



THE JHARKHAND GAZETTE

EXTRAORDINARY

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DEPARTMENT OF INDUSTRIES

NOTIFICATION

10th November, 2022

Jharkhand Ethanol Production Promotion Policy, 2022

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1. Preamble

Since the grant of statehood, Jharkhand has made sustained strides towards realising its immense industrial potential. To supplement its innate strengths and capitalise on the location quotient, the state has keenly worked on skill development and export competitiveness measures. The state has promoted inclusive livelihoods augmentation through non-conformist decentralisation of labour-intensive sectors towards rural industrial belts by focussing on sectors such as tourism, mining, agriculture, food processing etc. Through the Jharkhand Industrial Investment Promotion Policy 2021, the state is further encouraging investments and sustenance creation in identified sectors such as mineral exploration, Iron & Steel, plastics, chemicals, electricals, cement, metallurgy & automobile components, light engineering and textiles amongst others.

The state has progressed fast on adopting investor-friendly best practices and making doing business easier to facilitate investments and handholds employment creations/enhancement. Measures like Jharkhand Investment Promotion Board, efficient system of single-window clearances, online payments, online verification, third-party& self-certification, time-bound approvals, proactive online disclosure of information, SOPs for approvals and deemed approvals, etc. have been adopted by majority of the departments, undertakings, corporations and state-owned enterprises.

This policy has been drafted with the view to sustain the reform trajectory mentioned above and further streamline the regulatory interface to make doing business a congenial experience. The policy proposes to provide an attractive and bespoke investment package to the ethanol production industry in the state. Due deliberations have been done to ensure that the suite of fiscal and non-fiscal measures proposed in this policy are amongst the best in the country, with an aim to attract and promote Ethanol centric investment in the state.

2. Ethanol Production in India

Ethanol, primarily known as common alcohol, also serves as a renewable biofuel. It is derived largely from fermentation of sugarcane juices, type B and C molasses, damaged food grains with high starch content such as wheat and sorghum alongside still nascent methods like algae processing and chemical treatment of CO₂ and H₂O. Blending of bio ethanol with petroleum serves a multitude of purposes including but not limited to, reduced vehicular emissions and energy security by using renewable energy.

India has around 330 distilleries, which can produce over 4.8 billion litres of rectified spirits (alcohol) per year. Of this total, about 166 distilleries have the capacity to distil 2.6 billion litres of ethanol (denatured and undenatured) to be used in fuel, industrial chemicals, and beverages. There are three categories of raw materials used to produce ethanol:

- 1) Sugar based - sugar cane, sugar beet, sweet sorghum etc.
- 2) Starch based - all types of grains including wheat, rice, corn, barley, malt etc. and tubers such as potatoes and cassava etc.
- 3) Cellulose based - Agro-waste, Agro-residues, bagasse, rice-husk, straw etc.

3. Background- Government of India schemes

To increase India's ethanol production capacity, the Government of India has recently launched the 'Scheme for extending financial assistance to project proponents for enhancement of their ethanol distillation capacity or to set up distilleries for producing 1st Generation (1G) ethanol from feed stocks such as cereals (rice, wheat, barley, corn& sorghum), sugarcane, sugar beet etc. Key features of the scheme are mentioned below:

Eligibility

Assistance under the scheme shall be available to the entrepreneurs for:

1. Setting up grain-based distilleries/expansion of existing grain-based distilleries to produce ethanol. However, benefits of interest subvention scheme is to be extended to only those distilleries which are using or will be using dry milling technique to produce Dry Distillers Grain Soluble (DDGS).

2. Setting up new molasses-based distilleries/expansion of existing distilleries (whether attached to sugar mills or standalone distilleries) to produce ethanol and for installing any method approved by Central Pollution Control Board for achieving Zero Liquid Discharge (ZLD).
3. To set up new dual feed distilleries or to expand existing capacities of dual feed distilleries.
4. To convert existing molasses-based distilleries (whether attached to sugar mills or standalone distilleries) to dual feed (molasses and grain/ or any other feed stock producing 1G Ethanol); and also to convert grain based distilleries to dual feed.
5. To set up new distilleries / expansion of existing distilleries to produce ethanol from other feed stocks producing 1G ethanol such as sugar beet, sorghum, cereals etc.
6. To install Molecular Sieve Dehydration (MSDH) column to convert rectified spirit to ethanol in the existing distilleries.

Assistance under the Scheme

1. 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)/ Non-Banking Financial Companies (NBFCs)/any other financial institutions which are eligible for re-finance from NABARD, whichever is lower, on the loans to be extended by banks/ NCDC/ IREDA/ NBFCs/ any other financial institutions which are eligible for re-finance from NABARD, shall be borne by the Central Government for five years including one year moratorium against the loan availed by project proponents.
2. Interest subvention under the scheme 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 by Department of Food and Public Distribution (DFPD).
3. Interest subvention would be available to only those distilleries which will supply at least 75% of ethanol produced from the added distillation capacity to OMCs for blending with petrol.
4. Assistance shall not be available to sugar mills and distilleries which have availed benefits under any other scheme of Central Government for the same project.
5. In case of grain-based distilleries, interest subvention would be applicable only if they are using or will be using dry milling technique to produce DDGS.

Additionally, to increase indigenous production of ethanol, Government has taken multiple interventions including, administered price mechanism, opening alternate route for ethanol production, amendment to Industries (Development & Regulation) Act, 1951 which legislates exclusive control of denatured ethanol by the Central Government, reduction in Goods & Service Tax (GST) from 18% to 5%, Notification of National Policy on Biofuels – 2018, increasing scope of raw material for ethanol procurement, interest subvention scheme for enhancement and augmentation of the ethanol production capacity and extension of EBP Programme to whole of India except islands of Andaman Nicobar & Lakshadweep w.e.f 01st April, 2019. The National Policy on Biofuels, 2018 allowed production of Ethanol from B-heavy Molasses, Sugarcane juice, and Damaged food grains like wheat, broken rice etc which are unfit for human consumption. Regarding food grains, the National Biofuel Coordination Committee (NBCC) was empowered to allow specific raw materials based on the projected supply for the forthcoming year. The NBCC has subsequently allowed production of Ethanol from Surplus rice with Food Corporation of India (FCI) and Maize.

Government has earlier fixed target of 10% blending of fuel grade ethanol with petrol by 2022, 15% blending by 2026 & 20% blending by 2030. With a view to achieve the blending targets, Government is making concerted efforts to further double the ethanol distillation capacities in the country by 2024.

With the recent approved interest subvention incentives for grain distilleries, the target of 20% blending of petrol by 2025 is planned as per Expert Committee on Roadmap for Ethanol Blending in India by 2025.

Government of India schemes/ interventions mentioned above is non-exhaustive and detail or updates on schemes may be referred separately.

In line with the aim of Government of India, the Government of Jharkhand, through this policy, plans to extend additional benefits to promote the growth of Bioethanol sector in the state. The incentives proposed under this policy will be in addition to the support from the Government of India to the manufacturing units engaged in the production of Ethanol. Also, this policy would indirectly benefit the backward and forward linkages of the participants linked to the production of Ethanol.

4. Policy Aim

- Jharkhand Ethanol policy aims to achieve multiple outcomes such as addressing environmental concerns, reducing import dependency and provide boost to agriculture sector in the State.
- This policy has been introduced with an aim to leverage the opportunities in Ethanol manufacturing which offers a sustainable source of income for farmers, entrepreneurs and workers who will be employed in the Ethanol units.

5. Policy Objectives

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

- To allow production of Ethanol from all kind of feedstocks allowed under National Policy on Biofuels, 2018 and by the National Biofuel Coordination Committee.
- To promote, facilitate and financially incentivize investment in fuel-grade standalone new/green-field Ethanol manufacturing units in Jharkhand through instituting an enabling environment and offering fiscal incentive.
- To increase incomes of farmers producing feedstock/ raw material which may be used for Ethanol manufacturing.
- To create local employment opportunities through promotion of new Ethanol industries.
- To increase the production of grains used in production of ethanol and providing forward and backward linkage between farmer and industries through SFC and FCI.

6. Policy Benefit

Ethanol manufacturing in the State using Sugarcane Juice, Maize and Broken Rice as feedstock has significant potential for growth. The National Policy on Biofuels, 2018 and subsequent pronouncements by the Government of India offer a very conducive regulatory and institutional eco-system for sustainable growth of Ethanol manufacturing in States such as Jharkhand which is endowed with large number of feed-stocks such as Sugarcane, Maize, Rice, etc.

a. Boost to State economy

- Agriculture sector will get boost because of additional production of grains.
- Less dependence on imports and cheaper cost of production of ethanol will bring down the prices of fuels. .
- Revenues to the State.

b. Benefit to Farmers

- Manufacturing of Ethanol from grains will also help the farmers to get good support price for their produce in the form of grains.
- Spent wash will be treated in decanter followed by Multiple Effect Evaporator & then in Dryer.
- The output from Dryer is known as Distillers Dried Grain Soluble (DDGS). It is of very high in protein content (around 35%). It will be used as Cattle feed by farmers.

c. Environmental Benefits with the project

- Significant reduction in fuel consumption, hence conservation of fuel.
- Significant reduction in air pollution.
- It reduces greenhouse gas emissions by up to 59 percent relative to gasoline.
- Even adding as little as 10 percent ethanol to gasoline significantly reduces tail pipe emissions of carbon monoxide and non-combusted hydrocarbons.
- Less water consumption per KLD of Ethanol production as compared to Molasses.
- Less steam consumption per KLD of Ethanol production as compared to Molasses.
- Recycling of significant portion of spent wash.
- Zero Liquid discharge system will be adopted and is approved by Central Pollution Control Board.
- Co-generation power within the premises.
- This eliminates the external power requirement and the transmission losses.

d. Socio-Economic Benefits

- Employment generation to the local people.
- Socio-economic Developmental activities will be carried out in the area with the implementation of the project. 2% of the project cost will be earmarked for socio-economic developmental activities in the area.

e. Infrastructure Support

- The Jharkhand Industrial and Investment Promotion Policy 2021 highlighted that the government is committed to create high quality infrastructure in all the parks and industrial areas throughout the state. Government would ensure the creation of Special Infrastructure for Ethanol Production required by the industry.

7. Coverage and Scope

a. Eligibility for type of Units

100% ethanol (Biofuel) production units shall be eligible for incentive under this policy.

b. Eligibility for type of feedstocks

Ethanol production from all feedstocks permitted under National Policy on Biofuels, 2018. 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 Jharkhand.

Notes:

- a. Other eligibility conditions and incentives mentioned under Jharkhand Industrial Investment Promotion Policy, 2021 shall also be considered for eligibility under this policy.
- b. Only those Green-field standalone Ethanol manufacturing units shall be eligible for financial assistance under this Policy which are producing fuel-grade Ethanol and are supplying 100% of their Ethanol to Oil Manufacturing Companies (OMCs) under Ethanol Blending Petrol Programme (EBP) of Government of India.

8. Guiding Principles

1. These provisions / principles shall be applicable to all eligible projects / units under this policy.
2. This policy shall come into force from the date of its notification in the official gazette. The said date shall be considered as effective date of this policy from which its provisions shall come into force and will be applicable for a period of **five (05) years**.
3. Incentive under this Policy shall be offered after commencement of commercial production by the Unit. Date of Commencement of commercial production should fall within the policy period i.e., between date of notification in the official gazette and date of expiry of this policy.
4. Incentive under this Policy to the eligible Units covered under the **Clause 7** will be in addition to the wide range of benefits eligible under the **Jharkhand Industrial Investment Promotion Policy, 2021**. However, the maximum limit of incentive under this Policy shall be subject to capping as per **Clause 9** of this Policy.
5. For the purpose of calculation of capital subsidy under this policy, the value of Fixed Capital Investment shall be that considered as part of Approved project cost under **Jharkhand Industrial Investment Promotion Policy, 2021**.
6. Only those green-field standalone Ethanol Units which are set-up on ZLD (Zero Liquid Discharge) basis shall be considered under this Policy. The cost of setting-up Effluent Treatment Plant (ETP) shall be included within the Approved project Cost.
7. Cost incurred in setting-up Captive power plant by eligible green-field standalone Ethanol units shall be included within the Approved project cost.
8. Special Class Investors: In case of Scheduled Castes (SC), Scheduled Tribes (ST), Women, Differently-abled, the maximum limit of incentive under this Policy shall be increased by additional 5%.
9. Land will be allotted on priority basis to ethanol units from Jharkhand Industrial land bank.

9. Incentives

After the notification of this Policy, the unit as per the eligibility criteria mentioned in this policy will be entitled to avail incentives under the following policies of the Jharkhand Government-

Incentives provisions proposed under Jharkhand Ethanol Production Promotion Policy 2022

Incentives	Details
Comprehensive Project Investment Subsidy (CPIS)	CPIS at 25% of Investment made in fixed capital investment, Maximum limit of Rs. 10 Cr for MSME and Rs. 30 Cr for Non-MSME . Disbursement of CPIS will be as per JIIP Policy 2021 guidelines. SC/ST/Women/Differently abled Entrepreneurs will avail 5% additional benefit under CPIS i.e., over and above the maximum limit of admissible subsidy under CPIS. (This additional benefit shall be applicable only to residents of Jharkhand) For the purpose of this clause, those persons will be eligible for benefit under SC/ST category that are issued caste / residential certificate to this effect by competent authority as notified by Government of Jharkhand. Similarly, those persons will be deemed to be of differently abled category that are certified by a competent Medical Board to have Differently abled of more than 40%.
Stamp Duty and Registration Exemption	All Industrial units will enjoy 100% reimbursement of stamp duty and registration fee for land directly purchased from the raiyats / acquired through consent award (lessee of JIADA / industrial parks will not be eligible for this benefits). This facility will be granted only for the first transaction for a particular plot of land.
Land Cost	Only units producing 100% ethanol (Biofuel) will be eligible for 50% rebate on prevailing land lease premium on the land allotted by the State Government agencies and land will be provided to units as upfront or in 10 equal instalments in five years will be applicable only for those units to whom the land is allotted within a period of two years from the Date of Notification of this policy and commence their production within a period of 15 months from the date of land allotment.
Interest subvention incentive	New MSME units and non MSME sector units shall be entitled to interest subsidy for timely payment @ 6% per annum on total loan availed from public financial institutions / Banks for period of five years from the date of Commercial Production subject to total maximum limit of: <ul style="list-style-type: none"> • Rs. 15 Lakhs for Micro Enterprises • Rs. 50Lakhs for Small Enterprises • Rs. 1 crore for Medium Enterprises • Rs. 3 Crores for non-MSME Sector units
Early Bird Subsidy	Additional 5% of the Comprehensive Project Investment Subsidy (CPIS) shall be provided in addition to the other incentives mentioned in this Policy.

Note: The 'Fixed Capital Investment' means an investment made in building (not applicable for Non-MSME), plant and machinery as well as productive assets of permanent nature such as tools, jigs, fixtures, dies, crane, electrification except DG Set and pollution control equipment.

Apart from above, additional incentives **proposed in this policy**

- **Skill development subsidy**

One-time Skill development subsidy of Rs 13,000 per employee. This incentive will be applicable for training of employees/ staffs who are domicile of Jharkhand.

10. Dovetailing with Central and State Government policies and schemes

- I. Dovetailing with Central Government policies and schemes would be allowed under the Policy. Investors shall have to submit declaration of types and quantum of incentives availed/ to be availed by them under Central Government policies.
- II. Dovetailing with Jharkhand Industrial Investment Promotion Policy, 2021 would be allowed under the policy. Dovetailing with State Government policies and schemes other than Jharkhand Industrial Investment Promotion Policy, 2021 would be allowed under the policy subject to the condition that the unit shall not avail subsidy against the same asset under this policy and such other policy.
- III. In case Investors avail any subsidy under Central Government schemes, the amount of subsidy so availed/ to be availed by them will be deducted from the corresponding subsidy admissible under this Policy. For example – If an Investor avails 6% interest subvention subsidy under a Central Government Scheme and the applicable interest rate on term loan availed by them is 10%, then balance 4% would be admissible under this policy, subject to the upper limit specified in the Policy.

11. Special incentive package for Special class entrepreneurs

In order to promote Scheduled Castes (SC), Scheduled Tribes (ST), Women and Differently-abled entrepreneurs in the State, they shall be entitled for additional subsidy under the policy subject to the condition that entrepreneurs under these categories shall hold 100% stake in the Company/ Firm promoting the Unit.

12. Submission of application under this Policy

Investors may log onto the Jharkhand's Single Window Portal and apply for various approvals through the Common Application Form(CAF).The Single Window Cell shall monitor all projects and help in their facilitation in a time-bound manner.

For availing incentives under this policy, the Units will submit either (i) a copy of Tripartite agreement entered into among the Unit, their Bankers and Oil Marketing Companies (OMCs), or (ii) purchase order from Oil Marketing Companies (OMCs) for sourcing of Ethanol manufactured by the Unit.

13. Policy Implementation

- i. Department of Industries, Government of Jharkhand shall be the nodal agency responsible for implementation of this policy in the State.
- ii. Incentives under this policy shall be processed as per the provisions of Jharkhand Industrial Investment Promotion Policy, 2021.
- iii. Units applying for incentive under this policy shall apply on the Single Window Clearance (SWC) portal of the Department of Industries, Government of Jharkhand.

- iv. Government of Jharkhand will promote fuel-grade Ethanol manufacturing in the State. For this, all NOCs, permissions and clearances required by Ethanol Manufacturing units from the Department of Excise and Prohibition and other Departments/ Agencies of Jharkhand Government will be provided through Single Window Clearance (SWC) portal of the Department of Industries, Government of Jharkhand.
- v. Department of Industries shall extend hand-holding support to the Investors setting up Ethanol manufacturing units in land allotment from Jharkhand Industrial Area Development Authority (JIADA), land registration for private land and land use conversion and other applicable clearances/ licences/ NOCs.

14. Policy monitoring and grievance redressal

- I. The implementation of the policy 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 policy.
- II. Department of Industries will develop web-based interaction mechanism where suggestions and complaints can be directly addressed to the Department of Industries.

15. Program awareness and Capacity Building

- I. Programs for creation of various levels of awareness /capacity building for self-reliance in the field of domestic energy will be run. With this, the rural economy will be strengthened as well as the role and importance of the bio-fuels sector will be established for self-employment opportunities.
- II. Emphasis will be given on human resource development, training and capacity building. For this, government and other institutions will be encouraged for various level training, to ensure the availability of trained manpower at all levels in the bio-energy sector.

16. General conditions

- I. As per the National Policy on Biofuels, 2018, the Bureau of Indian Standards (BIS) has already evolved standards for bioethanol, biodiesel for standalone and blended form applications. The Bureau of Indian Standards (BIS) has developed a standard (E.S. 15607) for Bio-diesel, which has been taken from the American standard ASTM-D-6751 and the European standard E.N. 14-14214. Apart from this, the Bureau of Indian Standards has developed standard I.S. -2796: 2001, including 5% and 10% Bio-ethanol Blend. Compliance will be ensured in each condition of standards set by the Bureau of Indian Standards in the production of bio-ethanol, biodiesel, drop-in-fuel, methanol and other bio-fuels.
- II. If any false declaration is given for the purpose of availing incentives or if incentives are availed for a unit that was not eligible or any violation of the condition of this policy, 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 may recover such amounts including interest as arrears of land revenue.
- III. If a Unit after availing incentive under this Policy diverts the production facility to produce any product other than fuel-grade Ethanol to be supplied to Oil Marketing Companies under Ethanol Blending Programme 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 may recover such amounts including interest as arrears of land revenue.

- IV. The units applying for the Comprehensive Project Investment Subsidy (CPIS) incentive under this policy need to claim the incentive within 6 months of issuance of DOP. Failing to do so will incur a penalty of 2 percent per month of approved amount of CPIS upto a maximum of 25 percent.

Words used in this Policy shall have the same meaning as assigned to them under Jharkhand Industrial Investment Promotion Policy, 2021 or National Policy on Biofuels, 2018, as the context may require. All matters of interpretation/disputes shall be decided by the Additional Chief Secretary/ Principal Secretary/ Secretary, Department of Industries. Such interpretation/decision shall be final.

Industries mentioned in the negative list of Jharkhand Industrial Investment Promotion Policy, 2021 would not be eligible for any incentive under this policy. **This policy will come into effect from the date of issue of this notification and will remain in operation till five (5) Years from the date of notification of this policy.**

By the Order of the Governor of Jharkhand,

S/d illegible,

Principal Secretary,
Department of Industries,
Government of Jharkhand.
