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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) 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.

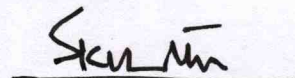
**(8) Project Completion Certificate-** The concerned molasses based stand alone distilleries shall submit a certificate duly verified by the Central Pollution Control Board certifying that zero liquid discharge has been achieved through the method proposed at the time of submitting application for such 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-I]



(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.**

<b>Part – A : Brief details of stand-alone distilleries</b>		
<b>Sl. No.</b>	<b>Particulars</b>	
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	