public sector are also involved. Mostly the Cane officials of cooperative and public sector sugar mills are engaged in these activities. Hence, the mills have incurred expenditure on Travelling and Dearness allowance for Direct Benefit Transfer.

Based on the problems faced by the officials of sugar mills and the Government Data Centre during the implementation of the scheme for 2017-18 and 2018-19 crushing seasons, it is suggested that a third party consultant chosen based on a tender process, may be engaged to carry out certain processes viz., making data entry and details collected from the sugar mills, compilation of the data base in a format prescribed by the Government Data Centre, providing data entries, doing correction works, providing necessary inputs to the District Level Committee as prescribed by the Commissioner of Sugar in the form of reports, excel sheets etc for verification and compiling the UTR Nos. as evidence for disbursement of Transitional Production Incentive through Direct Benefit Transfer.

4. Cane diversion

- (a) In case of cane diversion, proper cane diversion order should be obtained from the Commissioner of Sugar. The cane drawing / cane sending mill should produce the order issued by the Commissioner of Sugar along with certification of concerned Assistant Director of Agriculture / Ex-Officio Cane Inspector given on Village wise cane drawal from the allotted areas to claim Transitional Production Incentive. Further, the Transitional Production Incentive will be eligible for the cane diversion made from the date of receipt of the cane diversion order / ratification order issued by the Commissioner of Sugar.

(b) Certain Assistant Directors of Agriculture are designated as Ex-Officio Cane Inspectors for sugar mills. Cane diversion would be passed by the Commissioner of Sugar only after getting remarks of the Ex-Officio Cane Inspectors and assurance by receiving mills that Fair and Remunerative Price will be paid within the stipulated time. The Ex-Officio Cane Inspectors concerned are directed to verify the actual quantity of cane drawn out of the cane diversion claims made by sugar mills after collecting necessary documentary evidences to prove the genuineness of farmers who have diverted cane to cane receiving mill as per cane diversion order and only after ensuring the fact that the claims are true, Assistant Director of Agriculture / Ex-Officio Cane Inspector shall approve the claims forwarded by the District Level Committee.

5. Modalities suggested for the transfer of Transitional Production Incentive to the bank accounts of farmers :

For effective implementation of the Transitional Production Incentive Scheme in a time bound manner, the following procedures may be followed :-

Procedures

i. Preparation of database at State level :

All the Sugar Mills shall be directed to submit report on the quantity of registered cane supplied by each farmer from the concerned demarcated area of the sugar mill during 2019-20 sugarcane crushing season along with the credential documents supporting the claim including Aadhaar, revenue records for land holding, details on cane supplied, mirror accounts for Primary Agricultural Cooperative Credit Society and savings bank account in case of loan accounts to the office of the Commissioner of Sugar in the format specified by the Commissioner of Sugar. The details so collected will be compared with the returns furnished by the sugar mills to Government including Final Daily Manufacturing Report under the various Acts such as Sugarcane (Control) Order 1966 / Tamil Nadu Sugar Factories Control Act 1949 etc. It is the sole responsibility of the sugar mills to provide correct details of the farmers who have supplied registered cane from the concerned demarcated area of the sugar mill.

The Commissioner of Sugar in consultation with the Government Data Centre, will design and create mill wise farmers' database and through an engaged suitable third party consultant, the data received from all the mills will be compiled and a database of farmers for processing in Government Data Centre to be prepared. The district wise list of farmer's along with the required details will be sent to the District Collector concerned for field verification and certification.

ii. Timeline for the implementation of Direct Benefit Transfer scheme :

From the stage of data collection to the period of transfer of Transitional Production Incentive through Direct Benefit Transfer, it is estimated that within the time frame of 9 months, the entire process can be completed. Structure and necessary programming is being prepared by Government Data Centre as follows :

SNo.	Description	Authorities involved	Farmers supplied cane to Cooperative, Public and Private Sugar Mills during 2019-20 crushing season
1.	Collection of cane supplied details and selection of consultant	Commissioner of Sugar	31.10.2020
2	Preparation of database, by engaging consultant for data entry	Commissioner of Sugar	31.10.2020
3	Data analysis	Commissioner of Sugar / Government Data Centre	15.12.2020
4	Forwarding the de-duplicated farmers' list to district	Commissioner of Sugar	15.01.2021
5	Verification	District Level Committee	15.02.2021
6	Submission of certified list of farmers eligible for Transitional Production Incentive	District Level Committee	15.03.2021
7	Transfer of Transitional Production Incentive	Commissioner of Sugar	31.03.2021
8	Submission of utilisation certificate	District Level Committee	15.05.2021

iii. **Funds requirement :**

The funds requirement is calculated based on the cane crushing estimates for 2019-20 season. An amount of Rs. 60.00 Lakh (i.e Rs.25.00 lakhs for database preparation and Rs.35.00 lakhs for contingency) is also incurred and this amount is inclusive of the overall sanctioned amount of Rs.126.65 Crore. Permission is accorded to incur the above amount of Rs.60.00 lakhs from the savings expected due to ineligible quantum of cane crushed by the sugar mills. The break up details are mentioned below :

Phases of Direct Benefit Transfer	No. of mills for which fund required	Estimate of cane crushing (LMT)	Approximate fund requirement @ Rs.137.50 /MT (Rs. in crore)
-----	Farmers supplied cane to Cooperative, Public and Private sector Sugar Mills during 2019-2020 crushing season.	92.10	126.65
	Total	92.10	126.65
	Cost required for the analysis and maintenance of data base through Government Data Centre	--	0.10
	Cost required for the consultant for preparation of data base and follow up	--	0.15
	Contingency charges	--	0.35
	Total	--	0.60

6. General :

The guidelines already issued vide G.O.(Ms) No.191, Agriculture (S1) Department, dated 24.07.2018 and G.O.(Ms) No.191, Agriculture (S1) Department, dated 05.09.2019 are applicable for items in general, except those that are specifically mentioned herein at paras 1 to 5 as above.

**GAGANDEEP SINGH BEDI
AGRICULTURAL PRODUCTION COMMISSIONER
AND PRINCIPAL SECRETARY TO GOVERNMENT**

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Section Officer

