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MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

(Department of Food and Public Distribution)

NOTIFICATION

New Delhi, the 15th September, 2020

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 a new scheme namely “New Scheme for extending financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity” was notified on 08.03.2019.

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

Now, 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-2020” –

(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 by installation of new incineration boilers or by adoption of any other method approved by the Central Pollution Control Board (CPCB) for Zero Liquid Discharge (ZLD) in a distillery.

(ii) For augmentation of ethanol production capacity by setting up of new distilleries attached with their sugar mills including expansion of the capacity of the existing distilleries attached with sugar mills.

(2) Eligibility:

(i) Existing distilleries attached with the sugar mills are eligible for assistance for increasing ethanol production by enhancing the number of working days in a year by installation of new incineration boilers or by adoption of any other method approved by the Central Pollution Control Board (CPCB) for Zero Liquid Discharge (ZLD) in a distillery.

(ii) All the sugar mills are eligible for assistance to set up new distilleries including expansion of the capacity of the existing distilleries attached with sugar mills.

(iii) Assistance shall not be available to sugar mills which have availed benefits under any other scheme of Central Government for the same project.

(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 years

(ii) Interest subvention under the scheme in respect of 2(i) and 2 (ii) above shall be provided on loan amount sanctioned and disbursed in respect of each project based on the proposed capacity.”

(4) Submission of application :

The sugar mills 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-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. DFPD will scrutinize the applications 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) Availability of molasses for the project;
- (e) Status of SDF/LSPEF/Levy dues, etc;
- (f) or any other parameter as deemed necessary to assess the viability of the project;

(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 as mentioned in para 4 above..

(6) Modalities of the Scheme:

(i) After scrutinizing the applications cum proposals, DFPD will accord it's in principle approval and recommends 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 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/NCDC/IREDA to operationalize the scheme including appointment of NABARD as 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 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/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 installment.

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

(8) Project Completion Certificate-

The concerned distilleries attached with sugar mills 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 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.

(9) 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.

(10) 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(10)/2018-SP-I]

Subodh Kumar Singh, Jt. Secy.

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 2019-20 SS. (ii) Total cane price paid against cane purchased in 2019-20 SS. (iii) Pending cane arrears for 2019-20 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 mon	

	th)	
10	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.

1	Capacity of the proposed incineration boiler / details of any other method proposed for adoption as approved by CPCB for ZLD.	
2	Working pressure of the proposed boiler.	
3	Whether permission of CPCB has been obtained, if yes, number of operating days in a year for existing distillery.	
4	Financial assistance requested for installation of incineration boiler (including duties, surcharge & erection cost etc). Please indicate item wise breakup.	
5	Name of the leading bank.	
6	Whether SDF assistance has been availed for similar project.	
7	Proposed days of operation after installation of incineration boiler / adoption of any other method as approved by CPCB for ZLD.	
8	Additional production of ethanol after installation of new incineration boiler / adoption of any other method as approved by CPCB for ZLD.	
9	Production of molasses in the existing sugar mills of the group company (Please indicate unit-wise)	
10	Proposed time line for installation of new incineration boiler / adoption of any other method as approved by CPCB for ZLD.	
11	Expected date of commencement of ethanol production after installation of incineration boiler / adoption of any other method as approved by CPCB for ZLD.	
12	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

1	Capacity of the proposed distillery in KLPD	
2	Whether the new distillery / expansion of the existing distillery is proposed to be installed with zero liquid discharge system	
3	Financial assistance requested for new distillery /	

	expansion of the existing distillery project including basic price and applicable taxes etc.	
4	Name of the lending bank.	
5	Whether SDF assistance has been availed for similar project.	
6	Proposed days of operation on setting up of new distillery / expansion of the existing distillery..	
7	Production of molasses in the sugar mill where proposed distillery is to be set up (If group company, please indicate unit-wise)	
8	Proposed time line for installation of new plant / expansion of existing plant	
9	Expected date of commencement of ethanol production	
10	Whether proposed new distillery / plants and machineries for expansion of the existing distillery are procured from indigenous source (if not, reasons for the same).	