Rajasthan

GOVERNMENT OF RAJASTHAN
FINANCE (EXCISE) DEPARTMENT

No.F.4(1)FD/Excise/2021/Part Jaipur, dated: 21 December, 2021

"Rajasthan Ethanol Production Promotion Policy 2021"

1. Introduction

In view of the huge potential for blending of Ethanol with fossil fuels such as Petrol and Diesel, Rajasthan wants to promote Ethanol production in a big way in the State. There are a few areas with enough water and sufficient production of grains such as wheat, maize, rice and also sugarcane.

The state of Rajasthan would like to attract investment in ethanol production through incentives and with simple procedures in the form of "Rajasthan Ethanol Production Promotion Policy 2021".

Presently, Ethanol for blending in petrol in Rajasthan is imported from other States under Ethanol Blended Petrol (ESP) program. From 1st April 2021 to 30th November 2021, a total of 10.87 Crore bulk litres ethanol blended with petrol in Rajasthan. Government of India has projected 237.90 Crore litres of petrol sale and 47.58 Crore litres of ethanol requirement in Rajasthan for blending by the year 2024-2025. This clearly indicates immense potential to be realized in production of Ethanol in Rajasthan.

As we all know, the Government of India has been implementing Ethanol Blended Petrol (ESP) Program wherein Oil Marketing Companies (OMCs) sell petrol blended with ethanol up to 10% to promote the use of alternative and environment friendly fuels. The National policy on Bio-fuels, 2018 provides an indicative target of 20% blending of ethanol under the Ethanol Blended Petrol Program (ESP) by 2025.

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The National policy focuses on expansion of scope of raw materials for ethanol production by allowing use of B-molasses, sugarcane juice, biomass in form of grasses, agricultural residue, sugar containing materials like sugar, beet, sweet sorghum etc. and starch containing materials such as corn, cassava, rotten potatoes etc., damaged food grains unfit for human consumption and food grains du'ring surplus phase.

2. Objectives

This policy aims to achieve the following objectives for the overall growth and development of green-field 100% ethanol manufacturing industrial units in the State with a goal of providing remunerative returns to investors, farmers and all other stakeholders:

1. To reduce dependency on fossil fuel imports and to facilitate National Biofuel Policy 2018
2. To allow production of Ethanol from all feedstocks permitted under National Policy on Biofuels, 2018 and by the National Bio-fuel Coordination Committee (NBCC).
3. To promote, facilitate and financially incentivize investment in fuel-grade standalone green field Ethanol manufacturing units as well as existing distilleries planning to expand in the area of ethanol production in Rajasthan.
4. To increase income of farmers producing feed-stock/ raw material which may be used for Ethanol manufacturing.
5. To generate local employment opportunities.

3. Coverage and Scope

A. Eligibility for type of Units

(i) Green-field standalone Ethanol manufacturing units investing more than INR 40 Crore with a minimum production capacity of 30 KL per day on the date of commercial production.

(ii) Units which are producing fuel-grade Ethanol and are supplying minimum 75% of Ethanol to Oil Manufacturing Companies (OMCs) under Ethanol Blended Petrol Program (EBP) of Government of India.

(iii) Existing units, expanding or diversifying into Ethanol Production, should have clearly demarcated unit, to be eligible for assistance under this policy provided that production capacity of existing distillery/unit must not be reduced.

(iv) The quantum of assistance to expanding or diversifying units shall be at par with new standalone units. Conversion/Switchover from existing units to Ethanol unit will not be eligible for incentives under this policy

(v) New Ethanol unit can only be setup in a block categorized as safe area as per the Block-wise Groundwater Resource Assessment 2020 and subsequent assessments conducted by the Central Ground Water Authority from time to time.

A. Eligibility for Type of Feedstocks

(i) Ethanol production from all feedstocks permitted under National Policy on Biofuels, 2018 and by the National Biofuel Coordination Committee shall be allowed in the state of Rajasthan.

(ii) Subsequent permission of any additional feedstock for Ethanol production by National Biofuel Coordination Committee will be automatically allowed for Ethanol production in the State of Rajasthan.

4. Incentives to Ethanol Manufacturing Units

The eligible ethanol manufacturing units in Rajasthan will be entitled to avail the following incentives: -

S.No	Type of Incentive	Quantum of Incentive
Incentive under this policy		
1	Production Linked Incentive	INR 1.50 per litre of Ethanol supplied to OMC's, and manufactured in the unit, up to a maximum limit of 100% investment in Plant & Machinery, in 7 years from the date of commercial production
Incentives under The Rajasthan Investment Promotion Scheme 2019 (RIPS 2019)		
1	Stamp Duty	Exemption from payment of 100% of stamp duty on purchase or lease/sub-lease of land and construction or improvement on such land
2	Conversion Charges	Exemption from payment of 100% of conversion charges payable for change of land use and conversion of land.
3	Electricity Duty	100% exemption for 7 years from the date of commencement of the commercial operation.
4	Employment generation subsidy	Reimbursement of 50% of employers' contribution towards employees EPF and ESI for 7 years. Reimbursement of 75% of employers' contribution towards employees EPF and ESI shall be granted for employees belonging to women, Scheduled Caste, Scheduled Tribes, person with disability

		and for all employees if the enterprise is providing more than 75% direct employment to persons of domicile in Rajasthan.
5	Mandi Fee	Exemption from payment of 100% of market fee (Mandi Fee) for 7 years.
6	Investment Subsidy	Reimbursement of 75% of State tax due and deposited for 7 years.
7	Land Tax	Exemption of payment of 100% of Land Tax for 7 years.
8	Interest subsidy/ Capital subsidy	5% interest subsidy on term loan taken by enterprise from financial institutions or State Financial Institutions or Banks recognized by Reserve Bank of India for making and investment in plant and machinery for a period of 5 Years subject to a maximum of Rs. 25 Lac per year **or** Capital subsidy equivalent to 25% of the plant and machinery subject to a maximum of Rs. 50 Lac.

5. Incentives under Government of India Schemes

Financial assistance offered under "The National Policy on Bio-fuels 2018" and other schemes in future shall be over and above the incentive, offered by the Government of Rajasthan under **"Rajasthan Ethanol Production Promotion Policy 2021"**.

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6. Guiding principles

1. This Policy shall come into force from the date of its notification and will remain in operation till 31st March 2026.
2. Incentives under this Policy shall be offered only after the commencement of commercial production by the unit.
3. Ethanol Units which are set-up on ZLD (Zero Liquid Discharge) basis shall nly be considered under this Policy.
4. Plant and machinery means the investment made by the unit in plant, machinery, co-gen plant, buildings, shed, quality certification, testing laboratories, handling, equipment, measurement equipment, safety equipment, generator set, pollution control devices, R&D equipment, transformers, necessary maintenance equipment excluding investment made in land and dwelling units.
5. If a false declaration is given for the purpose of availing incentives or the incentives are availed by an ineligible unit or the unit after availing benefits produces any product other than fuel grade ethanol, the amount of incentives 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 may recover such amounts including interest as arrears of land revenue or any other means deemed fit.

6. Policy Implementation

1. Industries and Commerce Department, Government of Rajasthan, shall be the Nodal Department responsible for implementation of this policy in the State. Commissioner of Industries and Commerce shall be the Nodal Officer thereof.

2. On the notification of this Policy, the Industries and Commerce Department shall notify Operational Guidelines and formulate modalities for online submission of claims.

3. Incentives under this policy shall be processed as per the provisions and operational guidelines of 'The Rajasthan Investment Promotion Scheme 2019" (RIPS-2019).

4. Any clarification regarding the Policy will be issued by Industries and Commerce department from time to time.

5. Grievance redressal of Investors will be done by Commissioner, Industries and Commerce.

This Policy is issued in compliance of Cabinet Order D-160/M.M./2021 Dated 20.12.2021

By Order of the Governor,

(Jaswant Singh)
Joint Secretary to the Government

Copy forwarded to the following for information & necessary action:

1. Principal Secretary to hon'ble Chief Minister, Rajasthan.
2. SA to hon'ble Excise Minister, Rajasthan.
3. DS to Chief Secretary, Rajasthan.
4. PS to Additional Chief Secretary, PHED & Ground Water Department.
5. PS to Principal Secretary, Finance Department.
6. PS to Secretary, Finance (Revenue) Department.
7. Secretary, Water Resources Department.
8. Secretary, Industries and Commerce Department.
9. Secretary, Cabinet and GAD.
10. Commissioner, Excise Department.
11. Commissioner, Industries and Commerce Department.
12. Commissioner, Commercial Taxes Department.
13. Director, Information and Public Relations.
14. Technical Director (Computer Cell) Finance Department for uploading the order on website of Finance Department.
15. Superintendent, Government Central Press, Jaipur for publication of this Order in part-1(b) of extraordinary Gazette. 10 copies of the Gazette may please be sent to Excise Commissioner, Rajasthan, Udaipur with the bill and 10 copies of Gazette may please be sent to this department.

Joint Secretary to the Government