3. **Gazette of India**:

1. The security, interest and additional interest on Sugar Development Fund loans

2. **CHAPTER XIV**

Security, interest and additional interest on Sugar Development Fund loans

25. (1) The security, interest and additional interest for the loans given under Sugar Development Fund Rules 16, 17, 21, 22, and 23 from the Fund shall be governed as follows:

(2) The loans shall carry a concessional rate of simple interest of 2% below the Bank Rate.

(3) In case of any default in repayment of the amount of loan or payment of any instalment thereof or interest thereon (in accordance with the Rules), an additional interest at the rate of two and half per cent per annum on the amount of default shall be payable by the sugar factory.

(4) The sugar factory shall, after the execution of the agreement required to be entered into and before the disbursement of the loan under Rules, furnish security for the loan to the satisfaction of the Central Government.

(5) The security shall cover the amount of loan and interest thereon for the full period of repayment as provided in the Rules and further additional interest on the amount of default as provided in sub-rule (3) above, and shall be furnished in any of the following manners namely:

(6) Bank Guarantee from a Scheduled Bank; or
(n) A mortgage on all immovable and movable properties of the sugar factory on pari passu first charge basis failing which on the basis of an exclusive second charge:

Provided that in case of sugarcane development loan under Rules 17 and 21, a cooperative sugar factory can furnish the security in the form of State Government Guarantee.

(f) In case of two consecutive defaults in repayment of the loan or instalment thereof, the Central Government shall realise the entire amount of loan along with the interest and the additional interest therein from any of the security provided for the loan under sub-rule (5) above or any claim of the sugar factory against the Central Government.

3. The following sub-rules shall be deleted:

(i) In Rule 16, sub-rule (9), clause (ii-A) and clause (iii);
(ii) In Rule 17, sub-rule (3), clause (g), the words from “The amount of loan” to “two per cent below the bank rate and”; and sub-rule 3(g);
(iii) In Rule 17 A, sub-rules (8) (11) and (12);
(iv) In Rule 21, in sub-rule (11) clause (iii) and in sub-rule (13) clause (iii);
(v) In Rule 22, sub-rules (13), (16) and (18) and proviso under sub-rule 18;
(vi) In Rule 23, sub-rules (15), (16) and (18) and proviso under sub-rule 18.

[F. No. 1-10/2006-SDF]
SUNIL PORWAL, Jt. Secy.

Footnote: The Principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated 28.9.1983 vide No. G.S.R. 752(E) and were previously amended by the following notifications:

(i) GSR 817(E) dated 20-12-1984;
(ii) GSR 838(E) dated 14-11-1985;
(iii) GSR 551(E) dated 6-5-1986;
(iv) GSR 235(E) dated 24-4-1991;
(v) GSR 441(E) dated 28-4-1992;
(vi) GSR 435(E) dated 6-5-1994;
(vii) GSR 27(E) dated 12-1-1996;
(viii) GSR 656(E) dated 21-11-1997;
(ix) GSR 911(E) dated 12-2-2001;
(x) GSR 886(E) dated 6-12-2001;
(xi) GSR 443(E) dated 21-6-2002;
(xii) GSR 584(E) dated 19-8-2002;
(xiii) GSR 67(E) dated 29-1-2003;
(xiv) GSR 241(E) dated 25-3-2003;
(xv) GSR 787(E) dated 6-10-2003;
(xvi) GSR 895(E) dated 19-11-2003;
(xvii) GSR 953(E) dated 17-12-2003;
(xviii) GSR 72(E) dated 23-1-2004;
(xix) GSR 687(E) dated 21-10-2004;
(xx) GSR 739(E) dated 9-11-2004;
(xxi) GSR 149(E) dated 2-3-2005;
(xxii) GSR 451(E) dated 4-7-2005;
(xxiii) GSR 558(E) dated 15-9-2006.