

## **BRIEF OF SDF**

The Sugar Development Fund provides financial assistance to the sugar factories at concessional interest rates to the sugar factories, in accordance with Sugar Development Fund Act, 1982 and Sugar Development Fund Rules, 1983, for their developmental activities such as modernization and expansion of their capacity, Development of cane as well as utilization of their by-products like bagasse for cogeneration of power and molasses for production of ethanol, improving their revenue generation and viability.

### **SDF LOAN SCHEMES**

#### **1. LOAN FOR MODERNISATION & REHABILITATION**

Any sugar undertaking, which has been crushed sugarcane for at least three years and has been approved by a financial institution for assistance under the relevant scheme for modernization and rehabilitation for purpose of rehabilitation/modernization of its plant and machinery, shall normally be eligible for a loan for modernisation.

##### **1.2 Pattern of assistance**

Loan is advanced from the SDF for modernization/rehabilitation as per the following pattern:

- |       |                                       |   |   |
|-------|---------------------------------------|---|---|
| (i)   | Promoters' contribution               | - | at least 10% of the total project cost. |
| (ii)  | SDF Loan                              | - | upto 40% of the eligible project cost.  |
| (iii) | Loan from Financial Institution/Bank- |   | balance cost of the project cost.       |

##### **1.3 Procedure for Disbursement**

Loan sanctioned for modernization/rehabilitation is disbursed either in lump sum or in two equal instalments. Second instalment of loan is disbursed only on submission of utilisation/progress report duly certified by Chartered Accountants and forwarded by the concerned Financial Institution viz., IFCI or NCDC.

##### **1.4 Repayment of SDF loan**

Loan is repayable in a maximum period of 05 years after a period of five years from the date of disbursement.

#### **2. LOAN FOR CANE DEVELOPMENT:**

Loan is advanced from SDF to the sugar undertakings for the development of sugarcane for the following schemes: -

- a) Setting up of Heat Treatment Plants.
- b) Rearing of Seed Nurseries (Foundation through conventional sugarcane setts and tissue culture plantlets in the first year with multiplication factor of 8/10,40 in the second year; and certified seeds).
- c) Drip Irrigation Schemes.

The Financial assistance is available for one or more of the above schemes as recommended by the State Govt. The main purpose is to make adequate cane available to the sugar.

##### **2.2 Pattern of Assistance**

Loan is advanced from SDF for undertaking various cane development schemes as per the following pattern: -

- (i) SDF Loan: Upto 90% of the total cost of the Scheme (maximum cost of the project should be Rs.6.00 crore)
- (ii) Contribution of Sugar Undertaking: Minimum 10% of the total cost of the Scheme.

### 2.3 Procedure for Disbursement

Loan for cane development schemes is disbursed normally in two annual instalments. Second instalment of loan is disbursed on receipt of utilization certificate/progress report from the concerned State Government who act as the monitoring agent for these schemes.

### 2.4 Repayment of SDF loan

Repayment of loan is to be made within 7 years, including a period of moratorium of three years.

## 3 LOAN FOR BAGASSE BASED COGENERATION POWER PROJECTS;

Any sugar factory having an installed capacity of 2500 TCD or higher to which financial assistance has been approved by a Financial Institution or a Scheduled Bank shall be eligible to apply for a loan for bagasse based cogeneration power projects.

### 3.2 Pattern of Assistance

Loan is advanced from the SDF to implement a project for bagasse-based cogeneration of power as per the following pattern: -

- (i) Promoters' contribution -at least 10% of the total project cost.
- (ii) SDF Loan --upto 40% of the eligible project cost (for Brownfield project).  
and upto 20% of the eligible project cost (for Greenfield project).
- (iii) Loan from Financial Institution/Bank- balance cost of the project cost.

### 3.3 Procedure for Disbursement

Loan sanctioned for bagasse based cogeneration power is disbursed either in lump sum or in two equal instalments. Second instalment of loan is disbursed only on submission of utilisation/progress report duly certified by Chartered Accountants and forwarded by the concerned Financial Institution viz., IFCI or NCDC.

### 3.4 Repayment of SDF loan

Repayment of loan is to be made in a maximum period of 5 years after a period of three years from the date of disbursement.

## 4. LOAN FOR PRODUCTION OF ANHYDROUS ALCOHOL OR ETHANOL FROM MOLASSES

Any sugar factory having an installed capacity of 2500 TCD or higher to which financial assistance has been approved by a Financial Institution or a Scheduled Bank shall be eligible to apply for a loan for production of ethanol from molasses.



#### 4.2 Pattern of Assistance

Loan is advanced from the SDF to implement a project for production of ethanol from molasses as per the following pattern: -

- (i) Promoters' contribution -at least 10% of the total project cost.
- (ii) SDF Loan -upto 40% of the eligible project cost (for Brownfield project).  
and upto 20% of the eligible project cost (for Greenfield project).
- (iii) Loan from Financial Institution/Bank- balance cost of the project cost.

#### 4.3 Procedure for Disbursement

Loan sanctioned for ethanol projects is disbursed either in lump sum or in two equal instalments. Second instalment of loan is disbursed only on submission of utilisation/progress report duly certified by Chartered Accountants and forwarded by the concerned Financial Institution viz., IFCI or NCDC.

#### 4.4 Interest & Repayment

Loan is repayable in a maximum period of 4 years after a period of one year from the date of disbursement.

### **5. LOANS FOR CONVERSION OF EXISTING ETHANOL PLANT INTO ZERO LIQUID DISCHARGE PLANT.**

Any sugar factory having an installed capacity of 2500 TCD or higher to which financial assistance has been approved by a Financial Institution or a Scheduled Bank shall be eligible to apply for a loan for conversion of existing ethanol plant into Zero Liquid Discharge Plant by installing the required plant and machinery.

#### 5.2 Pattern of Assistance

Loan is advanced from the SDF to implement a project for production of ethanol from molasses as per the following pattern: -

- (i) Promoters' contribution - at least 10% of the total project cost.
- (ii) SDF Loan - upto 40% of the eligible project cost.
- (iii) Loan from Financial Institution/Bank- balance cost of the project cost.

#### 5.3 Procedure for Disbursement

Loan sanctioned for ethanol projects is disbursed either in lump sum or in two equal instalments. Second instalment of loan is disbursed only on submission of utilisation/progress report duly certified by Chartered Accountants and forwarded by the concerned Financial Institution viz., IFCI or NCDC.

#### 5.4 Repayment of SDF loan

Loan is repayable in a maximum period of 4 years after a period of one year from the date of disbursement.