

The Short Term Loan Scheme for Modernisation of Sugar Factories For Simultaneous Processing of Raw Sugar with Crushing of Sugar Cane

UNION OF INDIA

India

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Rule

THE-SHORT-TERM-LOAN-SCHEME-FOR-MODERNISATION-OF-SUGAR of 2009

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The Short Term Loan Scheme for Modernisation of Sugar Factories For Simultaneous Processing of Raw Sugar with Crushing of Sugar Cane Published vide Notification No. G.S.R. 535(E), dated 20th July, 2009 Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) G.S.R. 535(E). - In pursuance of rule 16-A of the Sugar Development Fund Rules, 1983, the Central Government hereby makes the following Scheme, namely :-

1. Short title and commencement.

(1) This Scheme may be called the Short Term Loan Scheme for Modernisation of Sugar Factories For Simultaneous Processing of Raw Sugar with Crushing of Sugar Cane. (2) It shall come into force from the date of its publication in the Official Gazette.

2.

(1) A sugar factory shall be eligible for loan, if it fulfils the conditions, specified in the following table, namely :-

Sl. No.	Equipment	Average crushing during the years 2006-07, 2007-08 and 2008-09
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		Upto 2500 tonnes per day	From 2501 to 5000 tonnes per day	Above 5000 tonnes per day
		Rupees in lakh		
1	Melt Filtration System	40	60	100
2	Melt clarification system	30	50	70
3	Melter with complete automation	20	30	50
4	Miscellaneous	10	20	30
	Total	100	160	250

Explanation. - For the purposes of this sub-paragraph "miscellaneous" means any other equipment related to processing of raw sugar along with crushing of sugar cane or any ancillary equipment for the above machines.(2)For the purposes of sub-paragraph (1), the sugar factory shall submit a copy of Form RT 8C.

3.

The Sugar Factory shall submit the application form in Form 'A' annexed hereto along with the requisite documents and security for the loan through the National Cooperative Development Corporation in case of sugar factories in the cooperative sector and through the Industrial Finance Corporation of India in case of private sugar factories.

4.

The National Cooperative Development Corporation or Industrial Finance Corporation of India, as the case may be, after scrutiny of the applications, documents and security forward the same with its recommendations to the Department of Food and Public Distribution within seven days of receipt of application by the sugar factory.

5.

On receipt of the application, the Department of Food and Public Distribution shall examine the same and authorize payment of the loan to the sugar factory.

6.

Only such sugar factories as have a positive net worth at the time of making the application, shall be eligible to apply for the loan under this Scheme.

7.

The loan shall be disbursed directly to the sugar factory, after it has executed an agreement on such terms and conditions as the Central Government may decide, including provisions for monitoring of loan by an agency so authorized by the Central Government.

8.

(1)The sugar factory shall give either a bank guarantee or a first charge on its assets on pari passu basis failing which second exclusive charge on its assets, as security for the loan depending upon the fixed assets coverage ratio of the sugar factory existing on the date of last balance sheet.(2)The second exclusive charge shall be permissible only if the fixed assets coverage ratio is 1.5 or more, first charge pari passu shall be acceptable from factories having fixed assets coverage ratio of or above 1.33 and if the fixed assets coverage ratio is below 1.33, the sugar factory concerned shall give bank guarantee.(3)Subject to the fixed assets coverage ratio benchmark, a sugar factory, if it so desires, may be permitted to withdraw the bank guarantee furnished by it at the time of taking loan, against submission of security in the form of a charge on its assets.

9.

This Scheme is valid for disbursements from the Fund upto 31st December, 2009 and all applications for the loan should be submitted on or before 30th November, 2009.

10.

The sugar factory shall adhere to the terms and conditions of the loan and submit utilisation certificate in Form 19-B of the General Financial Rules, 2005 through the Industrial Finance Corporation of India or the National Cooperative Development Corporation, as the case may be, within six months of the disbursement of loan to it.

11.

Any deviation or diversion from the conditions stipulated herein shall entail recall of the loan with penal interest and may result in debarment of such sugar factory from further loans from Sugar Development Fund.

12.

Other conditions associated with Sugar Development Fund loans not specifically mentioned above will apply mutatis mutandis. Annexure Form 'A' (for application for short term loan for purchase and installation of machinery and equipment required for processing of raw sugar along with crushing of sugarcane - Rule 16-A)

- 1. Name, Plant code, short name and address of the applicant.**
- 2. Brief description of plant and equipment for which loan is applied.**
- 3. Actual crushing during sugar seasons 2006-07, 2007-08 and 2008-09 with number of days in each year (Enclose copy one each of RT 8-C for the three years).**
- 4. Net worth of the sugar factory (profit and loss statement for the last year for which balance sheet has been finalised along with accumulated losses, if any).**
- 5. FACR of the sugar factory (latest balance sheet to be enclosed).**
- 6. Security proposed to be given for SDF loan (please enclose copy).**
- 7. Whether any overdues are outstanding on account of SDF/LSPEF.**
- 8. Amount of loan applied for.**

Signature of Occupier/Borrower with seal of the Sugar Factory