

Press Release

Text of the D.O. letter dated 24.10.2019 of **Thiru Edappadi K. Palaniswami**, Hon'ble Chief Minister of Tamil Nadu addressed to **Smt. Nirmala Sitharaman**, Hon'ble Union Minister for Finance.

Dear Smt. Nirmala Sitharaman,

At the outset, I would like to thank you for your initiative in holding an **'Interactive Meeting on Sugar Industry'** at Chennai on 10.9.2019 with representatives of the Government of Tamil Nadu, SISMA and the cane growers, taking into consideration the various issues faced by the sugarcane growers & Sugar Industry in Tamil Nadu. This has increased the level of confidence amongst the stakeholders.

As suggested by you, a **High Level Meeting** with the participation of delegation from Government of India, Government of Tamil Nadu, Reserve Bank of India, senior representatives from various banks, SISMA and representatives from Sugarcane Growers' Associations was conducted on 24.9.2019 at Chennai. The various issues of the Sugar Industry in Tamil Nadu and the redressal measures required to bring the Industry out of crisis were discussed in the meeting.

As proposed in the meeting, a **Special SLBC Meeting** to discuss debt restructuring of the Mills was conducted on 30.9.2019 at Chennai. In the meeting, it was decided to constitute a **'Sugar Mills Revival Committee'** with members from Government of Tamil Nadu and the Banks to evolve a mechanism for restructuring the loans owed by the Sugar Mills to banks.

I would like to bring to your notice that the following steps have been taken by the Government of Tamil Nadu for improvement in financial status of the Sugar Industry:

1. Government of Tamil Nadu has provided **Transitional Production Incentive** at Rs.200/- per MT of cane, over and above FRP, amounting to **Rs.134.53 crore** to **1,44,882 farmers** for the cane crushed during season 2017-18.
2. Government of Tamil Nadu has also announced **Rs.200 crore** as **Transitional Production Incentive** at Rs.137.50/- per MT of cane, over and above FRP, for the cane crushed during the season 2018-19.

3. Government of Tamil Nadu has taken active steps to improve the cane area under **Drip Irrigation** to about **34,000 Ha** in the 2019-20 planting season. The State Government will be providing **additional subsidy of Rs.68.35 crore**, over and above the funds provided under NADP scheme.

Due to the active steps taken by the Government of Tamil Nadu and the normal rainfall forecast for 2019, planting of cane during 2019-20 season is expected to increase, which will help the Mills in Tamil Nadu to improve their capacity utilization. The capacity utilization of Tamil Nadu Sugar Industry on an average, is expected to be not less than 45% - 50% during season 2020 - 21, which would enable the Mills to move on a positive trajectory.

The following steps are required for revival of Tamil Nadu Sugar Industry:-

1. Restructuring of -
 - a. Loans availed from Banks/ Financial Institutions by Sugar Industry.
 - b. SDF loans got by Private and Cooperative Mills.

The Banks and Financial Institutions may be instructed to finalise the debt restructuring package soon. Until steps are finalised to revive the sugar sector, Banks / Financial Institutions may kindly be advised not to take any harsh measures under the Insolvency and Bankruptcy Code or the SARFAESI Act or refer cases to the DRTs.

2. Government of India may sanction additional Sugar Release to Mills in Tamil Nadu, as a special measure so as to improve the financial liquidity of the Mills.
3. Banks may be advised to release loans to farmers for cultivating sugar cane, even if the earlier loans have not been repaid by them. This non-repayment of loans is due to the non-payment of FRP dues by the Sugar Mills.

In order to protect the livelihood of nearly 4 lakh farmers of Tamil Nadu, I request your continued support and favourable orders from the Government of India for reviving the Tamil Nadu Sugar Industry.

Issued by: Director, Information and Public Relations, Chennai-9.