



ABSTRACT

Agriculture and Farmers Welfare – Agriculture Budget Announcement 2021-2022 - Sugarcane – Extension of the scheme of Transitional Production Incentive to sugarcane farmers 2020-2021 crushing season - Sanction of Rs.39.40 Crore – Accorded – Orders – Issued.

AGRICULTURE AND FARMERS WELFARE [S1] DEPARTMENT

திருவள்ளூர்வராண்டு 2052, பிலவ வருடம் புரட்டாசித் திங்கள் 12-ம் நாள்

G.O.(Ms).No.136

Dated: 28.09.2021

Read:

1. G.O.(Ms).No.246, Agriculture (S1) Department, Dated: 23.10.2020.
2. From the Additional Chief Secretary / Commissioner of Sugar letter Rc No 6262/Cane1/2020, dated: 18.06.2021 & 28.06.2021.
3. Budget announcement made the Hon ble Minister for Agriculture and Farmers Welfare in Budget 2021-2022 on 14.08.2021.

ORDER:

In the Government Order 1st read above, a sum of Rs 126 65 Crore was sanctioned 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.

2. The Additional Chief Secretary / Commissioner of Sugar in his letter 2nd read above, has stated that the Government of India announces Fair and Remunerative Price for sugarcane every year on an All India basis under the provisions of clause 3(1) of Sugarcane (Control) Order, 1966 based on the recommendations of the Commission for Agricultural Costs and Prices. The State Government used to announce State Advised Price over and above Fair and Remunerative Price fixed by the Government of India to help the farmers. The Government have stopped the announcement of State Advised Price from the season 2017-18 and introduced Revenue Sharing based Price fixation model for sugarcane from the year 2017-18 sugar season under which farmers will be assured of Fair and Remunerative Price and may also receive a share in the profits over and above the Fair and Remunerative Price.

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3. The Additional Chief Secretary / Commissioner of Sugar has also stated that in order to facilitate this policy transition and to protect the interest of the sugarcane growers, the Government have announced the payment of difference between the present State Advised Price of Rs.2750/- per M.T. (excluding transport cost of Rs.100/- per M.T.) and price received under new pricing policy as Transitional Production Incentive directly to the farmers. In order to implement revenue sharing based sugarcane price fixation, an Act namely the Tamil Nadu Sugarcane (Regulation of Purchase Price) Act, 2018 was enacted and published in Tamil Nadu Government Gazette (Extra-ordinary) No.249, Dated: 12.07.2018. Hence, the Government 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 as Transitional Production Incentive to the farmers through Direct Benefit Transfer.

4. He has further stated that the Cabinet Committee on Economic Affairs chaired by the Prime Minister of India on 19.08.2020 has approved the Fair and Remunerative Price of Sugarcane payable by sugar mills for 2020-2021 sugar season (October 2020 to Sep'2021) on the recommendations of the Commission for Agricultural Costs and Prices (CACP) as detailed below:-

Fair and Remunerative Price for 2020-2021 crushing season

1. FRP of sugarcane for 2020-2021 sugar season at Rs.2850/- per M.T. for a basic recovery rate of 10%.
2. A premium of Rs.28.50 per M.T. for every 0.1% increase above 10% in the recovery and
3. Reduction in FRP by Rs.28.50 per M.T. for every 0.1% decrease in recovery, in respect of those mills whose recovery is below 10% but above 9.5%. However, for mills having recovery 9.5% or below, the FRP is fixed at Rs.2707.50 per M.T.

Only those mills who have achieved a sugar recovery of 10% and above will get the Fair and Remunerative Price of Rs.2850/- and a premium of Rs.28.50 per M.T. for every 0.1% increase in recovery above 10%. But, the mills which have secured less than 9.50% sugar recovery will get the Fair and Remunerative Price of Rs.2707.50/- per tonne of cane.

5. The Additional Chief Secretary / Commissioner of Sugar has further informed that the Tamil Nadu State average recovery for 2019-2020 crushing season is only 8.55% which is far below the recommended sugar recovery of 10% to get the Fair and Remunerative Price of Rs.2850/- per tonne of cane. Since all the mills, except one have achieved less than 9.5% sugar recovery, the eligible Fair and Remunerative Price for the sugar mills is only Rs.2707.50 per tonne of cane and as per the present mechanism of calculation of Transitional Production Incentive,

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the mills are eligible to get Rs.42.50 per M.T. (the difference between Rs.2750/- per M.T. fixed for 2016-2017 season and Rs.2707.50 fixed for 2020-2021 season) as Transitional Production Incentive for the farmers who supplied cane to the mills for crushing.

6. Further, the Additional Chief Secretary / Commissioner of Sugar has pointed out that he submitted this proposal to consider to pay additional amount per tonne of sugarcane Transitional Production Incentive irrespective of the eligible Transitional Production Incentive of Rs.42.50 per ton of cane by taking into account the various representations of sugarcane farmers Associations of Tamil Nadu to increase the sugarcane price per tonne of cane citing various reasons including increase in cost of cultivation due to increase in cost of inputs, increase in harvesting charges, reduction in yield due to drought etc.

7. In order to overcome the crisis faced by the Public / Co-operative Sugar Mills, the Additional Chief Secretary / Commissioner of Sugar has requested the Government to consider to sanction a sum of Rs.42.50 per M.T. of sugarcane as per existing formula to the farmers for 2020-2021 crushing season to maintain previous season cane price Rs.2750/- per M.T. which may facilitate the improvement of sugarcane production, productivity and to sustain the Sugar Industry in the State and the sugarcane farmers will get Rs.2750/- per tonne of cane as cane price for 2020-2021 crushing season. The total funds required for this purpose is calculated to be in the range of Rs.40.00 Crore.

8. In the mean time, the Hon'ble Minister for Agriculture and Farmers Welfare has made an announcement in the Budget speech 2021-2022 on the Floor of the Legislative Assembly on 14.08.2021 is reproduced below:-

25. Transitional Production Incentive (TPI)

As per the Tamil Nadu Sugarcane (Regulation of Purchase Price) Act 2018, from the season 2017-18, the State Government has been implementing a Revenue Sharing based Price Fixation model without announcing State Advised Price (SAP). As the Act is yet to be implemented, in order to protect the interest of the sugarcane farmers, to assist them in getting the cane price not less than the cane price received during 2016-17 crushing season, the difference between the Fair and remunerative Price announced by the Government of India and the cane price of Rs.2750/- received during 2016-17 crushing season is paid as Transitional Production Incentive.

Accordingly, the Transitional Production Incentive for sugarcane for the 2020-21 crushing season will be paid Rs.42.50 per tonne to the sugarcane farmers who have supplied sugarcane to sugar mills. Rs.40.00 Crore is allocated by the State Government for the implementation of this scheme.

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9. In pursuance of the announcement made by the Hon'ble Minister for Agriculture and Farmers Welfare in the Budget Speech 2021-2022, the Government have examined the proposal of the Additional Chief Secretary / Commissioner of Sugar hereby accord financial sanction for a sum of Rs.39.40 Crore (Rupees Thirty nine crore and forty lakh only) for the timely transfer of Transitional Production Incentive (TPI) for sugarcane farmers for the 2020-21 crushing season.

10. The expenditure sanctioned in para 9 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 – 09 Grants – in - Aid – 311 Subsidies – 02- General Subsidy. (IFHRMS DPC 2401 00 108 LA 31102).

11. The Director of Agriculture is authorized to draw and disburse the amount sanctioned in para-9 above to the Additional Chief Secretary / Commissioner of Sugar.

12. In this regard, the Additional Chief Secretary / 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. Hence, the Additional Chief Secretary / Commissioner of Sugar is requested to ensure the transfer of incentives to farmers in time by strict adherence to the said guidelines in implementation of the scheme.

13. This order issues with the concurrence of Finance Department vide its U.O.No.41076/Fin(A&FW)/2021, dated:27.09.2021.

(BY ORDER OF THE GOVERNOR)

**C.SAMAYAMOORTHY
AGRICULTURAL PRODUCTION COMMISSIONER
AND SECRETARY TO GOVERNMENT**

To

The Additional Chief Secretary / 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 (G&SSA), Chennai – 9.

Copy to

The Office of the Hon'ble 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 and Farmers Welfare, Chennai-9.
The Private Secretary to Principal Secretary to Government, Industries Department, Chennai -9.
The Senior Private Secretary to Agricultural Production Commissioner and Secretary to Government, Agriculture and Farmers Welfare Department, Chennai -9.
The Director of Information and Public Relation, Chennai-9.
The Assistant Programmer, Agriculture and Farmers Welfare Department, Chennai-9.
The Finance (Agri & FW) Department, Chennai -9.
The Industries (MIC-I) Department, Chennai 9.
The Agriculture and Farmers Welfare (OP3) Department, Chennai-9.
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Dr. S. S. S. S.

SECTION OFFICER

ANNEXURE

G.O.(Ms).No.136, Agriculture and Farmers Welfare (S1) Department,

Dated: 28.09.2021

**Detailed guidelines for implementation of Transitional Production
Incentive for the sugar season 2020-2021**

**1. 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 procedure should be followed :-

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

For data entry of the farmers details submitted by the sugar mills, corrections 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 the disbursement of the Transitional Production Incentive in their bank account details, assumes huge time and effort of all the officials in the sugar mills, GDC and Department of Sugar. Even for verification of Private Sugar Mills data, the officials from Co-operative and Public Sector were involved which resulted in devotion of less time for cane development activities including Drip Irrigation. The mills have incurred expenditure on Travelling and Dearness allowance for the officials involved in carrying out Direct Benefit Transfer work.

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 crushing season, it was suggested that a third party consultant chosen based on a tender process. The third party consultant may be engaged to make data entry of the details collected from the sugar mills and compile the data base in a form prescribed by the GDC and provide data entry and correction works to provide necessary inputs for the District Level Committee in the form of reports, excel sheets, etc to verify and compile the UTR Nos. and compiling Utilisation Certificates from the mills as evidence for disbursement of Direct Benefit Transfer.

2. Cane Diversion :

(a) In case of cane diversion, proper cane diversion order should be obtained from the Commissioner of Sugar. The cane drawing mill should produce the diversion order obtained from the Commissioner of Sugar along with Village wise, farmer wise cane drawal records for the allotted areas of the mills duly certified by the Assistant Director of Agriculture / Ex-Officio Cane Inspector in the prescribed format 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.

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(b) Certain Assistant Directors of Agriculture are designated as Ex-officio Cane Inspectors for sugar mills. Cane diversion orders to Private Sugar Mills are issued by the Commissioner of Sugar only after getting remarks of the Ex-officio Cane Inspectors concerned after due verification of necessary documentary evidences to prove the genuineness of farmers and assurance given by the receiving mills that Fair and Remunerative Price will be paid within the stipulated time. Transitional Production Incentive will be recommended by the District Level Committee for the diverted cane only after ensuring that the claims are true and certified by the Assistant Director of Agriculture / Ex-Officio Cane Inspector and Joint Director of Agriculture of the District.

3. Implementation (Main & Special Season) of the Scheme :

Registered Farmers of Cooperative, Public and Private sector sugar mills who have supplied cane from their fields located in the villages of Tamil Nadu State only from 01.10.2020 to 30.9.2021 are eligible to get Transitional Production Incentive. The Co-operative, Public & Private Sector Sugar Mills are instructed to prepare and submit the documents and database to the Department of Sugar required for disbursement of Transitional Production Incentive as per the time schedule fixed by the Government.

4. Procedures :

(i) Preparation of database at State level

All the Sugar Mills shall be directed to submit report on the quantity of cane supplied by each farmer during 2020-21 sugarcane crushing season along the credentials supporting the claim including **Aadhar number, land holding, details of cane supplied and mirror savings bank account in case of loan accounts** to the Commissioner of Sugar in the format specified by Commissioner of Sugar. The details so collected will be compared with the returns furnished by the sugar mills to Government including RT 8C under the various Acts such as Sugarcane Control (Order) / Tamil Nadu Sugar Factories Control Act 1949 etc. It is the sole responsibility of the sugar mills to provide correct information of the farmer details who have supplied registered cane from the concerned demarcated area of the sugar mill:-

Sl. No	Description	Authorities Involved	Time line for Implementation
1.	Collection of cane supplied details and selection of consultant	Commissioner of Sugar	15.11.2021
2.	Preparation of farmers' database by engaging consultant for data entry	Commissioner of Sugar	15.12.2021

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3.	Data analysis	Commissioner of Sugar / Government Data Centre	30.01.2022
4.	Forwarding the de-duplicated farmers' list to district	Commissioner of Sugar	28.02.2022
5.	Verification	District Committee	31.03.2022
6.	Submission of certified list of farmers eligible for Transitional Production Incentive	District Committee	15.04.2022
7.	Transfer of Transitional Production Incentive	Commissioner of Sugar	30.06.2022
8.	Submission of utilisation certificate	District Committee	15.08.2022

(ii) **Certification by District Level Committee**

The Commissioner of Sugar in consultation with the Government Data Centre will design and create mill wise farmers' database and through a suitable third party consultant compile the data received from all the mills and prepare a database of farmers for Government Data Centre to process. The list of farmer's along with the excel statements, district wise will be sent to the District Collector concerned for field verification and certification by the members of the District Level Committee.

(iii). **Timeline for the implementation of DBT scheme**


From the data collection to transfer of Transitional Production Incentive, it is estimated that within 9 months the entire procedure can be completed. Database structure and necessary programming is being prepared by Government Data Centre.

5. General :

The guidelines already issued vide G.O.(Ms).No.191, Agriculture (S1) Department, dated:24.07.2018, G.O (Ms).No.191, Agriculture (S1) Department, dated: 05.09.2019 and G.O.(Ms),No.246, Agriculture (S1) Department, dated:23.10.2020 are applicable for items in general, except those that are specifically mentioned herein at paras 1 to 4 as above.

**C.SAMAYAMOORTHY
AGRICULTURAL PRODUCTION COMMISSIONER
AND SECRETARY TO GOVERNMENT**

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SECTION OFFICER

