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MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

(Department of Food and Public Distribution)

Notification

New Delhi, the 8<sup>th</sup> March, 2019

S.O..... (E):- 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) and No. S.O.47 (E) dated 09.08.2018, 11.10.2018 and 04.01.2019 respectively;

And whereas, the Central Government has decided to open a small window so that sugar mills which submitted their applications after the cut off date or could not submit their applications under the earlier scheme, can apply under this Scheme;

Now, therefore, the Central Government, hereby notifies the following scheme namely- "New Scheme for extending financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity" -

1) Eligibility:


- i) Sugar mills which either submitted their applications-cum-proposals after the cut off date or could not submit their applications under the earlier scheme shall be eligible to apply under this scheme.
- ii) Assistance shall not be available to sugar mills which have availed benefits under any other scheme of Central Government for the same project.

2) Submission of application :

The sugar mills eligible under this scheme which desire to achieve Zero Liquid Discharge in their distillery by installation of new Incineration boilers or by adoption of any other method approved by the Central Pollution Control Board (CPCB) or to set up new distillery plant including expansion of the production capacity of the existing 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 this scheme i.e. by 08<sup>th</sup> April, 2019.

3) All other terms and conditions of the earlier Scheme notified vide notification No. S.O. 3523(E), dated 19.07.2018 and subsequently amended vide notifications No. S.O. 3952(E), No. S.O. 5219(E) and No. S.O.47 (E) dated 09.08.2018, 11.10.2018 and 04.01.2019 respectively, shall apply to this Scheme.

(File No. 1(16)/2018-SP-I)

  
(Suresh Kumar Vashishth)

Joint Secretary to the Government of India

**APPLICATION FROM THE SUGAR FACTORY FOR FINANCIAL ASSISTANCE FOR INSTALLATION OF NEW INCINERATION BOILER OR ADOPTION OF ANY OTHER METHOD APPROVED BY CPCB FOR ZERO LIQUID DISCHARGE IN THE EXISTING DISTILLERY OR SETTING UP OF NEW DISTILLERY OR EXPANSION OF EXISTING 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 2018-19 SS.	
	(ii) Total cane price paid against cane purchased in 2018-19 SS.	
	(iii) Pending cane arrears for 2018-19 SS and earlier seasons, if any (Please indicate arrear amount season-wise)	
9	Whether monthly Proforma P-II filed online (if yes, up to which month)	
10	Whether directives/orders issued by DFPD from time to time have been complied	
11	Status of SDF/LSPEF outstanding dues, if any.	

**B. Information relating to existing distillery attached with the sugar mill for installation of incineration boiler or adoption of any other method approved by CPCB for ZLD in a distillery.**

(i)	Capacity of the proposed incineration boiler / details of any other method proposed for adoption as approved by CPCB for ZLD.	
(ii)	Working pressure of the proposed incineration 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 / adoption of any other method as approved by CPCB for ZLD. (including duties, surcharge & erection cost etc). Please indicate item-wise breakup.	
(v)	Name of the lending bank.	
(vi)	Whether SDF assistance has been availed for similar project.	

(vii)	Proposed days of operation after installation of incineration boiler / adoption of any other method as approved by CPCB for ZLD.	
(viii)	Additional production of ethanol after installation of new incineration boiler / adoption of any other method as approved by CPCB for ZLD.	
(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 / adoption of any other method as approved by CPCB for ZLD.	
(xi)	Expected date of commencement of ethanol production after installation of incineration boiler / adoption of any other method as approved by CPCB for ZLD.	
(xii)	Whether proposed incineration boiler / equipments for adoption of any other method as approved by CPCB for ZLD are procured from indigenous source (if not, reasons for the same).	

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

(i)	Capacity of the proposed distillery in KLFD (new/expansion)	
(ii)	Whether the new distillery / expansion of the existing distillery is proposed to be installed with zero liquid discharge system.	
(iii)	Financial assistance requested for new distillery / expansion of the existing 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 on setting up of new distillery / expansion of the existing distillery.	
(vii)	Production of molasses in the sugar mill where proposed distillery is to be set up / expanded (if group company, please indicate unit-wise).	
(viii)	Proposed time line for installation of new plant / expansion of existing plant.	
(ix)	Expected date of commencement of ethanol production.	
(x)	Whether proposed new distillery / plants and machineries for expansion of the existing distillery are procured from indigenous source (if not, reasons for the same).	

Notification

New Delhi, the 8<sup>th</sup> March, 2019

S.O. ....(E) Whereas 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 to extend financial assistance to molasses based standalone distilleries on lines similar to that extended to distilleries attached with sugar mills, hereby notifies the following scheme namely- "Scheme for extending financial assistance to molasses based standalone distilleries for enhancement and augmentation of ethanol production capacity".

(1) **Definition** - Molasses based standalone distillery shall mean a distillery not integrated with any sugar mill or its any other ancillary unit and functioning on molasses as feed stock.

(2) **Eligibility**- Only molasses based stand alone distilleries shall be eligible to apply under the scheme. Assistance under the Scheme shall be available:-

i) To set up new distilleries including expansion of the capacity of the existing molasses based stand alone distilleries.

ii) For increasing ethanol production by installing evaporation, incineration systems and other methods as approved by the Central Pollution Control Board (CPCB) for achieving Zero Liquid Discharge (ZLD) in a distillery.

iii) For adding ethanol plants, molasses and ethanol storage capacities with their existing distillery.

(3) **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), whichever is lower, on the loans to be extended by banks/NCDC/IREDA, shall be borne by the Central Government for five year.

ii) Interest subvention under the scheme in respect of 2(i) to 2(iii) above 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 accorded by DFPD.

(4) **Submission of application :**

For availing assistance under the Scheme, the molasses based stand alone distilleries would be required to submit an application-cum proposal in the prescribed Proforma (Annexure-I) 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, i.e by 8<sup>th</sup> April, 2019.

(5) 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 like availability of molasses for the project or any other parameter as deemed necessary to assess the viability of the project.

(6) Modalities of the Scheme:

i) After according in-principle approval to the applications-cum-proposals, DFPD will recommend such approved proposals to the lending banks for considering sanction of loan. Banks/NCDC/IREDA 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 instalment of loan from bank.

iii) While implementing their respective projects, the molasses based stand alone distilleries 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/NCDC/IREDA to operationalise the scheme including appointment of a nodal bank.

(7) 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 account of molasses based stand alone distilleries is Standard and will not be available as long as account is NPA. The molasses based stand alone distilleries will be responsible for repayment of interest including penal interest for the period of default along with the principal. Further, banks/NCDC/IREDA 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 molasses based stand alone distilleries, accelerated payments may be decided by the bank/NCDC/IREDA 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 instalment.

v) DFPD will work out the modalities of release of Interest Subvention in consultation with NABARD.

(8) **Project Completion Certificate-** The concerned molasses based stand alone distilleries 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. The molasses based stand alone distilleries 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 been installed and has commenced production 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.

(9) **Utilization Certificate:** The concerned molasses based stand alone distilleries 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.

(10) Where the Central Government is of the opinion that it is necessary or expedient to do so, it may, at any time modify any of the provisions of this Scheme.

[File No-1 (16)/2018-SP-1]



(Suresh Kumar Vashishth)

Joint Secretary to the Government of India

Annexure

Application cum proposal from molasses based stand-alone distilleries seeking financial assistance for installation of Evaporator and Incineration Boiler to achieve ZLD as well as addition of Distillation column and storage capacity for Ethanol Production.

Part - A : Brief details of stand-alone distilleries		
Sl. No.	Particulars	
1	Name, address, e-mail/contact details of the existing Distillery	
2	Existing Alcohol Production Capacity (in KLPD)	
3	Whether Ethanol Production equipments are also installed with the existing distilleries (if yes, also indicate the ethanol Production capacity)	
4	Proposed System to be installed to achieve ZLD (Incineration Boiler or Bio-composting methods)	
5	Whether reverse osmosis, evaporator and condensate polishing unit is also proposed for installation with the proposed ZLD system.	
6	If incineration boiler is proposed for installation, indicate the capacity and working pressure of the proposed Boiler.	
7	Normal working days per annum of the existing distillery	
8	Proposed no. of working days after installation of ZLD system.	
9	Average quantity of molasses per annum used in the existing distillery during last three years.	
10	Whether permission from CPCB has been obtained, if yes, please indicate the approved number of working days in a year	

11	Financial assistance requested for incineration boiler or any other proposed method approved by CPCB for achieving ZLD	
12	Assistance requested for ethanol plant and storage capacity	
13	Total assistance requested (sum of column No 11 & 12)	
14	Name of the lending bank( please indicate a maximum of three banks)	
15	Indicate separately the estimated production of (i) alcohol and (ii) ethanol per annum after installation of ZLD (in kl)	
16	Expected date of commencement of ethanol production after installation of ZLD system/ethanol column/Ethanol Storage capacity	

**Part- B : Brief requirement of proposed new molasses based stand-alone distillery**

Sl. No.	Particulars	
1	Name, address, e-mail/contact details of the existing distillery	
2.	Capacity of the existing distillery(in KLPD) and normal working days per annum	
3.	Production of alcohol including ethanol achieved during last three years	
4	Ethanol Production Capacity of the proposed plant(in KLPD) .	
5.	Whether new plant is proposed in the same premises of existing distillery (if not, please indicate its distance from the existing distillery)	
6.	Requirement of molasses per annum to achieve the proposed ethanol production capacity	
7.	Proposed system to be installed to achieve ZLD (Incineration Boiler or any other method approved by CPCB be indicated)	
8.	Total estimated project cost including ZLD system	
9.	Financial assistance requested	
10.	Name of the proposed lending Banks (A maximum of name of 3 Banks may be indicated)	
11	Expected date of completion of the project and commencement of ethanol production	