No. 11-2/2022-SDF
Government of India
Ministry of Consumer Affairs, Food & Public Distribution
Department of Food & Public Distribution
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Krishi Bhavan, New Delhi
Dated the 9th May, 2022

Office Memorandum

Subject : Guidelines for processing of applications for restructuring of loans under Rule 26 and Rule 26 A – Regarding

The undersigned is directed to refer to O.M. No.1-1/2022-SDF dated 29th April, 2022 of this Department and to convey that considering the provisions of Rules 26 and 26A of SDF Rules, 1983 and the Operational Guidelines issued vide letter dated 03.01.2022 for the restructuring of SDF loans as well as recommendations of Standing Committee on SDF held on 22.04.2022, the Competent Authority has approved the following guidelines for processing of applications for Restructuring of SDF loans :

a. To secure new SDF loans, only two types of Security are taken based on FACR of the factory and the company, viz. (1) charge on the movable and immovable properties of the sugar factory on pari-passu first charge basis for FACR 1.33 or above; & (2) Bank Guarantee for FACR below 1.33. Regarding the Security for the Restructured loans, the following guidelines will be followed :

i. FACR shall be calculated using the figure of secured loans after proposed restructuring of SDF loans.

ii. The same FACR benchmark (post-restructuring) of 1.33 for deciding the charge for the restructured loan shall be applied.

iii. If the FACR is less than 1.33, a Sugar factory shall furnish Bank Guarantee as a Security. The existing Security on the assets of the company may be vacated.

iv. If the FACR is more than or equal to 1.33, a Sugar factory shall furnish Security in the form of a first pari-passu charge on all movable and immovable assets of the Sugar factory.

v. If the FACR is more than 1.33 and the existing charge of SDF loan is less than the first pari-passu charge, the charge will be upgraded to the first pari-passu charge.

b. The validity of Administrative Approval (AA) will be 6 months.

c. There will be no extension of AA.

d. A sugar factory shall sign a Tripartite Agreement (TPA) within three months from the date of issue of AA. The agreement will be signed between, GoI, the Sugar

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Undertaking and the Nodal Agency (IFCI or NCDC). If there are any reliefs and concessions required from the State Government, the State Government will also become a party to the Agreement.

e. The sugar factory shall comply with all the terms and conditions of AA necessary for the restructuring of SDF loans and instructions issued by the Standing Committee, if any, within the validity of AA.

f. The date of AA will be considered the date from which the restructuring scheme will come into effect. However, the scheme shall become operative only after the completion of formalities necessary for Restructuring and complies with the terms and conditions of AA and other extant instructions issued by the Central Government in this regard. It will be communicated in a separate communication, upon the recommendation from the Nodal Agency.

g. The SDF loan accounts will become regular only after a sugar undertaking complies with all the terms and conditions of restructuring.

h. The sugar undertaking will become eligible for any benefits under any other schemes of the Central Government, which are contingent upon having a regular SDF loan account, only after the fulfilment of all the terms and conditions of Restructuring.

i. No adverse legal action will be initiated against the sugar undertaking during the validity of AA. Further, no coercive measures will be taken to recover SDF dues during the validity of AA.

j. The date of AA will be considered the final date for calculating the eligibility for a waiver of additional interest.

k. The monitoring agency shall review the operation and financial performance, including its cash flow, and the progress of the sugar undertaking regarding the implementation of the rehabilitation scheme and furnish a report every six months.

l. In case of more than two consecutive defaults in repayment of the loan or instalment thereof, the Monitoring Agency shall initiate the steps to realise the entire loan, interest along with additional interest thereon as per SDF Rules (as amended).

(Sangeet)
Director (SDF)
Tele No. 011-2338 3760

To,

1. Finance Secretary, Ministry of Finance, North Block, New Delhi (Member).
2. Secretary, Department of Agriculture & Farmers Welfare, Krishi Bhavan, New Delhi (Member).
3. Additional Secretary & Financial Adviser, Department of Food & Public Distribution, Krishi Bhavan. New Delhi (as nominee of Secretary, Department of Expenditure) - (Member).

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4. Joint Secretary, Ministry of Finance (Department of Financial Services), Jeewan Deep Building, New Delhi (Member).
5. Joint Secretary (Sugar & Admn.), Department of Food & Public Distribution, (Member).
6. Director (S&VO), Directorate of Sugar, Department of Food & Public Distribution (Member).
7. Director, National Sugar Institute, Kanpur (Member)
8. Director General, Indian Council of Agricultural Research, Krishi Bhawan, New Delhi (Member)

Copy to :

1. Deputy Secretary (Finance), DFPD
2. Under Secretary (Finance.II), DFPD
3. CGM, IFCI Ltd.
4. Chief Director (Sugar), NCDC
5. Sr. Accounts Officer, O/o CCA, DFPD
6. Guard File SDF/SDF Accounts