

# Maha co-op sugar millers to meet CM over soft loans

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Pune, May 30

**SUGAR MILLERS IN** Maharashtra have decided to approach Chief Minister Devendra Fadnavis over the issue of soft loan announced by the Centre, after the Maharashtra State Cooperative Bank (MSC) did not approve loans of 27 sugar mills that have reported negative NDRs (Net Disposable Resources).

In a meeting of the federation of cooperative millers in the state held on Thursday, the millers have decided to approach the state CM, sugar commissioner and also top authorities of the Maharashtra State Cooperative Bank, Maharashtra State Cooperative Sugar Factories Federation (MSCSFF) managing director Sanjay Khatal said.

The Centre had announced a soft loan of up to ₹10,540 crore to the sugar industry to help mills clear mounting arrears to cane growers, a move that would cost exchequer up to ₹1,054 crore as interest subsidy. The Centre will bear the interest subvention cost at 7-10% to the extent of ₹553 crore-₹1,054 crore for one year. The scheme was announced on March 2. As per the scheme, only mills that had opted for the loan before May 31, 2019, are eligible.

According to Khatal, FRP dues in Maharashtra are now ₹2,710 crore. Through this scheme, soft loans worth ₹2,700 can be availed by millers and mills could pay the pending dues to farmers, he said.

Surplus production in the current sugar season 2018-19 has affected the liquidity position of sugar mills resulting in building up of cane price arrears of farmers which have reached to the level of ₹20,159 crore as on February 22, 2019, across the country.

To incentivise the mills to clear their dues, CCEA has decided that the approved soft loans will be provided to those units which have already cleared at least 25% of their outstanding dues in the sugar season 2018-19. The excess sugar production and inability of the mills to sell sugar has caused short margins, resulting in non-performing assets for these mills.

Banks have been demanding bank statements of some of the mills whose bank accounts have gone in the red and have reported negative NDRs.

Khatal pointed district cooperative banks have approved the loans of some of the mills. MSC Bank has 47 mills on its roll and has approved of loans of 20 mills. However, the fate of 27 mills continues to hang in balance, he said, adding that May 31 is the last date for the disbursement of the soft loan. If this does not happen by May 31, a delegation will meet CM for support, he said.

Officials of the sugar commissionerate said their office cleared proposals for disbursement of loans worth ₹3,314 crore. But till date, banks had sanctioned loans worth ₹838 crore of which only ₹299 crore had been disbursed in actual. Around 160 mills were found eligible for the scheme.

Mills from the state produced 107.19 lakh tonne of sugar in the 2018-19 crushing season. The Fair and Remunerative Price (FRP) arrears of Maharashtra's sugar mills to farmers have come down to 12% at the end of the sugar season of 2018-19. The cane payment arrears stood at ₹2,942 crore. The State Sugar Commissioner, however, has slapped Revenue and Recovery Certificate (RRC) notices on 68 mills for their failure to pay FRP to farmers. These mills owe ₹1,320 crore to farmers.

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