



ABSTRACT

Agriculture – Sugarcane – Payment of transport cost incurred by the Sugar Mills for the procurement of Sugar cane from the field to mills for crushing during 2018-19 crushing season - Sanction – Orders – Issued.

AGRICULTURE (S1) DEPARTMENT

G.O.(Ms).No.81

Dated: 03.04.2020

விகாரி, பங்குனி – 21,
திருவள்ளூர் ஆண்டு 2051,

Read:

1. From the Commissioner of Sugar, Letter Rc.No.9265/Cane-1/2018, dated 26.08.2019.
2. From the Commissioner of Sugar, Letter Rc.No.9265/Cane-1/2018, dated 24.03.2020.

ORDER:

The Commissioner of Sugar in her letter read above has stated that the sugarcane production and productivity is declining during the recent years due to vagaries of monsoon resulted in continuous drought and non-availability of high yielding and high quality of new sugarcane varieties. Due to the reduction in cane production, the sugar mills are crushing only 30-35% of their capacity utilization which resulted in high cost of production of sugar. The Cooperative, Public Sector and Private Sector Sugar Mills in Tamil Nadu are facing severe liquidity crunch. South Indian Sugar Mills Association has submitted representations seeking various support measures from the State and Central Governments for improving the financial status of Private Sector Sugar Mills.

2. The Commissioner of Sugar has also stated that various meetings were conducted with Private Sector Sugar Mills for the release of the pending Fair and Remunerative Price payment to the cane growers including the meetings conducted by Hon'ble Minister for Industries and Hon'ble Minister for Agriculture. Some of the Cooperative and Public Sector Sugar Mills are also unable to pay the Fair and Remunerative Price dues within the 14 days and the intervention of Government is sought for towards making Fair and Remunerative Price arrear payment.

3. The Commissioner of Sugar has further stated that the South Indian Sugar Mills Association has requested various support measures from the State Government. One among them is the payment of transport cost incurred by the sugar mills for the procurement of sugarcane from the field to mills for crushing.

In respect of this support measure, the Commissioner of Sugar has submitted the following details for consideration of the Government :-

- i. As per sub-section 4(a) of Section 15 of the Tamil Nadu Sugarcane (Regulation of Purchase Price) Act 2018, the sugar mills have to bear the entire transport cost towards the transport of cane from field to sugar mills. From 2006-07 crushing season onwards, the entire transport cost towards the transport of sugarcane from farmers field to mill was borne by the sugar mills, even though the Government has announced the transport subsidy @ Rs.100/- MT over and above the State Advised Price (SAP). The average transport cost of each sugar mill per tonne of sugarcane may be ranging from Rs.100/- and above depending on the distance of cane drawal.
- ii. As on 15.08.2019, the sugar mills in Tamil Nadu crushed 95.90 Lakh MTs of sugarcane during 2018-19 crushing season and expected to crush another 9.88 Lakh MTs of cane before the closure of the crushing season i.e. 30.09.2019. The total expected cane crush during 2018-19 crushing season will be around 106 Lakh MTs.

4. Further, the Commissioner of Sugar has stated that considering the financial crunch of the sugar mills and welfare of the sugarcane farmers who have not received the Fair and Remunerative Price cane payment till date, the Government may consider to pay the actual transport cost or Rs.100/- per ton, whichever is less, to the sugar mills subject to certain conditions.

5. The Commissioner of Sugar has therefore requested the Government to sanction an amount of Rs.106.00 Crore to sugar mills towards transport cost incurred by them for drawal of sugarcane from farmers field to sugar mills, with a condition to utilize the fund by the sugar mills to clear their Fair and Remunerative Price arrears and also subject to the conditions formulated for the purpose.

6. The Government have examined the proposal of the Commissioner of Sugar and hereby sanction a sum of Rs.106.00 Crore (Rupees One Hundred and Six Crore only) towards actual transport cost incurred or Rs.100/- per ton, whichever is less, to the sugar mills for drawal of sugarcane from farmers field to sugar mills for 2018-19 season with a condition that the sugar mill should utilize the fund to clear the Fair and Remunerative Price arrears to the farmers, subject to the following conditions :-

- i. As some of the sugar mills are facing problem of liquidity due to their inability to fulfil banking norms, the fund shall be released by the Government with a condition that in the case of mills having Fair and Remunerative Price arrears, the payment for transport cost received from the Government has to be utilized for the payment of Fair and Remunerative Price arrears only.
- ii. In case of private sector sugar mills having Fair and Remunerative Price dues, opening of a separate bank account in the name of the respective Tahsildar of the Taluk in which the mill is situated may be undertaken. The Fair and Remunerative Price amount due to the farmers be disbursed on the verification by the Assistant Director of Agriculture / Ex-officio Cane Inspector under the supervision of the District Collector

concerned. This will ensure smooth and seamless utilisation of the funds and achieve the object and also ensure money is not appropriated by the financial agencies.

- iii. In case of Cooperative and Public Sector Sugar Mills, the transport cost shall be sent to the sugar mills concerned and disbursed to the sugarcane farmers through sugar mills.
- iv. In case of Fair and Remunerative Price cane payment settled mills, the transport cost be sent directly to the mills account concerned.
- v. The transport cost shall be paid only to the cane drawn and crushed from the area demarcated to the sugar mills and the subsidy shall be restricted to the actual cane supplied excluding trashes.
- vi. In case, the land is situated in a Free Will area as per court direction (or) is under a court stay proceedings, the transport cost shall be given as per free-will declaration to such farmers whose cane is drawn and crushed as approved by the District Collectors (or) to any of the sugar mills related to the court proceedings.
- vii. In case, a farmer has sent only a portion of his produce to the sugar mill assigned under the Tamil Nadu Sugar Factories Control Act, 1949 or Sugarcane (Control) Order, 1966, the transport cost shall be restricted to the actual quantity drawn from the farmer to the assigned sugar mill.
- viii. The transport cost is not eligible for the cane bought through intermediaries including another farmer.
- ix. In case of cane drawn and crushed from other mills, the transport cost is eligible if proper cane diversion orders have been obtained from the Commissioner of Sugar as per the Sugarcane (Control) Order 1966.
- x. The cane head, unit head along with the finance head of the concerned Private Sugar Mills should certify that only the transport cost has been claimed only for the cane crushed as per the guidelines issued by the Government and the data has to be certified by the Chartered Accountant of the sugar mills concerned and certificate to be obtained from the Assistant Director of Agriculture/ Ex-officio Cane Inspectors of the sugar mills.

7. The expenditure sanctioned in para.6 above shall be debited to the following head of account:-

2401-00 Crop Husbandry – 108 Commercial Crops –
State's Expenditure – LB Transport Subsidy to Sugarcane –
311 Subsidies – 02 General Subsidy.

(Old DPC : 2401 – 00 – 108 – LB – 1125)
(IFHRMS DPC : 2401 – 00 – 108 – LB – 31102)

8. The Director of Agriculture is authorized to draw and disburse the amount sanctioned in para 6 above to the Commissioner of Sugar.

9. The Government also direct the Commissioner of Sugar to ensure that the transport subsidy due to the Sakthi Sugars Ltd out of the amount sanctioned vide para-6 above be transferred to Tamil Nadu Newsprint and Papers Ltd., towards partial settlement of dues receivable from Sakthi Sugars Ltd to Tamil Nadu Newsprint and Papers Ltd.,

10. The Commissioner of Sugar is also directed to send a periodical status report on the implementation of the scheme to Government for monitoring.

11. This order issues with the concurrence of Finance Department vide its U.O.No.14940/SS(AK)/Finance(Agri)/2020, dated 03.04.2020.

(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.

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 Private Secretary to Chief Secretary, Chennai – 9.

The Sr. Private Secretary to Additional Chief Secretary,

Finance Department, Chennai – 9.

The Senior Private Secretary to Principal 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 Finance (Agri) Department, Chennai -9.

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

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

The Assistant Programmer, Agriculture Department, Chennai-9.

Stock file/Spare copies.

/FORWARDED BY ORDER/

Og. Ganjan

SECTION OFFICER