



Ministry of Cooperation | सहकारिता मंत्रालय
Government of India | भारत सरकार

Central Sector Scheme

Grant -in -aid to NCDC for strengthening of Cooperative Sugar Mills (CSMs)

Sugar industry is one of the largest agri-based processing industries in India. There are 5 crore sugarcane farmers and their dependents associated with this industry. Sugar, by its value addition character, has made itself a very powerful tool of economic and social development in the rural areas of the country.

2. The industry being located in rural areas, is closely associated with the economic welfare of the farmers and related rural population. Approximately 5 lakhs workers directly or indirectly are associated with the industry.

3. The total number of installed sugar factories in India are 730, of which 375 are in private sector, 43 are in public sector and 312 are in cooperative sector. Major sugar producing states in terms of presence of sugar mills are Maharashtra (197), Uttar Pradesh (119) and Karnataka (67).

4. Out of 312 cooperative sugar mills (CSMs), 102 are inoperative and need to be revived and remaining 210 operative sugar mills are inter-alia facing various financial issues like difficulty in servicing of existing term loans & working capital loans ; inability to get new term loans or working capital loans because of deteriorating financial ratios.

5. For mobilization and raising funds from open market for lending to the cooperative sugar mills, capital fund with NCDC is required. Accordingly, recently the Ministry of Cooperation has launched a Central Sector Scheme "Grant -in -aid to NCDC for strengthening of Cooperative Sugar Mills (CSMs)". NCDC is the executing agency for this scheme for the purpose of disbursement, follow up, monitoring of project, and recovery of loan disbursed out of the fund. The scheme envisages to provide loans up to ₹ 10,000 Cr through NCDC to cooperative sugar mills by leveraging the grant-in aid to NCDC for activities like setting up of ethanol production plants, Cogen plants or working capital requirements. The total outlay of the scheme is ₹ 1000 Cr with ₹ 500 Cr each to be released during the FYs 2022-2023 and 2023-2024.

6. NCDC may be providing loans to CSMs for following purposes: -

- With ₹ 10,000 crore funds, around 77 CSMs will be able to set up 100 KLPD Ethanol plant **or**
- 91 CSMs will be able to set up 20 MW Cogeneration plant **or**
- 200 CSMs will be able to avail working capital loan **or**
- Mix of all three activities.

7. Eligibility under the Scheme:

- a) All the CSMs are eligible to avail loan under this scheme.
- b) CSMs who are eligible under NCDC direct funding guidelines will be provided loan directly.
- c) The CSMs, which are not eligible under direct funding guidelines of NCDC would be provided loan through State Government.

8. Funding pattern of NCDC Loan:

- a) NCDC will provide term loan upto 90% of the project cost for Ethanol project subject to viability of the project.
- b) 10% of the Project cost will be borne by the CSM.
- c) NCDC will provide working capital loan upto 75% of the peak level sugar stock.
- d) CSM will have the option of choosing the floating rate of interest on NCDC loans.

9. Process of submission of loan application:

- a) Loan application form is available online at <https://www.ncdc.in>.
- b) The loan application complete in all respect may be submitted in any of the NCDC Regional offices across the country or at NCDC Head Office, New Delhi. The detail of NCDC Regional offices is available at NCDC website at <https://www.ncdc.in>.

10. Benefits under the scheme :

- a) Setting up of new Ethanol plants will enable the CSMs to switch between production of sugar and Ethanol based on the market scenario and will improve the financial position of the CSMs by balancing the supply and demand.
- b) The CSMs who will get Ethanol loan from NCDC under this scheme can avail interest subvention @6% per annum or 50% of the rate of interest charged by NCDC whichever is lower.
- c) Setting up of new cogeneration power plan will give additional revenue to the CSMs.
- d) CSMs will have easy access to avail working capital loan from NCDC without any hindrance.
