

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:5068
ANSWERED ON:26.04.2002
NIZAM SUGAR MILL
SULTAN SALAHUDDIN OWASI

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the Nizam Sugar Limited in Andhra Pradesh availed a loan of 17.88 and 5.88 crores of rupees for Sugar cane development from the Sugar Development Fund;
- (b) if so, whether the State Government has taken a decision to privatise two units of Nizam Sugar Limited and has asked Union Government to waive the outstanding loan;
- (c) if so, the details thereof and the reaction of the Union Government thereto;
- (d) whether the State Government have also requested to increase the period of repayment; and
- (e) if so, the details thereof and the steps taken by the Union Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SREENIVASA PRASAD)

(a),(b),(c),(d)&(e): Loans aggregating Rs.17.89 crores from the Sugar Development Fund were disbursed to three units of Nizam Sugars Limited for modernisation/expansion. In addition, loans aggregating Rs.8.49 crores from the SDF were disbursed to seven units of Nizam Sugars Limited for sugarcane development.

The Government of Andhra Pradesh informed that it had taken a decision to privatise all units of Nizam Sugars Limited and requested for waiver of principal and interest accrued on Sugar Development Fund (SDF) loans borrowed by Nizam Sugars Limited. The State Government was informed that such waiver cannot be agreed to as the Sugar Development Fund Rules, 1983 do not permit waiver of repayment of loans.

The State Government subsequently made a request for increasing the period of moratorium on repayment of SDF loans from 8 years to 11 years to provide some relief to the company until its units are transferred to a private promoter. The Sugar Development Fund Rules, 1983 do not provide for enhancement of period of moratorium.

However, the Sugar Development Fund Rules, 1983 provide that in case of default in repayment of the amount of loan or payment of any instalment thereof or interest thereon, an additional interest at the rate of two and a half percent per annum on the amount of default shall be payable. All repayment of loan is required to be made in accordance with the provision prescribed in the SDF Rules, 1983.