

**MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION**

**(Department of Food and Public Distribution)**

**NOTIFICATION**

New Delhi, the 14<sup>th</sup> January, 2021

S.O. ....The Central Government with a view to increase production of ethanol and its supply under Ethanol Blended with Petrol (EBP) Programme, especially in the surplus season and thereby to improve the liquidity position of the sugar mills enabling them to clear cane price arrears of the farmers notified the scheme namely "Scheme for extending financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity" vide notification No. S.O. 3523(E), dated 19.07.2018, which was subsequently amended vide notifications No. S.O. 3952(E), No. S.O. 5219(E), No. S.O.47 (E), No. S.O. 4104(E) and No. S.O. 1523(E) dated 09.08.2018, 11.10.2018, 04.01.2019, 14.11.2019 and 20.05.2020 respectively. Thereafter schemes for extending financial assistance to sugar mills & molasses based standalone distilleries for enhancement and augmentation of ethanol production capacity were notified on 08.03.2019 vide notifications No. S.O. 1227(E) & S.O. 1228(E). Further vide notifications No. S.O. 3135(E) & S.O. 3136(E) dated 15.09.2020, a small window was opened for 30 days for inviting applications under the scheme from molasses based stand alone distilleries and from sugar mills.

Now, the Central Government, hereby notifies the following modified scheme namely- "Scheme for extending financial assistance to project proponents for enhancement of their ethanol distillation capacity or to set up distilleries for producing 1st Generation (1G) ethanol from feed stocks such as cereals (rice, wheat, barley, corn & sorghum), sugarcane, sugar beet etc." –

**(1) Eligibility**

Assistance under the scheme shall be available to the entrepreneurs for:

- (i) Setting up grain based distilleries/expansion of existing grain based distilleries to produce ethanol. However, benefits of interest subvention scheme is to be extended to only those distilleries which are using or will be using dry milling technique to produce Dry Distillers Grain Soluble (DDGS).
- (ii) Setting up new molasses based distilleries/expansion of existing distilleries (whether attached to sugar mills or standalone distilleries) to produce ethanol and for installing any method approved by Central Pollution Control Board for achieving Zero Liquid Discharge (ZLD).
- (iii) To set up new dual feed distilleries or to expand existing capacities of dual feed distilleries.
- (iv) To convert existing molasses based distilleries (whether attached to sugar mills or standalone distilleries) to dual feed (molasses and grain/ or any other feed stock producing 1G Ethanol); and also to convert grain based distilleries to dual feed.

- (v) To set up new distilleries / expansion of existing distilleries to produce ethanol from other feed stocks producing 1G ethanol such as sugar beet, sorghum, cereals etc.
- (vi) To install Molecular Sieve Dehydration (MSDH) column to convert rectified spirit to ethanol in the existing distilleries.

## **(2) Assistance under the Scheme**

- (i) Interest subvention @ 6% per annum or 50% of rate of interest charged by banks/National Cooperative Development Corporation (NCDC)/ Indian Renewable Energy Development Agency Limited (IREDA)/ Non-Banking Financial Companies (NBFCs)/any other financial institutions which are eligible for re-finance from NABARD, whichever is lower, on the loans to be extended by banks/NCDC/IREDA/NBFCs/ any other financial institutions which are eligible for re-finance from NABARD, shall be borne by the Central Government for five years including one year moratorium against the loan availed by project proponents.
- (ii) Interest subvention under the scheme shall be provided on loan amount sanctioned and disbursed in respect of each project based on the proposed capacity, limited to the in principle approval by Department of Food and Public Distribution (DFPD).
- (iii) Interest subvention would be available to only those distilleries which will supply at least 75% of ethanol produced from the added distillation capacity to OMCs for blending with petrol.
- (iv) Assistance shall not be available to sugar mills and distilleries which have availed benefits under any other scheme of Central Government for the same project.
- (v) In case of grain based distilleries, interest subvention would be applicable only if they are using or will be using dry milling technique to produce DDGS.

## **(3) Submission of application**

For availing assistance under the Scheme, the sugar mills/distilleries/entrepreneurs would be required to submit an application cum-proposal in the prescribed Proforma (**Annexure-I**) to the Director (Sugar), Directorate of Sugar and Vegetable Oils, Department of Food & Public Distribution (DFPD), Krishi Bhawan, New Delhi within 30 days from the date of notification of the scheme through online on the DFPD portal (<http://sugarethanol.nic.in/>) and in future, whenever a window is opened by DFPD from time to time to invite fresh applications to avail benefit under the scheme.

## **(4) Appraisal/Approval of applications**

DFPD will constitute two Committees viz. Screening Committee and Approval Committee. The proposals received under the Scheme would be placed before Screening Committee and Approval Committee and thereafter in-principle approval would be accorded by DFPD to the eligible applicants. The said Committees shall scrutinize the applications keeping in view the parameters as deemed necessary. In case of sugar mills having Government dues namely SDF dues, in-principle approval would be accorded only after clearance of Government dues.

## **(5) Modalities of the Scheme**

- (i) After scrutinizing the applications cum proposals, DFPD will accord in principle approval and recommend such approved proposals to the lending banks/financial institutions for considering sanction of loan. Banks/NCDC/IREDA/NBFCs/any other financial institutions which are eligible for re-finance from NABARD would be at liberty to sanction/release the loan as per their commercial norms/policies and in compliance with regulatory guidelines, including the restructuring guidelines, as notified by RBI from time to time.
- (ii) The applicant should get the loan disbursed from the bank/ NCDC /IREDA / NBFCs / any other financial institutions which are eligible for re-finance from NABARD, within 1 year from the date of in-principle approval of DFPD, failing which the in-principle approval for the project will stand cancelled. Further, the project should be completed within 2 years from the date of disbursement of 1<sup>st</sup> installment of loan from bank/ NCDC/IREDA/NBFCs/any other financial institutions which are eligible for re-finance from NABARD.
- (iii) The applicant should adhere to the time line as specified by DFPD for various activities viz. arrangement of land for the project, submission of application for seeking approval of environmental clearance in parivesh portal of Ministry of Environment, Forest & Climate Change (<http://parivesh.nic.in/>) and submission of loan application to the bank/ NCDC/IREDA/NBFCs/any other financial institutions which are eligible for re-finance from NABARD; updating progress on the DFPD portal (<http://sugarethanol.nic.in/>) every month, failing which the in-principle approval for the project may be cancelled by DFPD.
- (iv) While implementing their respective projects, the sugar mills/distilleries shall strive to seek convergence with the Make in India scheme of the Government for capacity addition/ up-gradation in ethanol production.
- (v) The disbursement of loan under the scheme shall be in a separate account so that the utilization of the money for the said purpose is easily monitored.
- (vi) The Department of Financial Services (DFS) will issue suitable instructions to the banks/NCDC/IREDA/NBFCs/any other financial institutions which are eligible for re-finance from NABARD to operationalize the scheme including appointment of NABARD as a nodal bank.

## **(6) Modalities for payment of interest subvention**

- (i) Payment of interest subvention on loan amount under the scheme will be limited to only 5 years including one year moratorium period.
- (ii) The benefit of interest subvention will be provided by Government of India only if the account of applicant sugar mill/distillery is Standard and will not be available as long as account is NPA. The sugar mill/distillery will be responsible for repayment of interest including penal interest for the period of default along with the principal. Further, banks will be free to take necessary action against the defaulting borrowers as per banking norms and applicable regulatory guidelines.

- (iii) In the event of surplus cash flow with the sugar mills/distilleries, accelerated payments may be decided by the bank/NCDC/IREDA/NBFCs / any other financial institutions which are eligible for re-finance from NABARD and the interest subvention liability of DFPD towards loan account would accordingly get reduced.
- (iv) The Department of Food and Public Distribution (DFPD) will release the interest subvention amount on quarterly basis in advance to the nodal bank as appointed by DFS. The interest earned on the interest subvention paid in advance shall be adjusted in the next quarterly installment.
- (v) DFPD will work out the modalities of release of Interest Subvention in consultation with NABARD.

**(7) Project Completion Certificate**

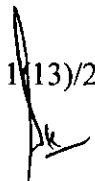
The concerned entrepreneur/sugar mill/distillery shall submit a certificate duly verified by the Central Pollution Control Board certifying that zero liquid discharge has been achieved through the method proposed at the time of submitting application for such purpose. Sugar mills/distilleries/entrepreneurs availing loan to establish new distilleries or expansion of the existing distilleries shall submit a certificate duly verified by the Excise Commissioner of the State concerned and the Chartered Engineer certifying respectively that the new distillery has commenced production and has been installed or expansion of the existing distillery has been completed and enhanced production of ethanol has commenced. Any failure to submit such certificates shall lead to non reimbursement of interest subvention by the Central Government.

**(8) Utilization Certificate**

The concerned sugar mills/distilleries/entrepreneurs shall submit utilization certificate for the sanctioned loan amount within three months of the completion of the project, duly verified by the respective Sugar/Cane Commissioners, Excise Commissioner or any other authority designated by the State Government certifying that the loan amount has been utilized for the purpose specified in the scheme. The said authorities shall also monitor the utilization of the loan. Any failure to submit the utilization certificate shall lead to non-reimbursement of interest subvention by the Central Government.

(9) Where the Central Government is of the opinion that it is necessary or expedient to do so, it may, by order and for reasons to be recorded in writing modify any of the provisions of this Scheme.

[F. No. 1(13)/2020-SP-I]

  
Subodh Kumar Singh,  
Joint Secretary to the Govt. of India

**APPLICATION FROM THE SUGAR FACTORY/DISTILLERY / ENTERPRENEURS FOR FINANCIAL ASSISTANCE FOR ENHANCEMENT OF THEIR ETHANOL DISTILLATION CAPACITY OR TO SET UP DISTILLERIES FOR PRODUCING 1ST GENERATION (1G) ETHANOL FROM FEED STOCKS SUCH AS CEREALS (RICE, WHEAT, BARLEY, CORN & SORGHUM), SUGARCANE, SUGAR BEET ETC.**

**A. Brief details of the project proponents**

1	(a) Name of the sugar factory/distillery/undertaking / society/ company/individual	
	(b) Complete address	
	(c) e-mail	
	(d) Mobile No.	
	(e) District	
	(f) State	
2	Short name & plant code of the sugar factory attached with distillery	
3	Date of commencement of ethanol production of the sugar mill/existing distillery (if any)	
4	(a) Production capacity of alcohol of the existing distillery	
	(b) Production capacity of ethanol of the existing distillery, if any	
	(c) Number of operating days/annum of existing distillery	
5	Status of SDF dues, if any (in case of sugar factory)	

**B. Information relating to proposal for setting-up of new distillery/expansion of existing distillery/ installation Molecular Sieve Dehydration (MSDH) column**

1	Proposal submitted for (specify the category under which application is submitted; refer Para 1 of the notification )	
2	Capacity of the proposed new distillery in KLPD	
3	Proposed expansion capacity for expansion of existing distillery in case of expansion project (from .....KLPD to ....KLPD)	
4	Whether the new distillery / expansion of the existing distillery is proposed to be installed with zero liquid discharge system?	Yes/No
5	Financial assistance requested for new distillery / expansion of the existing distillery project including basic price and applicable taxes etc.	
6	Name of the lending bank/branch.	
7	Whether SDF assistance has been availed for similar project in case of sugar mills?	Yes/No

8	Proposed days of operation on setting up of new distillery / expansion of the existing distillery/ installation of Molecular Sieve Dehydration (MSDH) column.	
9	Proposed date of completion of new plant / expansion of existing plant/ installation of Molecular Sieve Dehydration (MSDH) column.	DD/Month/Year
10	Expected date of commencement of ethanol production for the proposed new distillery or expanded distillery as the case may be.	DD/Month/Year
11	Whether proposed new distillery / plants and machineries for expansion of the existing distillery are procured from indigenous source (if not, reasons for the same)?	Yes/ No

Signature.....  
(Name.....)  
Seal/Stamp.....