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

New Delhi, the 15th June, 2018

No. 1(6)/2018-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 30 Lakh MT of sugar by the sugar mills in the country for one year with effect from 1st July, 2018, 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 2017-18 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 and 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. 29 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 sugar season:-

(i) S.O. 2346, dated 07.06.2018 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 2017-18 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 disbursement, 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			

5. Details of buffer subsidy received and utilized during the quarter:-

- (a) Amount of buffer subsidy received with the date of receipt:
- (b) Details of No Lien bank account i.e. name of the bank/ branch/address/IFSC code in Mandate Form which is to be duly signed by the bank (in which the amount of buffer subsidy shall be credited) and the authorized signatory of the mill:
- (c) Amount utilized for cane price payment as per utilization certificate:
- (d) If full amount was not utilized for cane price payment, the reasons thereof and the purpose for which it was used:

6. Rate of interest charged by bank(s) during the quarter:-

Period		Rate of interest
From	To	

7. Interest amount actually payable/paid to the bank during the quarter:

8. Amount of Buffer Subsidy claimed:-

- (i) Interest Charges:-
 - a) Interest actually paid/ payable:
 - b) Interest calculated at the rate as prescribed under the scheme:
 - c) Interest charges claimed (least of a & b above):
 - (ii) Storage and insurance charges @ 1.5% Per annum:
 - (iii) Total Amount of Subsidy Claimed (i)(c) plus (ii) above:
9. Name of the place nearest to the place of the mill, where the branch of the Bank dealing with the sugar mill is situated and branch code number:
10. The following documents are attached:-
- i. Certificates from the Bank(s) in the prescribed Proforma;
 - ii. Certificates from the Cane Commissioner concerned in the prescribed Proforma;
 - iii. Self certified copy of insurance policy and certificate from the Insurance company regarding insurance coverage of buffer stock in the prescribed Proforma;
 - iv. Pre-receipt with revenue stamp;
 - v. Mandate Form duly certified by bank and signed by authorized signatory of the sugar mill.

UNDERTAKING / DECLARATION

1. I undertake to fully comply with all the orders/directives of Department of Food and Public Distribution during 2017-18 Sugar Season as referred in Para 4(d) of the Buffer Subsidy Scheme.
2. I declare that the information furnished above is correct and no information relevant for the purpose of this application has been concealed.
3. I undertake to utilize the reimbursed amount towards carrying cost of buffer stock, as per the provisions of buffer subsidy scheme.
4. I undertake to refund the entire amount of buffer subsidy received with due interest thereon, if at any time it comes to the notice of the Central Government or the Director (Sugar & Vegetable Oils) that information furnished in the Form-A above was not correct or there has been any violation of the provisions of Buffer Subsidy Scheme.

Place:
Date:

Authorized signatory of the sugar mill
Name:
Designation:
(please affix the seal)

Note: - Each page of the Proforma to be signed and stamped duly mentioning the name and designation of the signatory.

FOR OFFICIAL USE ONLY

Received the application for buffer stock subsidy claim for the quarter ending
..... vide Dy. No.....dated.....

Certificate to be issued by Cane Commissioner/Director of Sugar

This is to certify that as per the letter No. _____ dated _____ issued by the Directorate of Sugar & Vegetable Oils, M/s _____ Short Name _____ Code No _____ has created _____ quintals buffer stock on _____ out of the production of the sugar season _____. It is also certified that the above buffer stock quantity has been held in stock from _____ and the stock has not fallen below the buffer stock quantity at any point of time during the quarter.

2. The above mentioned buffer stock of _____ quintals is available in the stock till _____.

**3. The buffer stock of _____ quintals was replaced with the sugar production of _____ season on _____

Signature

Name

Designation

Official Seal of the Cane Commissioner/Director of Sugar

** Strike out if not applicable.

Certificate from the Bank

(On the letter head of the Bank)

This is to certify that the information furnished in Column No. 6, 7 and 8(i) of the Proforma as per Form-A as mentioned below is correct.

Rate of interest (column 6, 7 and 8(i) of the Proforma as per Form-A) during the quarter and Interest amount actually paid during the quarter as detailed below:-

Period		No. of days	Quantity	Valuation rate	Principal amount of Advance	%age of Advance	Rate of Interest	Amount of interest charged
1	2	3	4	5	6	7	8	9
From	To							

It is also certified that rate of interest mentioned above does not include any penal or additional interest charged by the bank.

Place:

Date:

Signature:

Name:

Designation

Branch

Affix official seal

(To be signed by the authorized officer of the Bank)

Certificate from the Bank

(On the letter head of the Bank)

This is to certify that the information furnished in Column No.5 of the Proforma as per Form-A as mentioned below in respect of -----(name of sugar mill) is correct.

1 (a) Amount of buffer subsidy received with the date of receipt. {column 5(a) of the Proforma of Form-A }

(b) No Lien bank account number in which the amount of buffer subsidy has been credited{ column 5(b) of the Proforma of Form-A}

(c) Amount utilized for cane price payment out of (a) above { column 5(c) of the Proforma of Form-A}

Place:
Date:

Signature:
Name:
Designation
Branch
Affix official seal

(To be signed by the authorized officer of the Bank)

Utilization Certificate

1. This is to certify that an amount of Rs. was released by the Central Government vide sanction order No..... dated which was received by the sugar mill on and deposited in account no. of(name of the bank and branch).... and utilized the full received amount for payment of cane price including cane price arrears pertaining to Sugar seasons within three months from the date of receipt of the buffer subsidy.

Or

This is to certify that an amount of Rs. was released by the Central Government vide sanction order No..... dated which was received by the sugar mill on and deposited in account no. of(name of the bank and branch).... and utilized Rs. for payment of cane price including cane price arrears pertaining to Sugar seasons within three months from the date of receipt of the buffer subsidy and the remaining amount of Rs. -----, which was in excess of the cane price arrears against the sugar mill has been utilized for any other purpose.

Or

This is to certify that an amount of Rs. was released by the Central Government vide sanction order No..... dated which was received by the sugar mill on and deposited in account no. of(name of the bank and branch).... and utilized it for any other purpose as there were no cane price arrears of sugar seasons on the date of receipt of the buffer subsidy.

Authorized signatory of the sugar mill
Name
Designation
(Affix official seal)

Signature:
Name
Designation
(Affix official seal)

Date:
Place

Date:
Place:

(To be signed by the Cane Commissioner/Director Sugar of the State concerned)

CERTIFICATE OF INSURANCE COMPANY

(On the letter head of the Insurance Company)

It is certified that the buffer stock of quintals of M/s was insured under insurance policy cover no. issued by (name of the insurance company) which was valid for the period from..... to

Place:

Date:

Signature:

Name:

Designation

Branch

Affix official seal

(To be signed by the Branch Manager of the Insurance Company)

File No.1 (6)/2018-SP-I



(Suresh Kumar Vashishth)

Joint Secretary to the Government of India