

E-MAIL/SPEED POST/BY HAND

No.1-4/2021-SDF
Government of India
Ministry of Consumer Affairs, Food & Public Distribution
Department of Food & Public Distribution
www.dfpd.nic.in

Krishi Bhawan, New Delhi
Dated the 12th July, 2021.

OFFICE MEMORANDUM

Subject: 143rd meeting of Standing Committee on SDF chaired by Secretary (F&PD) on Wednesday, the 7th July, 2021 at 11:00 AM – Regarding

In continuation to this Ministry's OM of even number dated 01.07.2021 and 02.07.2021 on the subject mentioned above, a copy of minutes of 143rd meeting of Standing Committee held on 07.07.2021 under the Chairmanship of Secretary (F&PD) is enclosed herewith for kind information and necessary action.



(Sangeet)

Director (SDF)

Member Secretary

Tel.No. 011-23384653

संगीत/SANGEEET

निदेशक/Director

भारत सरकार/Govt. of India

खाद्य एवं सार्वजनिक वितरण विभाग/Deptt. of Food & P.D.
कृषि भवन, नई दिल्ली/Krishi Bhawan, New Delhi

Distribution:

1. Finance Secretary, Ministry of Finance, North Block, New Delhi-(Member)
2. Secretary, Department of Agriculture & Farmers Welfare, Krishi Bhawan, New Delhi-(Member)
3. Additional Secretary & Financial Adviser, Department of Food & Public Distribution, Krishi Bhawan, New Delhi (as nominee of Secretary, Department of Expenditure)-(Member)
4. Joint Secretary, Ministry of Finance (Department of Financial Services), Jiwan Deep Building, New Delhi - (Member)
5. Joint Secretary (Sugar & Admn.), Department of Food & Public Distribution - (Member)
6. Director General, Indian Council of Agricultural Research, Krishi Bhawan, New Delhi - (Member)
7. Director (S&VO), Directorate of Sugar, Department of Food & Public Distribution-(Member)
8. Director, National Sugar Institute, Kanpur-(Member).

Special Invitee:

- (i) Representative from IFCI : Expert on banking
- (ii) Representative from NCDC : Expert on banking



(Sangeet)

सं. निदेशक (SDF)

निदेशक/Director

भारत सरकार/Govt. of India

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Copy for information to:

- I. PS to Hon'ble Minister of Consumer Affairs, Food & Public Distribution.
- II. PS to Hon'ble Minister of State of Consumer Affairs, Food & Public Distribution.
- III. PS to Secretary, Department of Food & Public Distribution.
- IV. Chief Controller of Accounts, Department of Food & Public Distribution.

Minutes of the 143rd Meeting of the Standing Committee of Sugar Development Fund held on 07th July, 2021 in the Department of Food and Public Distribution, Krishi Bhawan, New Delhi.

The 143rd Meeting of the Standing Committee of the Sugar Development Fund (SDF) was held on 07th July, 2021 at 11:00 AM under the Chairmanship of Secretary (F&PD). A list of participants is at **Annexure-I**.

Discussions held and recommendations made against each agenda item are as under:-

Agenda No. 143.1: Action Taken Report on 142nd Meeting of the Standing Committee

The Action Taken Report on the decisions taken in the 142nd Meeting of the Standing Committee held on 17th March, 2021 was considered case by case. Updated position was brought to the notice of the Committee.

Agenda No.143.2: Proposal in respect of M/s Swami Samarth Sugar and Agro Industries Ltd., Gat No.18, Malewadi-Dumala, Tq. Newasa, Ahmednagar, Maharashtra for setting up of 12 MW Greenfield bagasse based co-generation power project.

Agenda No. 143.3: Proposal in respect of M/s Shri Kranti Sugar and Power ltd., Devi Bhoysare, tal: Parner, Distt. Ahmednagar, Maharashtra for setting up of 12.5 MW bagasse based co-generation power project.

Agenda No.143.4: Proposal of M/s Shree Kranti Sugar and Power Limited, Devi Bhoysare, tal: Parner, Distt. Ahmednagar, Maharashtra for modernization cum expansion of sugar plant from 1250 TCD to 3750 TCD.

Agenda No.143.5: Proposal of M/s Sangamnath Sugars Ltd., Village - Yeragal (BK), Taluka - Sindagi, Distt. - Vijayapura, Karnataka for setting up of 20 MW Greenfield bagasse based co-generation power project.

In view of the O.M. No. 38(03)/PFC-I/2021 dated 06.07.2021 of Department of Expenditure (DoE) regarding rationalization of schemes under SDF, the new loan applications (Agenda No.143.2 to 143.5) were put on hold by the Committee till final clarification/resolution by DoE.

Agenda No.143.6: Revival & Extension of Administrative Approval (AA) of SDF loan granted to M/s Utech Sugar Limited, Gat No.15, Mouje Kava the Malkapur, Taluka Sangamner, Distt-Ahmednagar, Maharashtra.

The Standing Committee considered the proposal for Revival & Extension of Administrative Approval (AA) of SDF loan granted to M/s Utech Sugar Limited.

Brief facts of the case

2. An SDF loan of ₹ 595.01 lakh was sanctioned to above SF on 26.09.2014. On 26.07.2017, AA was extended upto 31.12.2017 as per recommendations of 134th Standing Committee. On 12.02.2019, AA was further extended upto 30.06.2019 as per recommendations of 137th Standing Committee subject to furnishing Bank Guarantee (BG). Since Sugar Factory (SF) did not furnish BG, therefore, the case was not processed further. The AA got expired on 30.06.2019 and the case was closed on 03.07.2019. The case was placed before 138th Standing Committee for its information. In the meantime, a representation dated 08.07.2019 was received from the SF which was also placed before the 138th Standing Committee. The Committee recommend that representation of SF dated



08.07.2019 may be examined by the Sub-Committee in consultation with IFCI and after this matter may be brought for consideration by Standing Committee.

3. The representation was examined and IFCI vide their letter dated 03.10.2019 had recommended not to accept mortgage of property under litigation and further recommended that SF may be asked to provide BG as security of SDF loan.

4. The case was placed before the Sub-Committee, held on 04.10.2019 and Committee recommended that revival and extension of AA may be granted only after SF agrees to furnish BG as security for SDF loan and accordingly recommended for submission to the Standing Committee.

5. SF vide its letter dated 05.11.2019 had submitted that 1st pari-passu charge will be created in favour of Govt. of India on all movable and immovable property of the sugar and cogeneration plant of SF, NOC for the same already availed from bankers and FACR are in within approved limit of the norms. Further, SF had stated that all the piece of parcel of land is free from any encumbrance and already mortgage to the banks and financial institute and charge also created on the said property in the name of bank, litigation are already cleared. SF had requested to accept additional security in the form of PDC and Joint and several guarantee of key promoter and to extend the validity of AA and to modify the condition of BG submission.

6. The above facts of the case were placed before the 139th Standing Committee for consideration and Committee recommended that the representations of SF may be examined in consultation with IFCI and placed before the Sub Committee.

7. The case was further examined in the meetings of Sub Committee held on 24.06.2020, 03.11.2020 and 15.06.2021.

8. IFCI vide its letter dated 26.11.2020 had stated as under:

(i) Legal Department of IFCI has again examined the matter and found that the Civil Suit filed in 2013 was disposed of favourably in 2017. Subsequently, an appeal was filed challenging the dismissal which is still pending and is yet to be admitted. The appeal is pending at a pre-admission stage before the Aurangabad Bench of the High court of Bombay.

(ii) The Central Bank and The Maharashtra State Cooperative Bank had created their charge on the property on 05.01.2017 and 14.09.2016 respectively i.e during the pendency of the Civil Suit. It implies that the said banks have taken a calculated risk considering that the property charged to them was under litigation.

(iii) IFCI again reiterated that there is no bar in creation of mortgage over the property, however, enforceability may be difficult in the event the appeal is entertained and found to be meritorious. Further, in IFCI, there is no practice to accept mortgage under litigation.

(iv) SDF may consider to impress upon the company to furnish BG as security so as to avoid any future complication or may except the security in line with banks.

9. During the meeting of Sub Committee held on 15.06.2021, representative of IFCI Ltd reiterated the same and submitted that BG may be obtained as security of SDF loan. The committee agreed with the same. Also, the Sub Committee noted that since the project has been commissioned long back, the need for SDF loan may not arise at present.

10. The Sub Committee also noted that the 137th Standing Committee recommended extending the validity of Administrative Approval from 31.12.2017 upto 30.06.2019 subject to furnishing of



BG as security of SDF loan by SF. Therefore, the Sub Committee directed that the SF may be asked to convey their willingness for furnishing the Bank Guarantee and accordingly the matter may be placed before the Standing Committee for its consideration. In case, the sugar factory is not willing to submit BG as security of SDF loan, the case may be recommended for closure.

11. Accordingly, SF vide letter dated 18.06.2021 was requested to inform their willingness or otherwise for furnishing BG as security of SDF loan. Further, SF vide letter dated 29.06.2021 was again requested to furnish the same till 02nd July, 2021 otherwise, it would be presumed that SF is not willing to submit BG to obtain the SDF Loan.

12. As response of SF has not been received despite issuing reminders, it may be presumed that SF is not willing to furnish BG as security of SDF loan. Further, it may be observed that since the project has been commissioned long back, the need for SDF loan may not arise at present.

13. After due deliberations, the Standing Committee decided not to give further extension and accordingly directed to close the case.

Agenda No.143.7: Proposal of Ratification of extension given in the validity of AA in respect of M/s Shree Narmada Khand Udyog Sahakari Mandli Ltd., Dharikheda, P.O. Timbi, Ta. Rajpipla (Nandod), Dist. – Narmada, Gujarat for setting up 45 KLPD anhydrous alcohol or ethanol plant from molasses.

After due deliberations, the Standing Committee ratified the decision to extend the validity of AA for a period of six months i.e. up to 20.11.2021.

Agenda No.143.8: Review of Recoveries of SDF loans

The Committee appreciated the progress made on recovery of SDF dues in respect of defaulting sugar factories each being monitored by IFCI & NCDC.

2. The Committee directed SDF to further review the default status in detail in the recovery meeting with the nodal agencies and take necessary steps to further improve the recovery position.

Other observations made by the Committee:

The Committee noted that many sugar factories are not able to avail loans from Banks/FI's for setting up Ethanol plants due to non eligibility under the SDF guidelines for ceding of charge due to SDF default. The Committee observed that once the sugar factory sets up Ethanol plant, the revenues are expected to improve and there are better chances of SDF recovery also. Thus, the Committee directed to explore the possibility of giving conditional NOC's to the sugar factories having SDF default for ceding of charge for setting up of Ethanol projects. The modalities for the revised guidelines for ceding of charge for setting up Ethanol projects may be worked out in consultation with IFD.

The meeting ended with vote of thanks to the Chair.



**ATTENDANCE SHEET OF PARTICIPANTS OF 143rd MEETING OF
STANDING COMMITTEE OF SDF HELD ON 07.07.2021 AT 11.00 A.M.**

No.	Name, Designation & Organisation	Signature
1.	Secretary, DFPD & Chairperson	Present
2.	Additional Secretary & Financial Advisor (Member)	-
3.	Representative of Finance Secretary, Ministry of Finance (Member)	-
4.	Representative of Secretary, Ministry of Agriculture Co-operative & Farmer Welfare (Member) (Dr. A.P. Singh, Addl. Commissioner)	Through VC
5.	Joint Secretary (Sugar & Admin) (Member)	Present
6.	Joint Secretary, Ministry of Finance, Deptt. of Financial Services, (Member) (Attended by Sh. A.K. Das, Deputy Secretary)	Through VC
7.	Director (S&VO), Directorate of Sugar, DFPD (Member)	Present
8.	Director, NSI, Kanpur (Member)	Through VC
9.	Representative of Director General, Indian Council of Agricultural Research, Krishi Bhawan (Member) (Attended by Dr. R.K. Singh, ADG)	Through VC
10.	Chief Controller of Accounts, DFPD (Attended by Sh. V.K. Arora, Sr. AO)	Through VC
11.	Director (SDF) & Member Secretary	Present
12.	Deputy Secretary (Finance)	Present
13.	Under Secretary (SDF)	Present
14.	Assistant Director (Cost)	Present
15.	Section Officer, SDF	Present
	SPECIAL INVITEES	
16.	IFCI (Attended by Ms. Rita Kaul, GM and Sh. J. Garwal, DGM)	Through VC
17.	NCDC (Attended by Sh. G. Agnihotri, Director and Sh. Faizal)	Through VC