MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

(Department of Food and Public Distribution)

NOTIFICATION

New Delhi, the 19th August, 2002

G.S.R. 582 (E).— In exercise of the powers conferred by section 9 of the Sugar Development Fund Act, 1982 (4 of 1982), the Central Government hereby makes the following rules further to amend the Sugar Development Fund Rules, 1983, namely: -

1. (1) These rules may be called the Sugar Development Fund (Second Amendment) Rules, 2002.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Sugar Development Fund Rules, 1983, (hereinafter referred to as the said Rules), in rule 2: -

(i) after clause (f) the following clause (ff) shall be inserted, namely: -

'(ff) "committee for rehabilitation" means the Committee constituted by the Central Government to consider and recommend rehabilitation of a sugar undertaking in the co-operative sector that has eroded its net worth';

(ii) after clause (j), the following clause (jj) shall be inserted, namely: -

'(jj) "potentially viable sick sugar undertaking' means a sugar undertaking being in the Private or Public sector in respect of which a scheme of rehabilitation has been sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) or being in the co-operative sector in respect of which a scheme of rehabilitation has been recommended by the Committee for rehabilitation'.

3. In the said Rules in rule 16 , for the first proviso, the following proviso shall be substituted, namely: -

52

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"Provided that a sugar undertaking that has availed of a loan under this rule shall be eligible for loan only on one occasion during the period in which the previous loan under this rule or a loan under sub rule (1) of rule 21, alongwith interest thereon has not been fully repaid".

4. In the said rules, in rule 17, for the first proviso, the following proviso shall be substituted, namely: -

"Provided that the Central Government may accord sanction for a loan under this rule to a sugar undertaking only on one occasion during the period in which the previous loan under this rule or a loan under sub-rule (2) of rule 21, along with interest thereon has not been fully repaid'.

5. In the said rules, after Chapter IX, the following Chapter X shall be inserted, namely: -

"Chapter X

Loans for potentially viable sick sugar undertaking

21. (1) 'A potentially viable sick sugar undertaking shall be eligible for a loan for the modernization or rehabilitation of plant and machinery:

Provided that the loan from the Fund has been recommended in the rehabilitation scheme for the potentially viable sick sugar undertaking by the Board for Industrial and Financial Reconstruction or the Committee for rehabilitation, as the case may be:

Provided further that the scheme or project for such modernization or rehabilitation of its plant and machinery is approved for financial assistance by a financial institution or a scheduled bank under its relevant scheme or sponsored by the Technology, Information, Forecasting and Assessment Council in respect of Scheme Mission Mode Project on Sugar Production Technologies of the Department of Science and Technology for modernization and rehabilitation of its plant and machinery:

Provided also that a sugar undertaking shall not be eligible for a loan under this rule if more than one loan under rule 16 remains to be fully repaid

(2) A potentially viable sick sugar undertaking shall be eligible for a loan for the sugarcane development:

Provided that for a scheme or project for sugarcane development in the rehabilitation scheme for the potentially viable sick sugar undertaking sanctioned by the Board for Industrial and Financial Reconstruction or

53

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recommended by the Committee for rehabilitation, a loan from the Fund has been recommended:

Provided further that a sugar undertaking shall not be eligible for a loan under this rule if more than one loan under rule 17 remains to be fully repaid.

(3) A sugar undertaking, which has availed a loan under sub-rule (1) or sub-rule (2), shall not be eligible to apply for a loan under this rule on any subsequent occasion.

(4) Any eligible sugar undertaking under sub-rule (1) shall make an application for the loan for modernization or rehabilitation to the Committee for rehabilitation in Form II-A along with eleven certified copies thereof.

(5) Any eligible sugar undertaking under sub-rule (2) shall make an application for the loan for sugarcane development in form III-B along with twelve certified copies thereof to the State Government in which the sugar undertaking is located and the State Government may forward the application after such scrutiny, as it deems necessary, with its comments and recommendations to the Member-Secretary of the Committee for rehabilitation.

(6) The Member-Secretary of the Committee for rehabilitation shall, as soon as may be, after receipt of an application referred to in sub-rule (4) or sub-rule (5), place the application before the said Committee along with his comments, if any, for the Committee's consideration.

(7) The Committee for rehabilitation, before making a final decision on an application, shall satisfy itself that adequate reliefs, or concessions from the Central Government, State Government, any scheduled bank or other

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bank, financial institutions or donations from the employees of the undertaking and other agencies, if any, have been provided in the rehabilitation scheme and such reliefs or concessions or donations have been accepted by the concerned agencies to be provided to the sugar undertaking.

(8) It shall be open to the committee for rehabilitation before making a final decision on an application, to call for any further information from the applicant or any other concerned agency, if necessary.

(9) The final decision of the Committee for rehabilitation on any application under this rule shall be submitted to the Central Government in the form of recommendation.

(10) The Central Government may, after consideration of the recommendation of the Committee for rehabilitation and any other relevant fact in respect of a project for modernization or rehabilitation, authrorise payment to a sugar undertaking of such amount of loan, not exceeding the amount required by the financial institution or the scheduled bank to be contributed by such sugar undertaking as promoter's contribution:

Provided that the loan from the Fund under this rule shall not exceed sixty per cent of the eligible project cost:

Provided further that the loan from the Fund shall be granted only if the sugar undertaking contributes a minimum of twenty percent of the project cost from its own resources as promoter's contribution:

Provided also that a loan from the Fund shall not be granted for the purpose of repayment of any loan in any form availed by the sugar undertaking or interest on any such loan in any form, whether availed

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from the Fund or from financial institutions, banks or any other agency including Government:

Provided also that the loan from the Fund shall be granted only if the sugar undertaking has repaid all the sums, which have become due in respect of the Fund and the Levy Sugar Price Equalisation Fund.

(11) (i) The loan for modernization or rehabilitation shall be disbursed by the Central Government to the concerned sugar undertaking or paid by it to the financial institutions for disbursement to the concerned sugar undertaking, either in lump sum or in two or more instalments as may be considered necessary by the Central Government, after an agreement is executed between the Central Government, the concerned State Government, the participating financial institutions or scheduled banks and the sugar undertaking concerned.

(ii) The agreement referred to in clause (i) of this sub-rule shall contain the terms and conditions with regard to the period of repayment including the number and amount of instalments, payment of interest, the manner of such repayment or payment and any other matter incidental to the loan.

(iii) The loan from the Fund shall carry a concessional rate of simple interest of six per cent per annum and in case of any default in repayment of the amount of loan, or payment of any instalment thereof or interest thereon, an additional interest at the rate of two and half per cent per annum of the amount of default shall be payable by the sugar undertaking.

(iv) The repayment of the loan for modernization or rehabilitation togetherwith interest thereon, shall commence after the expiry of such period as may be decided by the Central Government after due

IndiaCode

56

verification by financial institution subject to a maximum of five years, reckoned from the date of disbursement of the loan from the Fund and the loan from the Fund along with the interest due thereon, shall be recoverable in half-yearly instalments not exceeding ten in number.

(v) The financial institution shall, within thirty days of receipt of any amount from the loanee sugar undertaking by way of repayment of loan from the Fund, payment of interest thereon, or any other receipts, credit the said amount to the Fund.

(12) The Central Government may, after consideration of the recommendation of the Committee for rehabilitation and any other relevant fact in respect of a project for sugarcane development authorize payment to a sugar undertaking of such amount of loan not exceeding ninety per cent of the eligible project cost and not exceeding the amount, if any, specified under rule 17;

Provided that the loan from the Fund shall be granted only if the sugar undertaking or the concerned State Government contributes a minimum of ten per cent of the project cost from its own resources:

Provided further that the loan from the Fund shall not be granted for the purpose of repayment of any loan in any form availed by the sugar undertaking or interest on any such loan in any form, whether availed from the Fund or from financial institutions, banks or any other agency including Government:

Provided also that the loan from the Fund shall be granted only if the sugar undertaking has repaid all the sums, which have become due in respect of the Fund and the Levy Sugar Price Equalisation Fund.

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(13) (i) The loan for sugarcane development shall be disbursed to the concerned sugar undertaking after a tripartite agreement is executed between the Central Government, the concerned State Government and the sugar undertaking.

(ii) The tripartite agreement referred to in clause (i) of this sub-rule shall contain the terms and conditions as the Central Government may decide in consultation with the State government such as monitoring of the progress of the project by a research institute or any other organization as may be decided by the Central Government, repayment of the loan with interest, remittance to the credit of the Fund, utilization certificate by the concerned State Government and any other matter incidental to the loan.

(iii) the loan from the Fund shall carry a concessional rate of simple interest of six per cent per annum and in case of any default in repayment of the amount of loan, or payment of any instalment thereof or interest thereon, an additional interest at the rate of two and a half per cent per annum on the amount of default shall be payable by the sugar undertaking.

(iv) The repayment of loan for sugarcane development together with interest thereon shall commence on the expiry of moratorium period of one year reckoned from the date of disbursement of the loan and shall be repaid in equal half-yearly instalments not exceeding eight in number and interest thereon shal be paid half-yearly after the expiry of one year from the date of disbursement of the loan".

6. In the said rules, after form-II and annexures thereof, the following Form –II A and annexures shall be inserted, namely: -

58

"FORM – II A
[See rule 21 (4)]

Application for financial assistance from Sugar Development Fund towards promoter's contribution for financing modernization/ rehabilitation scheme

1. Name of applicant:

2. Address:

   (i) Registered Office:
   (ii) Location of the factory:

3. Constitution (whether co-operative society, private/ public Ltd. company, Joint Sector/ Public Sector Company):

4. Date of Incorporation/ Registration

5. Management:

   (a) Board of Directors:
   (b) Executive set-up

6. Particulars of the order of the Board For Industrial and Financial Reconstruction on the rehabilitation scheme sanctioned by it/ recommendations of the Committee for rehabilitation (enclose a copy of the Board For Industrial and Financial Reconstruction Order/ recommendation of the Committee for rehabilitation):

7. Brief description of the proposed project (Enclose a copy of the Project Report):

8. Actual performance and expected performance on completion of the Scheme/ project for which this loan application has been made please indicate in the manner below:

IndiCode

59

(A) Salient production and Operation Results	(a) Actual Performance	(b) expected on completion of the scheme/ project for which loan application has been made
	Year ended	
	19 20 20	
(1) Licensed crushing capacity (TCD)		
(2) Installed crushing capacity (TCD)		
(3) Area under sugarcane (Acres)		
(4) Average yeidl (tones/ acres)		
(5) Total production of sugarcane in the area (lakh tones)		
(6) Gross duration of the season (days)		
(7) Net duration of the season (days)		
(8) Percentage of hours lost to total available hours		
(9) Average daily rate of crushing (tones)		
(a) Including stoppages		
(b) Excluding Stoppages		
(10) Total cane crushed ((lakh tones)		
(11) Pol %cane		
(12) Total sugar losses% cane		
(13) Average sugar recovery %		
(14) Total sugar produced (Quintals)		
(15) Reduced mill extraction (%)		
(16) Reduced boiling House Extraction (%)		
(17) Reduced Overall Extraction (%)		
(18) Extra Fuel consumption % cane		

NOTE: (i) In case of the performance has not been up to the accepted norms and if ther has been wide fluctuation in the performance, please state the reasons, in brief.

NOTE: (ii) Please furnish installed capacity, Production and efficiency figures in respect of other activities, if any, such as distiller, paper unit etc.

60

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(B) Working results:

(1) Net Sales
(2) Gross Profit/ loss
(3) Interest on: -

(a) Term loans
(b) Working capital
(c) Total

(4) Depreciation
(5) Operation profit (loss)
(6) Tax
(7) Net Profit/ Loss
(8) Cash accruals
(9) Applicable statutory cane price fixed by the Government of India (Rupees per quintal)
(10) Actual cane price paid (Rupees per quintal)

(C) Financial position

(1) (a) Gross fixed assets including work in progress
(b) Less Depreciation

(2) Net fixed assets
(3) Investments
(4) Current Assets
(5) Current Liabilities
(6) Net Working Capital [(4) minus (5)]
(7) Net tangible assets [(2)+(3)+(6)]
(8) Long-term liabilities
(9) Shareholder's worth [(7) minus 98)]
(10) Share capital including share suspense and non-refundable deposits
(11) Reserves and surplus
(12) Deficit in Profit and Loss Account and Intangible assets.
(13) Net Worth [(10+(11)minus(12)]

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9. Whether the project has been approved by the All-India Financial Institutions/ scheduled banks/ Technology Information, Forecasting and Assessment Council (TIFAC) for assistance under the SDF: -

   (a) if so, enclose a certified true copy of the "Letter of Intent" issued by the Lead Institution
   (b) List out any condition (s) of material nature stipulated by the Lead Institutions including Rate of interest, repayment period and security:

10. (a) What are the reliefs or concessions from the Central Government, State Government, Financial Institutions, Scheduled Bank, Other Banks, financial institutions or donations from the employees of the sugar undertaking & other agencies, if any included in the Order of the BIFR/ recommendation of the Committee for rehabilitation.
    (b) Whether the concerned agencies have agreed to provide these reliefs/ concessions to the sugar undertaking? If so, copies of the consent letters from the concerned agencies are to provide along with this application form.

11. Measures proposed to be taken by the sugar undertaking for rationalization of manpower and for reducing expenditure, particularly overheads.

12. Cost of the project (as approved by the all-India Financial Institutions/ scheduled banks/ Technology Information, Forecasting and Assessment Council (TIFAC). Please furnish break-up and certified true copy of the approval.

13. Means of Financing, Debt-Equity Ratio and Security margin (as approved by the all-India Financial Institutions/ scheduled banks/ Technology Information, Forecasting and Assessment Council (TIFAC).

62

14. Percentage and amount of Promoter's Contribution stipulated by the all-India Financial Institutions/ scheduled banks/ Technology Information, Forecasting and Assessment Council (TIFAC).

15. Amount of assistance required from Sugar Development Fund towards promoter's Contribution along with justification therefore having regard to the financial position/ Resourcefulness of the applicant concern/ its promoters.

16. Security proposed to be provided for the loan applied for : -

    (a) Bank Guarantee
    (b) State Government Guarantee
    (c) Creation of charge on assets

17. Schedule of implementation of the project

18. Please furnish a summary of the projected profitability/ cash flow statements for 10 years after completion of the scheme (in the proforma at Annexure –I and II) along with critical assumptions.

Place:

Date:

Signed by:
Name:
Designation:
Name and address of the sugar undertaking (Occupier)

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ANNEXURE-I TO FORM-II-A

Name of the concern/Society _____

Summary of Projected profitability and cash flow
(This statement should be prepared for a period of 10 years)
(Amount in Rupees in lakhs)

Year		20	20	20	20	20
	No. of working days % output to installed capacity production (quantity)					
1.	Net sales (exclusive of excise duty)					
2.	Gross operating profit before depreciation, interest, (on term loans and deferred Payments), management remuneration, Scle Selling Agency Commission and Tax.					
3.	Depreciation					
4.	Interest (on term loans/deferred Payments)					
5.	Management remuneration					
6.	Selling Agency Commission					
7.	Operative Profit before tax [2 minus (3+4+5+6)]					
8.	Non-operating income					
9.	Profit before tax (7+8)					
10.	Tax					
11.	Net profit after tax (9 minus 10)					
12.	Development rebate reserve/Investment Allowanced Reserve					
13.	Net distributable profit (11 minus 12)					
14.	Gross cash flow (3+12+13)					

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15. Preferable dividend-
    a) Amount
    b) Rate

16. Equity dividend-
    a) Amount
    b) Rate

17. Retained profit [13 minus (15+16)]

18. Net cash flow [14 minus (15+16)]

19. Funds available to pay interest (11+4)

20. Interest coverage (19+4)

21. Cash available for debt service (14+4)

22. Total debt deferred service (instalments of term loans, deferred payments and interest on terms loans and deferred payments falling due in the year)

23. Debt Service Coverage (21+22)
    Profitability Ratios

24. Percentage of operating profit before tax to net sales

25. Return or capital employed

26. Percentage of profit after tax to equity capital

27. Investment output Ratio Capital employed to sales ratio, investment output ratio

28. Gross value added to net sales (%)

Note:- Items 27 and 28 shall be computed in the same manner as done for the purpose of securing loan under the soft loan scheme of the financial institutions.

Signed by :
Name
Designation
Name and address of the
Sugar undertaking
(Occupier)

Place :
Date :

65

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ANNEXURE – II TO FORM – II – A

CASH FLOW STATEMENT

(This statement should be prepared for a period of 10 operating years)

(in thousands of rupees)

	Construction period (Half-yearly)		Operating years	
	20	20	20	20
SOURCES OF FUNDS				
1. Share issue				
2. Profit before taxation with interest added back				
3. Depreciation Provision for the year				
4. Development rebate reserve/ investment Alloance Reservef.				
5. Increase in secured medium and long-term borrowings for the projects.				
6. Other medium/ long-term loans.				
7. Increase in unsecured loans and deposits.				
8. Increase in liabilities for deferred payment (including interest) to machinery suppliers.				
9. Sale of fixed assets				
10. Sale of investment				
11. Other income (indicate details)				
Total (A)				

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(in thousands of rupees)

	Construction period		Operating years	
	(Half-yearly)			
	20	20	20	20
DISPOSITION OF FUNDS				
1. Capital expenditure for the project				
2. Other normal capital expenditure				
3. Increase in working capital				
4. Decrease in secured, medium and long-term borrowings				
~All India Institutions				
~State Financial Corporations				
~Banks				
5. Decrease in unsecured loans and deposits.				
6. Decrease in Bank Borrowings for working capital.				
7. Decrease in liabilities for deferred payments (including interest) to machinery suppliers.				
8. Increase in investment in other companies				
9. Interest on term loans.				
10. Interest on bank borrowings for working capital.				
11. Taxation				
12. Dividends-Equity Preference				
13. Other expenditure (indicate details)				
Total (B)				

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67

14. Opening Balance of Cash in Hand and at bank

15. Net surplus/ deficit (A- B)

16 Closing balance of Cash in hand and at Bank

NOTE: - 1. Detailed working of the figures shown should be provided.
2. Borrowing (As well as repayments) for the project and for other purposes should be shown separately.

Place:

Date:

Signed by:
Name:
Designation:
Name and address of the sugar undertaking (Occupier).

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7. In the said rules, after Form –III A, the following Form –III B shall be inserted, namely: -

FORM – III-B
[See rule 21 (5)]

Application for financial assistance for sugarcane development

(To be submitted through the State Government)

1.	Name and address of the sugar undertaking	
2.	Year of installation	
3.	Constitution (Whether co-operative society, Private/ Public Ltd. Company, Joint Sector/ Public Sector Company)	
4.	Cane crushing capacity (tones per day)	
5.	Quantity of cane crushed during the preceding three sugar years	
6.	Purpose for which loan is applied for (enclose a detailed report on the project/ scheme proposed to be implemented)	

		Preceding 3 sugar seasons		
		Year	Year	Year
7.	(a) Area under sugarcane (hectares)			
	(b) Average Yield (tones per hectare)			
	(c) Total production of sugarcane in the area (in lakh tones)			
	(d) Gross duration of the season (days)			
	(e) Net duration of the season (days)			

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8. Expected benefits on completion of the sugarcane development scheme/ project for which loan is applied for

(a) Increase in the area of sugarcane (hectares)

(b) If change in cane varieties is proposed to be undertaken and if so, furnish details of the same.

(c) Expected average yield (tones per hectare)

(d) Expected increase in total production of sugarcane in the area (in lakh tones) as compared to 7 (c) above.

(e) Expected improvement in recovery percent cane

9. Measures for monitoring of proposed sugarcane development scheme:

(a) Whether technically qualified persons are available with sugar undertaking, and if so, details of their qualifications & experiences.

(b) Mechanism and system of reporting of the progress of sugarcane development scheme to the monitoring agency, as may be decided by the Central Government and to the State Government.

10. (a) Whether grant of loan from the SDF for modernization/rehabilitation/ technology upgradation of the plant and machinery of the sugar undertaking has been recommended by the BIFR or the Committee for rehabilitation.

(b) If so, has the sugar undertaking applied for such a loan from the SDF.

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70

11. (a) What are the reliefs/concessions from various agencies including FIs/ Banks/ Central Government/ State Government/ donations from the Employees of the sugar undertaking included in the rehabilitation scheme recommended by the BIFR/ the Committee for rehabilitation?

(b) Whether the concerned agencies have agreed to provide the reliefs/ concessions to the sugar undertaking. Enclose copies of letters received from the concerned agencies.

12. Measures proposed to be taken by the sugar undertaking for rationalization of manpower and for reducing expenditure, particularly overheads.

13. Details of assistance available from agencies other than the Central Government for the project/ scheme for which this loan has been applied.

14. Reasons, if any, for not availing of such assistance.

15. (a) How much of the cane area has been allotted to the sugar undertaking by the State Government?

(b) Period for which the cane area has been allotted to the sugar undertaking?

(c) Whether the cane area allotted to the sugar undertaking is adequate for achieving the expected benefit on completion of the scheme?

16. Whether the proposed project/ scheme is covered in full or in part by any scheme of the State Government or any other agency for the development of sugarcane in the area of the applicant sugar undertaking.

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17. Amount of loan applied for

18. Means of financing the total cost of implementation of the project/ scheme

19. Security proposed to be provided for the loan sought

20. Proposed mode of repayment of the loan

Place: -

Date: -

Signature:

Name and Designation:

Name and address of the sugar undertaking

[F No. 1-3/2001-SDF]
R. N. DAS, Jt. Secy.

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NOTE:- The principal rules were published in the Gazette of India Vide number GSR 752 (E) dated 28.09.1983 and subsequently amended vide: -

(i)	GSR 817 (E) dated 20.12.1984
(ii)	GSR 838 (E) dated 14.11.1985
(iii)	GSR 551 (E) dated 06.05.1988
(iv)	GSR 235 (E) dated 24.04.1991
(v)	GSR 441 (E) dated 28.04.1992
(vi)	GSR 435 (E) dated 06.05.1994
(vii)	GSR 27 (E) dated 12.01.1996
(viii)	GSR 656 (E) dated 21.11.1997
(ix)	GSR 91 (E) dated 12.02.2001
(x)	GSR 886 (E) dated 06.12.2001
(xi)	GSR 443 (E) dated 21.06.2002

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