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MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

(Department of Food and Public Distribution)

Notification

New Delhi, the 19th July, 2018

No.1 (10)/2018-SP-I . The Central Government, with a view to increase production of ethanol and its supply under Ethanol Blended with Petrol (EBP) Programme, specially in the surplus seasons and thereby to improve the liquidity position of the sugar mills enabling them to clear cane price arrears of the farmers, hereby notifies the following scheme namely - "Scheme for extending financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity" -

1) Objective of the Scheme – Assistance under the scheme will be utilized by the sugar mills;

- i) For increasing ethanol production by enhancing the number of working days of existing distilleries in a year on installation of new incineration boilers.
- ii) For augmentation of ethanol production capacity by setting up of new distilleries attached with their sugar mills.

2) Eligibility:

- i) Existing distilleries attached with the sugar mills are eligible for assistance to install new incineration boilers.
- ii) All the sugar mills are eligible for assistance to set up new distilleries. Preference will be given to sugar mills which do not have existing distillery.

3) Assistance under the Scheme :

- i) Interest subvention @ 6% per annum or 50% of rate of interest charged by banks, whichever is lower, on the loans to be extended by banks, shall be borne by the Central Government for five years.
- ii) Interest subvention under the scheme in respect of 2(i) above shall be provided on the maximum loan amount of Rs. 20 crore or the actual loan amount, whichever is less, and in respect of 2(ii), it shall be provided on the loan amount of Rs. 80 crore or actual loan amount, whichever is less.
- iii) The total interest subvention under the scheme will be limited to total loan amount of Rs.2200 crore for installation of incineration boilers and Rs.2240 crore for establishment of new distilleries.

4) Submission of application :

The sugar mills which desire to either install new incineration boiler in their existing distilleries or to set up new distillery plant, would be required to submit an application-cum proposal in the prescribed Proforma (Annexure) to the Chief 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.** DFPD will scrutinize the application on the following parameters:

- a) Performance of ethanol supply under Ethanol Blended with Petrol (EBP) Programme
- b) Track record regarding payment of cane price dues of farmers.
- c) Timely filing of monthly on-line return in P-II (Proforma-II) as prescribed by the Directorate of Sugar and Vegetable Oils
- d) Compliance of various Directives / Orders issued DFPD after 06.06.2018.
- e) Availability of molasses for the project.
- f) Status of SDF/LSPEF/Levy dues, etc.

5) Modalities of the Scheme:

- i) After scrutinizing the applications cum proposals, DFPD will accord it's in principle approval and recommend such approved proposals to the lending banks for considering sanction of loan. Banks 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 within one 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 two years from the date of disbursement of first installment of loan from bank.
- iii) While implementing their respective projects, the sugar mills shall strive to seek convergence with the Make in India scheme of the Government for capacity addition/ up-gradation in ethanol production.
- iv) 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.
- v) The Department of Financial Services (DFS) will issue suitable instructions to the banks to operationalise the scheme including appointment of NABARD as a nodal bank.

6) Modalities of 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 the Government only if a sugar mill account is Standard and will not be available as long

as account is NPA. The sugar mill 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.

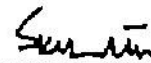
- iii) In the event of surplus cash flow with the sugar mills, accelerated payments may be decided by the bank and the interest subvention liability of DFPD towards loan account would accordingly get reduced.
- iv) The Department of Food and Public Distribution (DFPD) will release the interest subvention 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 distilleries with sugar mills shall submit a certificate duly verified by the Central Pollution Control Board certifying that zero liquid discharge has been achieved on installation of incineration boiler. Sugar mills availing loan to establish new 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. 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 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 certifying that the loan amount has been utilized for the purpose specified in the scheme. The state/cane commissioner 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.

[File No.1(10)/2018-SP-I]



(Suresh Kumar Vashishth)

Joint Secretary to the Government of India

ANNEXURE

APPLICATION FROM THE SUGAR FACTORY FOR FINANCIAL ASSISTANCE FOR INSTALLATION OF NEW INCINERATION BOILER IN THE EXISTING DISTILLERY OR SETTING UP OF NEW DISTILLERY FOR ETHANOL PRODUCTION

A. Brief details of the sugar factory

1	Name of the sugar factory/undertaking /society/company	
2	Short name & plant code of the factory	
3	Installed crushing capacity of the factory	
4	Date of commencement of sugar production in the sugar factory	
5	Production capacity of the existing distillery attached with sugar mill, if any	
6	Does the undertaking has any other sugar factory (indicate short name and capacity of other group factories)	
7	Performance of ethanol supply during current and last two ethanol years under Ethanol Blended with Petrol Programme (EBP):	
	(i) Quantity of ethanol indented by OMCs (year-wise)	
	(ii) Quantity of ethanol supplied against indented quantity (year-wise).	
8	Performance of cane price payment :	
	(i) Total cane price payable against purchase of cane during 2017-18 SS.	
	(ii) Total cane price paid against cane purchased in 2017-18 SS.	
	(iii) Pending cane arrears for 2017-18 SS and earlier seasons, if any (Please indicate arrear amount season-wise)	
9	Whether monthly Proforma P-II filed online (If yes, upto which month)	
10	Whether directives/orders issued by DFPD on or after 06.06.2018 have been complied	
11	Status of SDF/LSPEF/Levy outstanding dues, if any.	

B. Information relating to existing distillery attached with the sugar mill for installation of incineration boiler

(i)	Capacity of the proposed incineration boiler.	
(ii)	Working pressure of the proposed boiler.	
(iii)	Whether permission of CPCB has been obtained, if yes, number of operating days in a year for existing distillery.	
(iv)	Financial assistance requested for installation of incineration boiler (including duties, surcharge & erection cost etc). Please indicate item-wise breakup.	
(v)	Name of the leading bank.	
(vi)	Whether SDF assistance has been availed for similar project.	
(vii)	Proposed days of operation after installation of incineration boiler.	
(viii)	Additional production of ethanol after installation of new incineration boiler.	
(ix)	Production of molasses in the existing sugar mills of the group company (Please indicate unit-wise)	
(x)	Proposed time line for installation of new incineration boiler	
(xi)	Expected date of commencement of ethanol production after installation of incineration boiler.	
(xii)	Whether proposed incineration boiler is procured from indigenous source (if not, reasons for the same).	

C. Information relating to setting-up of new distillery with the existing sugar mill

(i)	Capacity of the proposed distillery in KLPD	
(ii)	Whether the new distillery is proposed to install with zero liquid discharge system.	
(iii)	Financial assistance requested for new distillery project including basic price and applicable taxes etc.	
(iv)	Name of the lending bank.	
(v)	Whether SDF assistance has been availed for similar project.	
(vi)	Proposed days of operation after setting up of new distillery.	
(vii)	Production of molasses in the sugar mill where proposed distillery is to be set up (If group company, please indicate unit-wise)	
(viii)	Proposed time line for installation of new plant.	
(ix)	Expected date of commencement of ethanol production.	
(x)	Whether proposed new distillery is procured from indigenous source (if not, reasons for the same).	