

Cabinet approves waiver of Penal Interest on Government Loans advanced to Visakhapatnam 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 Visakhapatnam Port Trust (VPT) as per following:

- i. Waiver of Penal Interest amounting to Rs. 250.89 crore in respect of VPT as on 31.03.2017 and further accruals thereon till date of approval of waiver;
- ii. VPT to pay penalty @0.25% of Penal Interest as on date of approval of waiver of Penal Interest;
- iii. VPT to pay the outstanding Principal of Rs. 44.69 crore and outstanding Interest as on the date of approval of waiver, in one single instalment in the Financial Year 2018-19.

Background:

Visakhapatnam Port Trust (VPT) had availed Rs. 110.41 crore of loan at different points of time beginning from 1970-71 to 1984-85 to finance its Outer Harbour Project to accommodate deep draft vessels of 100,000 DWT for Iron Ore exports. Each loan had a moratorium period of 5 years from the date of sanction. VPT made payments towards interest for the period of moratorium on various loans till 1978-79. However, it could not be continued with the repayment during the period from 1979-80 to 1989-90 due to revenue losses to the Port. It started repayment of loan amount (both principal and interest) with effect from 1990-91 onwards. As on 31.03.2017, VPT has a total loan liability of Rs. 354.23 crore (Rs. 44.69 crore towards defaulted Principal, Rs. 58.65 crore towards defaulted Interest and Rs. 250.89 crore towards Penal Interest).

Further, the Port has a future fund requirement of around Rs. 2671.79 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. Rs.354.23 crore.

AKT/VBA/SH