

Ethanol Production Promotion Policy, 2021 **(Effective from 17.03.2021 to 31.03.2025)**

Eligibility

- Only **standalone distilleries** (single feed or dual feed) producing 100% fuel-grade Ethanol which will be developed as **Greenfield project** shall be eligible for incentive under this Policy
- The units will have to supply 100% of their Ethanol to Oil Manufacturing Companies (OMCs) under Ethanol Blending Programme (EBP) of Government of India.
- At the time of Financial Clearance, 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.
- Only those Units which are set-up on **ZLD (Zero Liquid Discharge)** basis shall be considered under this Policy

Note:

Cost incurred in setting-up Captive Power Plant and Effluent Treatment Plant (ETP) shall be included within the Approved Project Cost

Incentives under this policy

- **Capital Subsidy :**
15% of the Cost of Plant and Machinery or Rs. 5.00 cr, whichever is lower. Additional 5% for Special Class Investors i.e. Scheduled Castes (SC), Scheduled Tribes (ST), Extremely Backward Castes (EBC), Women, Differently-abled, War-widows, Acid attack victims and Third gender entrepreneurs
- **Stamp Duty and Registration Fees:**
100% Exemption

- **Land Conversion Fees:**
100% Exemption
- **Interest Subvention:**
At 10% of Term loan for a period of five years, upper limit being 50% of Approved Project Cost, maximum Rs. 20 Cr
- **Tax Related Incentives:**
100% SGST reimbursement and 100% Electricity Duty reimbursement) for a period of five years, upper limit being 100% of Approved Project Cost under Bihar Industrial Investment Promotion Policy, 2016
- **Employment Cost Subsidy:**
50% reimbursement (in case of male workers) and 100% reimbursement (in case of female workers) of expenditure on account of contribution toward ESI and EPF scheme for a period of 5 years for new units for those employees who are domicile of Bihar.
Maximum limit for reimbursement will be Rs.1000/- per month for SC/ST and women employee and Rs. 500/- per month for general employee
- **Skill Development Subsidy:**
Rs 20,000 per employee/ Bihar Skill Development Mission (BSDM) rates, whichever is lower for training of employees/ staff who are domicile of Bihar

Note:

In case of **Micro and Small units:**

- (i) Rate of interest subvention is 12% instead of 10% and
- (ii) The upper limit of Tax related incentives is increased by additional 30% of the Approved project cost.

In case of **Special Class Entrepreneurs:**

- (i) Rate of interest subvention and upper limit of interest subvention incentive both is raised by additional 15% of the limit
- (ii) The upper limit of Tax related incentives is raised by additional 15% of the limit
- (iii) The upper limit of Capital Subsidy is raised by additional 5% of the limit

Timeline to be followed

- **Stage-1 Clearance:**
Entrepreneurs should submit application for Stage-1 clearance latest by 30th June, 2021.
Department of Industries will issue Stage-1 clearance within next seven (07) working days
- **Financial Clearance:**
Entrepreneurs should submit application for Financial Clearance latest by 30th June, 2022
- **Land allotment by BIADA:**
Entrepreneurs should submit application for land allotment on BIADA portal which will be disposed by BIADA within next seven (07) working days

General conditions

- Compliance will be ensured in each condition of standards set by the Bureau of Indian Standards (BIS) in the production of bio-ethanol, biodiesel, drop-in-fuel, methanol and other bio-fuels
- In case of submission of false declaration or violation of conditions, the amount of incentive given is liable to be recovered from the date of availing such benefit along with the interest compounded annually @ 18% per annum

Dovetailing with Central and State Government policies and schemes

- Dovetailing with Bihar Industrial Investment Promotion Policy, 2016 would be allowed under the policy. Dovetailing with State Government policies and schemes other than Bihar Industrial Investment Promotion Policy, 2016 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.

- 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 Bihar Industrial Investment Promotion Policy, 2016 or this Policy

Read the full policy [here](#)

Hebe Financial Services Pvt Ltd
204, Ashiana Plaza, Budh Marg
Patna – 800001, Bihar
<http://hebe.net.in/>
Mail: hfspl_sg@yahoo.co.in