

Centre issues guidelines for restructuring under Sugar Development Fund Rules 1983

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In order to facilitate rehabilitation of financially weak but economically viable sugar mills that have availed loans under the Sugar Development Fund Act, 1982, the Department of Food and Public Distribution issued guidelines for restructuring of SDF Loans under Rule 26 of the SDF Rules 1983 on 03.01.2022. The complete Guidelines are available at <https://dfpd.gov.in/sdfguidelines-sdf.htm> and at <https://sdfportal.in>.



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The outstanding amount of default of SDF loans is Rs. 3068.31 crores (as on 30.11.2021) which include Rs. 1249.21 crores as Principal amount, Rs. 1071.30 crores as interest and Rs. 747.80 crores as additional interest due to default.

These guidelines are uniformly applicable for SDF loans availed by all types of concerns, including co-operative societies, private limited companies and public limited companies.

The guidelines have provision for two years moratorium and then five years of repayment which is expected to provide big relief to financially weak sugar mills which have availed SDF loans. Waiver of additional interest in full will be given to the eligible sugar factories. The rate of interest will be changed to the interest rate as per the prevailing bank rate on the date of approval of the rehabilitation package as per SDF Rule 26 (9) (a). These points will facilitate the reduction of the debt burden over these defaulting sugar mills.

A sugar factory that has been incurring cash losses continuously for the last three financial years or sugar factory's net worth is negative, and the sugar factory is not closed/has not ceased to crush cane for more than two sugar seasons, excluding the current sugar season is eligible to apply for re-structuring.