

# Cabinet approves waiver of Penal Interest on Government Loans advanced to Paradip Port Trust

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi has given its approval for waiving of Penal Interest on Government Loans to Paradip Port Trust (PPT) as per following:

- i. Waiver of penal interest amounting to Rs.1076.59 crore in respect of PPT as on 31.03.2017 and further accruals thereon till date of approval of waiver.
- ii. PPT to pay penalty @ 0.25% of Penal Interest as on the date of approval of waiver of penal Interest.
- iii. PPT to start the re-payment of outstanding principal of Rs. 387.74 crore and outstanding interest as on date of approval of the waiver and the re-payment to be completed in two instalments in 2018-19 and 2019-20.

## **Background:**

Paradip Port Trust (PPT) had availed Rs.642.69 crore of loan under different heads at different points of time beginning from 1967 to 2002 to finance its various infrastructure projects. Each loan was to be repaid in 20 yearly installments with a five year moratorium period. PPT was incurring losses upto the year 1987-88 and there was huge deficit in revenue account due to insufficient cargo. As a result of which PPT could not start its repayment as per schedule. As on 31.03.2017, PPT has a total loan liability of Rs. 1743.69 crore (Rs.387.74 crore towards defaulted principal, Rs.279.36 crore towards interest and Rs. 1076.59 crore towards penal interest).

Further, the Port has a future fund requirement of around Rs.6,695 crore for different upcoming developmental projects and employees' pension liabilities upto 2018-19. Therefore, the Port is not in a position to repay the total loan liability of Rs.1,743.69 crore.

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