

**GOVERNMENT OF INDIA  
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION  
LOK SABHA**

UNSTARRED QUESTION NO:2866  
ANSWERED ON:03.09.2007  
RESPONSE TO SUGAR DEVELOPMENT FUND  
Reddy Shri Karunakara G.

**Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:**

- (a) whether the Sugar Development Fund (SDF) created for modernization expansion of sugar factories have received a poor response from the industry;
- (b) if so, the details thereof and reasons therefor;
- (c) the steps taken to make this fund more popular and acceptable in the industry;
- (d) whether the Government has urged the sugar industry to improve the quality of sugar to make it competitive in international market; and
- (e) if so, the details thereof and reaction of the sugar industry thereto?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

(a): No, Sir.

(b): Does not arise.

(c): The loans from the Sugar Development Fund (SDF) are given to eligible sugar mills for expansion of capacity, modernization/rehabilitation of plant and machinery as well as technological upgradation. In order to make this fund more popular and acceptable to sugar factories, the Government amended the SDF Rules in 2002 for better utilization of the important by-products by deciding to give loan from SDF for production of ethanol and bagasse based cogeneration of power. The Government has reduced the rate of interest on loans from this fund to two percent below the `Bank Rate` with effect from 21.10.2004 which effectively comes to 4%. The sugar mills have also been made eligible for loans under this Fund for expansion of capacity upto 10,000 tcd. Further, in 2006, SDF loan component has been increased upto 40% instead of 30% of the eligible project cost for bagasse based cogeneration projects. In order to further encourage mills to take loans from SDF, the Government has decided recently to allow mills to give security in the form of a charge on the assets for loans for cane development and production of ethanol also.

(d)&(e): The Central Government advises the sugar industry from time to time at different fora to improve the quality of sugar through modernisation and technological upgradation/research by availing concessional loan/grant-in-aid from Sugar Development Fund, to produce quality sugar acceptable in the international market. The sugar factories have been approaching the Central Government for sanction of SDF loans regularly for modernisation and technology upgradation.