

Confidential

No.BIF-1089(1111)/IND-10,
Industries, Energy and Labour Department,
Mantralaya, Mumbai-400 032.
Dated 17th October, 1990.

To,

The Chairman and Managing Director,
Industrial Development Bank of India,
IDBI Tower, Cuffe Parade,
Mumbai-400 605.

The Chairman and Managing Director,
Industrial Finance Corporation of India,
Bank of Baroda, Building, 16, Saasād Marg,
New Delhi-110 001.

The Chairman and Managing Director,
Industrial Credit and Investment
Corporation of India,
163, Backbay Reclamation,
Mumbai-400 020.

The Chairman,
Industrial Reconstruction Bank of India,
19, Netaji Subhash Road,
Calcutta-700 001.

The Chairman and Managing Director,
Bank of Baroda,
Baroda House, P.B.No.1842,
42, Cawasjee Patel Street, Fort,
Mumbai-400 023.

The Chairman and Managing Director,
Central Bank of India,
Central Office, Chander Mukhi,
Nariman Point,
Mumbai-400 021.

The Chief General Manager,
State Bank of India,
State Bank of India Building,
Madam Cama Road,
Mumbai.

Sub :- Standard Package of Reliefs/Concessions evolved by
State Government for revival of Sick Industrial Units
referred to BIFR - Revision of.....

Sir,

The Government of Maharashtra had formulated a standard package of reliefs/concessions which would be considered by the Operating Agencies/BIFR in the cases of Sick Industrial Companies which had made reference to the BIFR under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. The details of these non/fiscal concessions/reliefs were outlined in this Department letter No.BIF/1089(1111)/IND-10, dated 7th February, 1990. The State Government has, keeping in view its experience with the existing package, decided to revise its existing standard package in supersession of its letter dated 7th February, 1990 as detailed below.

2. The revised standard package would consist of non-fiscal and fiscal concessions, with some variations in the latter, for industry in general, composite cotton textile mills and workers industrial cooperatives.

3. The following non-fiscal concessions could be considered in all cases before the BIFR :

- i) Preferential treatment/exemption in the case of powercut/restrictions.
- ii) Declaration as "relief undertaking" within the legal framework of the Bombay Relief Undertakings (Special Provisions) Act ; 1952, wherever section 22 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA, 1985) is not applicable. Notification would be issued after following the procedure under the Bombay Relief Undertaking Act, (BRU) for such declaration.
- iii) Assistance in negotiation with labour through the official machinery.
- iv) Non-insistence on guarantees of banks/institution for payment of dues by sick units to Government or Government owned Corporations.

4. The following fiscal concessions would be considered in cases other than composite Cotton Textile Mills.

- i) Arrears of principal amounts of Government dues (Sales tax, purchase tax, additional tax, turnover tax, land revenue, electricity duty, irrigation charges etc.) and as energy dues of Maharashtra State Electricity Board (MSEB) as on the cut-off date may be rescheduled over a period of 2 years at a time and upto a maximum of 5 years (in special cases, on detailed justification being advanced by the Operating Agency). The rescheduled arrears would be recoverable in monthly installments carrying simple interest at 13% per annum.
- ii) The arrears on account of interest on principal amounts of Government dues mentioned at (i) above will be funded, as on the cut-off date, and rescheduled for monthly recovery over the period mentioned at (i) above. In arriving at the amount of funded interest, the rate of interest (on outstanding principal amounts) would be reduced to 10% simple per annum for the period between the date of reference to BIFR under Section 15 of SIC (SP) Act and the cut-off date. No interest will however, be charged on the recovery of such funded interest.
- iii) Arrears of minimum demand charges of MSEB during the period(s) of closure of the company between the date of reference to the BIFR under Section 15 of SICA, 1985 and the cut-off date will be completely waived.
- iv) Delayed payment charges of MSEB between the date of reference to BIFR and cut-off date will be waived completely.
- v) The amount of arrears of interest on MSEB's energy dues as on the cut-off date would be reworked by reducing the normal rate of interest to 13% simple per annum for the period between the date of reference to BIFR and the cut-off date and rescheduled for recovery over the period mentioned at (i) above. The funded interest will not carry any interest for repayment during the period of mentioned at (i) above.

5. The following fiscal reliefs/concessions could be considered as part of a special package for composite cotton textile mills whose revival is being considered by the BIFR.

- i) Arrears of principal amounts of Government dues (Sales tax, purchase tax, land revenue, electricity duty, irrigation charges etc.) may be rescheduled over a period of five years which, in special cases (on detailed justification being advanced by the Operating Agency), may be further extended so as to be co-terminous with the total duration of

the rehabilitation package. The rescheduled arrears would be recoverable in monthly installments carrying simple interest at 10% per annum.

- ii) The arrears on account of interest on (principal amounts of) Government dues monthly recovery over the period mentioned at (i) above. In arriving at the amount of funded interest, the rate of interest would be reduced to 10% simple per annum for the period between the date of reference to BIFR under Section 15 of SIC Act and the cut-off date. No interest will be charged on the recovery of such funded interest.
- iii) Arrears of minimum demand charges of MSEB during the period(s) of closure of the Company between the date of reference to the BIFR under Section 25 of SICA, 1985 and the cut-off date will be completely waived.
- iv) Delayed payment charges of MSEB between the date of reference to BIFR and cut-off date will be waived completely.
- v) The amount of arrears of interest on MSEB's energy dues as on the cut off date would be recovered by reducing the normal rate of interest to 10% per annum for the period between the date of reference to BIFR and the cut-off date and rescheduled for recovery over the period mentioned at (i) above. The funded interest will not carry any interest for repayment over the period mentioned at (i) above.

6. In addition, in cases where Workers' Industrial Cooperatives are involved, the State Government would consider the following reliefs :

- i) In the case of Workers' Industrial Cooperatives (WICs), where the proposal have been examined by Operating Agency/BIFR and found viable, the State Government would, based on the assessment of the Operating Agency and depending on relevant factors like the estimated gap in equity to be raised by the WIC, etc. consider equity contribution, on a matching basis with the IDBI, of an amount not exceeding 50% of the equity share capital of the WIC or a sum of Rs.150 lacs, whichever is lower. The other terms and conditions of the grant of equity share capital in such cases would be the same as in IDBI's Equity Fund Scheme for WICs.
- ii) In addition, Workers' Industrial Cooperatives would be eligible for the non-fiscal and fiscal concessions as indicated in paragraph 3 and 4 or 5 above, as the case may be.

7. The reliefs/concessions would also be subjected to the terms and conditions as indicated in Annexure 'A' to this letter. The reliefs to Workers' Industrial Cooperatives would be granted subject to the additional conditions in Part II of Annexure 'A'.

8. The reliefs/concessions as indicated above would be available only in cases where the Operating Agency/BIFR have prepared the techno economy viability report and are satisfied about the long term viability of the unit and have identified and quantified the reliefs/concessions expected of all the parties.

9. In a number of cases before the BIFR the sale of land/assets has been proposed for raising interest-free resources. The Operating Agencies may

kindly note that the State Government has not yet finalized a policy in regard to the sale of land/built-up property for the revival of sick units. It would, therefore, not be possible to consider such proposals, in individual cases, till a general policy is approved. Operating Agencies may not, therefore, include this reliefs in their Reports.

10. The State Government would like to reiterate that the reliefs/concessions as expected of it should be clearly and explicitly indicated in the Draft Reprt and in the cash flow statements, etc. In addition, a sensitivity analysis, bringing out the impact of different levels of State Government concessions in the cash flow and on indication like Debt Service Coverage Ratio (DSCR) should invariably be incorporated in this Report.

Yours faithfully,

sd/-

(A.H. Abhyankar)

Joint Secretary to Government.

Encl: -As above.

Copy to:-

- 1) Principal Secretary, Finance Department.
- 2) Principal Secretary, (Revenue), Revenue and Forests Department.
- 3) Principal Secretary (Cooperation), Cooperation and Textiles Department.
- 4) Secretary (Textile), Cooperation and textiles Department.
- 5) Secretary, Irrigation Department.
- 6) Secretary (Energy), Industries, Energy and Labour Department.
- 7) Secretary (Labour), Industries, Energy and Labour Department.
- 8) Development Commissioner (Inds.), Directorate of Industries, Mumbai.
- 9) Special Commissioner, Government of Maharashtra, Maharashtra Sadan, Copernicus Marg, New Delhi-110 001.
- 10) Managing Director, Maharashtra State Financial Corporation, Mumbai.
- 11) Managing Director, SICOM Ltd., Mumbai.
- 12) Select files (IND,10).

(4)

ANNEXURE - 'A'

Standard terms and conditions for grant of
reliefs/concession by
State Government in cases of sick units before the Board for
Industrial and Financial Reconstruction (BIFR)

The reliefs/concessions granted by the Government of Maharashtra would be subject to the following terms and conditions :-

- I) (e) (i) (a) The BIFR considers the unit as Viable and all other agencies concerned agree to provide concessions expected of them under the scheme.
 - (ii) The specific sacrifices expected of the State Government should be spelt out clearly by the Operating Agency in its report and quantified as well as justified in clear terms.
 - (b) The Operating Agency and Company should submit half-yearly review reports on the progress of the Company under the approved revival programme.
 - (c) The Company should pay the current dues of sales-tax, electricity bills and other taxes regularly.
 - (d) The Government will take a review annually and decide regarding extension of the concession particularly keeping in view the availability of Government of India's excise concessions. If the Company achieves financial results better than that projected in the approved package, the repayment schedule will be modified, considering the financial position of the Company.
 - (e) When the sick industrial company turns the corner and the revival programme is successfully completed, the financial sacrifices undertaken by the State Government would be recouped from the Company out of its future profits/cash accruals.
 - (f) If the working of the Company is found to be unsatisfactory during the rehabilitation period, the Government dues will be recovered in one lumpsum as per the rules.
 - (g) The Company should not declare any dividend till the repayment of outstanding dues of the State Government.
 - (h) The exact amount of dues of sales-tax, electricity, etc. would be as determined on the date(s) specified, by the appropriate State Government agency/authority, e.g. Commissioner of Sales Tax, Maharashtra State Electricity Board, etc.
 - (i) The Company and workers' Union would agree to the retionization of labour as may be determined on technoeconomic grounds by the Operating Agency/BIFR.
- II) The following additional terms/conditions will be imposed in cases where concessions/reliefs are granted to Worker's Industrial Co-operatives.
- (a) 70% to 80% of the workmen who were on the Muster Roll at the time of closure of the unit should agree to participate in the scheme and become a Member of the Co-operative Society to be formed.

- (b) The Co-operative society so formed should not be liable to pay any wages whatsoever for the period prior to restarting of the unit.
- (c) During the period of operation of the approved revival package, the workmen shall agree to receive wages and D.A. at 75% in the first year, 85% in second year and 100% in the third year of the wages and D.A. drawn at the time of closure.
- (d) Workers shall not agitate for even minimum bonus for the first year in case the Management seeks exemptions under Section 36 of the Payment of Bonus Act.
- (e) The workers shall agree to the rationalization of the workers/staff as envisaged in the rehabilitation scheme of the unit, as approved by BIFR.
- (f) The extent of surplus workmen/staff shall be as indicated in the rehabilitation scheme approved by BIFR and the terminal benefits for the surplus workers/staff shall be determined in accordance with relevant legal provision and as agreed to in the approved rehabilitation package.
- (g) When the sick industrial company turns the corner and the revival programme is successfully completed, the financial sacrifices undertaken by the State Government would be recouped from the Company out of its future profits/cash accruals.
- (h) The Worker's Industrial Co-operatives will have to adhere to all terms/conditions that will be incorporated in the Government of Maharashtra's scheme for grant of equity share capital on the lines of the IDBI's Equity Fund Scheme for SICs.

Confidential

No.BIF-1089(111)/IND.10,
Industries, Energy and Labour Department,
Mantralaya, Mumbai-400 032.
Dated 19-09-1992.

To,

The Chairman and Managing Director,
Industrial Development Bank of India,
IDBI Tower, Cuffe Parade,
Mumbai-400 005.

The Chairman and Managing Director,
Industrial Finance Corporation of India,
Bank of Baroda, Building, 16, Sansad Marg,
New Delhi-110 001.

The Chairman and Managing Director,
Industrial Credit and Investment
Corporation of India,
163, Backbay Reclamation,
Mumbai-400 026.

The Chairman,
Industrial Reconstruction Bank of India,
19, Nataji Subhash Road,
Calcutta-700 001.

The Chairman and Managing Director,
Bank of Baroda,
Baroda House, P.B.No.1842,
42, Cawasjee Patel Street, Fort,
Mumbai-400 023.

The Chairman and Managing Director,
Central Bank of India,
Central Office, Chander Mukhi,
Nariman Point,
Mumbai-400 021.

The Chairman & Managing Director,
Bank of India,
70-80, M. G. Road,
Mumbai - 400 025.

The Chief General Manager,
State Bank of India,
State Bank of India Building,
Madam Cama Road,
Mumbai.

Sub :- Standard Package of Reliefs/Concessions evolved by
State Government for revival of Sick Industrial Units
referred to DIFR - Revision of.....

Sir,

This has reference to this department's letter of even Number dated 17.10.1990 on
the above subject.

2. Maharashtra State Electricity Board (MSEB) are not taken into consideration for recoupment from the Sick Industrial Company in the revival programme. Your attention is specifically invited to Para 1(a) (ii) (e) of the standard terms and conditions attached as Annexure 'A' to the letter dated 17.10.90. It may please ensured that while formulating the revival package, recoupment of sacrifices from MSEB should be taken into consideration henceforth.

Yours faithfully,

Sd/-

(S.V.Chitale)

Desk Officer

Industries, Energy and Labour Department.

Copy to :

Chairman,
Maharashtra State Electricity Board,

Secretary (Energy)
Development Commissioner (Industries)

Special Commissioner,
Government of Maharashtra,
Maharashtra Sadan, Copernicus Marg,
New Delhi-110 001.

Development Commissioner (Industries)

GOVERNMENT OF MAHARASHTRA

No.SIC-2007/(1/07)IND-10
Industries, Energy and Labour Department,
Mantralaya, Mumbai 400032.

Dated the 30th March 2007.

To,

The Chairman and Managing Director,
Industrial Development Bank of India,
IDBI Tower, Cuff Parade,
Mumbai 40005.

The Chairman and Managing Director,
Industrial Finance Corporation of India
Bank of Baroda Building, 10, Sansad Marg,
New Delhi 110001.

The Chairman and Managing Director,
Industrial Credit and Investment
Corporation of India
163, Backbay Reclamation,
Mumbai 400020

The Chairman
Industrial Reconstruction Bank of India
19, Netaji Subhash Road,
Calcutta 700 001

The Chairman and Managing Director,
Bank of Baroda
Baroda House, P.B. NO.1842
42, Cawasjee Patel Street, Fort
Mumbai 400023

The Chairman and Managing Director,
Central Bank of India
Central Office, Chander Mukhi
Nariman Point, Mumbai 400021

The Chief General Manager,
State Bank of India
State Bank of India Building,
Madam Cama Road,
Mumbai.

*Sub: Standard Package of Reliefs/Concessions evolved by State Government
for revival of Sick Industrial Units referred to BIFR - Revision of*

*Ref.: Letters dated 17th October 1990, 1st December 1990 and
19th September, 1992 bearing No (1) BIF-1089/(1111) Ind-10,*

Sir,

With reference to the letters under reference on the subject mentioned above, it is stated that Govt. of Maharashtra have formulated a New Industrial Policy, 2006. In this new policy there are some concessions/reliefs which would be considered by the Operating Agency/BIFR in cases of sick industrial companies which had made reference to the BIFR under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. The details of Reliefs/Concessions were outlined in this department's letters mentioned in the reference. The State Govt. has keeping in view its experience with the existing package, it is decided to help the sick units registered with BIFR and where a revival package has been approved are being offered reschedulment of arrears of Govt. dues as well as electricity charges by

granting a period of five years for repayment and offering concessional interest @7 p.a. instead of 13 p.a. as mentioned in the above Govt. letters.

It is applicable in the matter of interest thereon and as well as penal interest also.


Above concessions/reliefs are also applicable to Co-operative sector industries those, which are registered at Registrar (Cooperation) under Maharashtra State Cooperative Societies Act.

For non viable units, it has been decided to offer smooth exit by allowing a Special Amnesty Scheme under which these units will be allowed one time settlement of State Government dues to be settled at the principal amount by complete waiver of interest. For availing this facility, the entire amount of dues less the interest and penal charges will have to be paid by 31st March 2008.

In addition, the sick units in MIDC areas and cooperative Industrial Estates opting for an exit will be permitted to dispose off their assets provided that the land should be used either for industrial purpose or for service industries only. Units located outside the MIDC areas / Cooperative Industrial Estates opting for exit will be permitted to dispose their assets. However the land in such cases will have to be used as per the zoning regulations of the competent Development Authority.

Thanking you,

Yours faithfully,


(V.S.Punde)
Desk Officer

Copy to:

- 1) Principle Secretary, Finance Department
- 2) Principle Secretary, (Revenue) Revenue and Forest Department
- 3) Principle Secretary, (Co-operation) Co-operation and Textile Department
- 4) Principle Secretary (Energy), Industries, Energy and Labour Department
- 5) Principle Secretary (Labour), Industries, Energy and Labour Department
- 6) Secretary (Textile), Cooperation and Textile Department
- 7) Secretary, Water Resources Department
- 8) Development Commissioner (Industries), Directorate of Industries, Mumbai
- 9) Spl. Commissioner, Govt. of Maharashtra, Maharashtra Sadan, Copernicus Marg., New Delhi-110001.
- 10) Managing Director, Maharashtra State Financial Corp., Mumbai.
- 11) Managing Director, SICOM Ltd., Mumbai.
- 12) Select Files (Ind-10)