

B/844 The Honourable Second Member for Montagne Blanche and Grand River South East (**Mr. Bundhoo**)

To ask Dr. the Honourable Minister of Agro Industry and Fisheries:-

Whether, in regard to loans granted to tobacco producers under the Mechanisation and Inputs Scheme, he will, for the period January 2005 to-date, state (a) the criteria and procedures relating to the grant of such loans and (b) if the loan agreements are registered and, if so, the reasons therefor?

REPLY

Mr. Speaker Sir,

I am informed by the Tobacco Board that as regards part (a), the criteria and procedures for the grant of loans under the Mechanisation and Inputs scheme which were applicable in 2005 are still in force. I am tabling a Paper on the Mechanization Fund of the Tobacco Board.

As regards part (b) all loan agreements for Capital items have to be registered so as to enable the Tobacco Board to recover outstanding amounts in case of default. Consequently, prior to disbursement, the loan agreement has to be signed and registered with the Registrar General's Department. The loan is interest free and refundable in a maximum of 10 instalments spread over 2 years. A one-off service charge of 2% is payable to the Tobacco Board to cover administrative expenses.

As regards loans for chemicals and fertilizers, the applicant only has to give an undertaking to refund. The amount approved depends on the area to be planted and the recommended rates of inputs per arpent. The amount of credit facilities provided are recouped from the tobacco proceeds of the beneficiary from the same crop for which the facilities were granted.

For both categories, the amount sanctioned is paid directly to the Supplier of the goods purchased. Officers of the Tobacco Board have the duty to ensure, through inspections and site visits, that equipment, spare-parts or materials mentioned in the application form have in fact been purchased.