

Scheme for providing incentives to Bio-fuel Ethanol production unit and tribal farmers supplying maize to such unit

Government of Gujarat
Agriculture, Farmers Welfare & Co-operation Department
Government Resolution No. AIC/2021/1109/K-4
Sachivalaya, Gandhinagar
Dated: 01/11/2022

Read:

- 1) Ministry of Petroleum and Natural Gas, Government of India Notification No. F.No. P-13032(16)/18/2017-CC for National Policy on Biofuels 2018
- 2) Government of Gujarat, Industries & Mines Department GR No. MIS-102022-1271(2)-I dated 05.10.2022 for Atmanirbhar Gujarat Scheme for Assistance to Large Industries and Thrust Sector

1. Preamble

Gujarat is a leading state with impressive performance in Agriculture & allied sectors. Government realizes the criticality for sustainable growth of agriculture & allied sectors in the overall performance of the state economy. Gujarat is progressively adopting practices to create wealth of farmers in the state. State Government appreciates the importance of agriculture & rural non-farm sector as 57% of the state's population lives in rural areas (as per 2011 census). Moreover, this sector is a supplier of food, fodder, and raw materials for a vast segment of industry including non-conventional energy sectors.

Government of India notified "**National Policy on Biofuels-2018**" and since then Government is promoting use of ethanol as a blending stock with petrol under Ethanol Blended Petrol Program for mitigating climate change and promoting consumption of domestically available agriculture feedstock with bio-fuel conversion technologies.

In view of the above, this scheme is proposed to make Maize and other agricultural products in the State more attractive to farmers. This will help in enriching the supply of feedstock to ethanol manufacturing unit and thereby increase the overall production of agricultural products alongwith increase in capacity of ethanol in the State.

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2. Background

India is highly dependent on imported crude oils which can hamper the availability & sustainability of foreign exchange reserves and conventional energy resources. Government had set a target to reduce the import dependency by 10 per cent through blending 10% ethanol in petrol by 2022 and 20% ethanol by 2025. With concerted efforts, India has been able to achieve its 2022 goal of 10% blending 6 months ahead of its target. To achieve 20% blending, Gujarat will have projected ethanol requirement of 51.43 crore litres annually.

Among the agricultural products used as input for ethanol production, maize is comparatively less water demanding; gives higher yield per hectare in a shorter period and can be grown in any season. The multiple utilities of maize as 'food', 'fodder' and 'fuel' makes it further more demand friendly and insulates it against low demand situations. These unique characteristics of maize make the crop a preferable crop candidate for enhancing farmer's income and livelihood in Gujarat. Maize crop is mainly grown in tribal regions.

When ethanol is made from maize, rice and other grains, 'Distillers Dried Grain with Soluble' (DDGS) is generated as by-product. DDGS is a protein rich compound which can be used in cattle feed, poultry feed and fisheries feed. Increased availability of DDGS through bio ethanol plants can also help farmers to increase their income.

3. Resolution

In order to meet the desired demand levels and enhance farmer's income with the aim of enhancing sustainable feedstock for biofuels and augmenting its production capacity, Gujarat Government is pleased to introduce the Scheme for providing incentives to Bio-fuel Ethanol manufacturing unit and tribal farmers supplying maize to such unit. The operative period of the scheme shall be five years from the date of issue of this GR.

4. Vision and Goals

The scheme aims to utilize, develop and promote domestic feedstock of agri & by-products with emphasis on maize for production of Denatured Anhydrous Ethanol, thereby increasingly substitute fossil fuels while

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contributing to National Energy Security, Climate Change mitigation, apart from creating new employment opportunities in a sustainable way. Simultaneously, the scheme will also encourage the application of advance technologies for generation of bio-ethanol.

The scheme strives to achieve twin goals (1) enable availability of bio-ethanol in the market thereby increasing its blending percentage to 20% in petrol by 2025 from the current blending rate of 10% and (2) provide sustainable income to the farmers of Gujarat in line with Hon'ble Prime Minister's vision of doubling farmers income.

5. Objectives

- a) To allow production of maize and other agricultural products/by-products in more productive manner, including area expansion.
- b) Adoption of hybrid maize with the technological breakthrough, thereby increasing the maize productivity in the state of Gujarat.
- c) Setting up of First Generation (1G) and Second Generation (2G) bio-refineries/ distilleries based on development of new technologies for conversion to bio-ethanol.
- d) To promote, facilitate and financially incentivize tribal farmers of Gujarat state through this scheme.
- e) Creating suitable grain-based feed stock environment for production of bio-ethanol.
- f) To create local employment opportunities as well as development of skill set through promotion of new enterprises set up in the Sunrise Sector.

6. Strategy and Approach

This scheme envisages two-Pronged strategy to achieve the desired objectives:

- a) Encourage tribal farmers to increase maize production and productivity for ethanol production which will in turn lead to increase in income of farmers.
- b) Increase overall production capacity of Denatured Anhydrous Ethanol using Agri and by Products by encouraging setting up of new unit.
 - o Strategy will include adopting appropriate financial and fiscal measures periodically to support cultivation of high yield hybrid maize and therefore promotion of bio-ethanol by enlarging their utilization in different sectors.

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- Promote the establishment of new grain feed/dual feed/mixed feed distilleries by providing financial incentives and capacity building programs.
- Blending ethanol in petrol through Ethanol Blended Petrol (EBP) Program using ethanol derived from multiple feedstock.
- Development of First Generation (1G) / Second Generation (2G) ethanol technologies and its commercialization.
- While an attempt will be made to rebalance the bio-ethanol demand and supply side, Government aims to undertake necessary interventions as and when required with respect to domestic production, storage and distribution of bio-ethanol adopting a consultative approach by involving all stakeholders.
- Research, development and demonstration will be supported to cover all aspects from feedstock production and bio-ethanol processing for various end-use applications. Thrust will also be given to development of advanced bio-fuels and other new feedstock.

7. Definitions

- 7.1 Eligible Distilleries Unit/Ethanol manufacturing unit:** A Distillery/Ethanol Manufacturing Unit which commences production of Fuel Grade Ethanol during operative period of the scheme for the purpose of sale to OMCs.
- 7.2 Oil Marketing Companies (OMCs):** A company that procures and sells petroleum products to bulk consumers and the general public through petroleum product retail stations and reselling outlets.
- 7.3 Rated Capacity of the Plant:** The maximum capacity for which the Ethanol Plant is designed and approved (in klpd) as certified by Prohibition and Excise authorities.

8. Incentive to Ethanol manufacturing unit

8.1 Eligibility criteria

- 8.1.1 Ethanol Manufacturing Unit (distilleries)** proposing to use Maize or any other feedstock as permitted under National Policy on Bio-fuels 2018 or permitted by the National Bio-fuel coordination Committee from time to time.

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8.1.2 Ethanol Manufacturing Unit should be established within territorial limits of the state of Gujarat.

8.1.3 Out of the total feedstock, at least 20% of maize should be procured from farmers in Gujarat.

8.1.4 Ethanol Manufacturing Unit should supply 100% of the produce to the Oil Marketing Companies (OMCs) under Ethanol Blending Programme (No Ethanol for human consumption/ industrial use except Petrol Blending). The distilleries shall submit notarised affidavit of long term off take agreement with OMCs with a minimum tenure of five years from the date of commercial production under the Ethanol Blending Programme as well as a copy of (a) Bipartite agreement from OMCs or (b) Tripartite agreement from OMCs or (c) purchase order from OMCs as per the above-mentioned tenure.

8.1.5 Only those Ethanol Manufacturing Unit shall be eligible which achieve zero liquid discharge by methods approved by Central Pollution Control Board (CPCB) for achieving Zero Liquid Discharge (ZLD) or any other methods and which obtain CCA certificate from GPCB.

8.2 Quantum of Assistance

To give a special impetus to manufacturing of Bio-fuel Ethanol, Government of Gujarat has now framed Scheme for providing incentives to Bio-fuel Ethanol manufacturing unit and to tribal farmers supplying maize to such unit. Under this scheme, eligible Ethanol manufacturing unit will be entitled for all assistance under Atmanirbhar Gujarat Scheme for Assistance to Large Industries and Thrust Sector of Industries & Mines Department, Government of Gujarat vide GR No. MIS-102022-1271(2)-I dated 05.10.2022 with following special provisions:

- i. Eligible unit will be entitled for incentives as a **Thrust Sector**.
- ii. Eligible unit set up at any location within Gujarat, outside the Municipal Corporation limits, will be entitled for incentives as applicable to Category-1 area under said Government Resolution.
- iii. The eligible unit shall have to comply to all the provisions under above referred Government Resolution.
- iv. The eligible unit shall apply to Industries Commissionerate.

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9 Incentives to Farmers/FPOs/Co-operative societies

9.1 Eligibility for farmers under this scheme

- i. All the farmers belonging to ST category engaged in maize cultivation through traditional or hybridization method in the state of Gujarat.
- ii. Only maize cultivators/farmers supplying the maize produce to Ethanol Manufacturing unit fulfilling the criteria of 8.1 will be eligible under the scheme.
- iii. For FPOs/Co-operative societies, minimum 90% of members of FPOs should belong to ST category to be eligible under the scheme.
- iv. Only sale of maize to ethanol manufacturing unit located in Gujarat and registered under this scheme will be considered for incentives.

9.2 Quantum of Assistance

- i. Eligible farmers will be entitled for the incentive of INR 1000 per Tonne of Maize sold to Ethanol manufacturing unit (in Gujarat) for the period of five years from the date of its commercial production of Ethanol.
- ii. Eligible FPOs/Co-operative societies will be entitled for the incentive of INR 1250 per Tonne of Maize sold to Ethanol manufacturing unit (in Gujarat) for five years from the date of its commercial production of Ethanol.

9.3 Other Conditions

- i. Such incentives shall be credited directly to the account of respective farmers/FPOs/Cooperative societies under the Direct Benefit Transfer(DBT) scheme.
- ii. Ethanol manufacturing unit engaged in EBP programme shall submit the list of farmers/FPOs/Co-operative societies along with other details like purchased quantity, invoice numbers, date etc in order to pass on the said incentive benefits to the respective cultivators/farmers/FPOs/Co-operative societies.
- iii. The Ethanol manufacturing unit shall not issue invoice/certificate in excess of its rated capacity as certified by Prohibition and Excise authorities.
- iv. These provisions/principles shall be applicable to all eligible cultivators/farmers/FPOs/Co-operative societies under this scheme for the period of 5 years from the date of commercial production of Ethanol by the Ethanol manufacturing unit.

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10 State Level Approval Committee (SLAC)

10.1 A State Level Approval Committee consisting of following members is constituted for sanction of assistance with respect to various proposals received under the scheme:

Sr. No.	Name	Designation
1	Chief Secretary, Government of Gujarat	Chairman
2	ACS/PS/Secretary, Agriculture, Farmers Welfare and Co-operation Department	Member
3	ACS/PS/Secretary, Home Department	Member
4	ACS/PS/Secretary, Energy & Petrochemicals Department	Member
5	Secretary (Expenditure), Finance Department	Member
6	Industries Commissioner	Member
7	Director of Agriculture	Member
8	Managing Director, GAIC Ltd	Member Secretary

10.2 The Committee is authorized for interpretation of any provision and to give clarification/decision with reference to any provisions under this scheme and it will be final and binding to the applicants.

10.3 The Committee is authorized to decide the upper limit of maize procurement from one farmer/FPO/Co-operative Society.

10.4 Managing Director, GAIC Ltd shall prepare the detailed guidelines for implementation of the scheme. The Committee will approve the detailed guidelines made under this scheme.

11 Scheme Implementation, Monitoring and Grievance Redressal

11.1 Scheme Implementation

- Industries Commissionerate will be the nodal agency for providing incentives to eligible Ethanol manufacturing unit as per clause 8 of this GR.
- Gujarat Agro Industries Corporation Limited (GAICL), Government of Gujarat shall be the nodal agency for providing incentives to farmers/FPOs/Co-operative Societies as per clause 9 of this GR.

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- iii. Nodal agencies will work as per the direction issued by State Government under this scheme from time to time.

11.2 Scheme monitoring and grievance redressal.

- i. The implementation of the scheme will be reviewed from time to time and necessary facilitation and course correction shall be undertaken as found necessary to achieve the objectives of this scheme.
- ii. GAICL will develop web-based interaction mechanism where suggestions and complaints can be directly addressed to the GAICL.

12 General Conditions

- i. If any false declaration is given for the purpose of availing incentives or if incentives are availed by a unit that was not eligible or any violation of the conditions of this scheme, the amount of incentive is liable to be recovered from the date of availing such benefit along with the interest compounded annually @18% per annum. In case of non-payment within the stipulated time, the State Government shall recover such amounts including interest as arrears of land revenue.
- ii. All matters of interpretation/disputes shall be decided by State Level Approval Committee (SLAC). Such interpretation/decision shall be final.
- iii. In case of any discrepancy in the meaning and interpretation of the translated version of this scheme, the English language version shall be binding in all respect and shall prevail.
- iv. Land for the project will not be covered as a part of assistance under the scheme. Government will not be bound to provide land for establishment of project under this scheme.
- v. If a unit after availing incentive under this scheme diverts the production facility to produce any product other than fuel-grade Ethanol to be supplied to oil marketing companies under the Ethanol Blending Program of Government of India, the amount of incentive is liable to be recovered from the date of availing such benefit along with the interest compounded annually @18% per annum. In case of non-payment within the stipulated time, the State Government shall recover such amounts including interest as arrears of land revenue.

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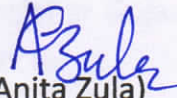
- vi. The distilleries/Ethanol manufacturing unit will not be eligible for same components of assets for which it has availed benefit under any other scheme of State Government. However, the unit can avail the incentives eligible under any scheme of Government of India.

13 The Grant will be given under the following budget head of the scheme.

Demand no.	02
Major head	2401- crop husbandry
Minor head	195-assistance to co-operatives
Sub head	02- Financial Assistance to Agro Industries

This resolution issues with the concurrence of the Government on this Department's even number file dated 01/11/2022.

By the order and in the name of the Governor of Gujarat,


(Anita Zula)

Deputy Secretary
Agriculture, Farmers Welfare &
Co-operation Department

To,

1. *Principal Secretary to Hon'ble Governor of Gujarat, Rajbhavan, Gandhinagar
2. Chief Principal Secretary to Hon'ble Chief Minister, Swarnim Sankul-1 Sachivalya, Gandhinagar
3. Additional Chief Secretary to Hon'ble Chief Minister, Swarnim Sankul-1 Sachivalya, Gandhinagar
4. Additional Secretary to Chief Secretary, Government Of Gujarat, 5th Floor, Block No. 1, Sachivalya Gandhinagar
5. PS to Hon'ble Minister (Agriculture), Sachivalya, Gandhinagar
6. PS to Hon'ble Minister of State (Agriculture), Sachivalya, Gandhinagar
7. Additional Chief Secretary, Home Department, Sachivalya, Gandhinagar
8. Additional Chief Secretary, Industries and Mines Department, Sachivalya, Gandhinagar
9. Principal Secretary, Finance Department, Sachivalya, Gandhinagar
10. Principal Secretary, Energy and Petrochemical Department, Sachivalya, Gandhinagar
11. Secretary (Exp.), Finance Department, Sachivalya, Gandhinagar

12. All Additional Chief Secretaries / Principal Secretaries/ Secretaries, Sachivalya, Gandhinagar
13. Managing Director, Gujarat Agro Industries Cooperation Limited, Gandhinagar
14. Director Of Agriculture, Krushibhavan , Gandhinagar
15. Industries Commissioner, Gandhinagar
16. Accountant General Ahmedabad & Rajkot
17. Pay & Account Officer Ahmedabad/ Gandhinagar

*By letter