

Centre notifies scheme for Cooperative Sugar Mills for conversion of existing sugarcane-based feedstock ethanol plants to multi-feedstock based plants

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- **Increasing financial viability and better cash flows for Co-operative Sugar Mills**
- **The Government of India is supporting Cooperative Sugar Mills (CSMs) by providing interest subvention for converting ethanol plants to multi-feedstock units.**
- **This conversion allows CSMs to use maize and damaged food grains (DFG), ensuring year-round ethanol production and improved efficiency.**
- **The initiative aligns with the Ethanol Blended Petrol (EBP) Programme, targeting 20% ethanol blending with petrol by 2025.**

To facilitate Cooperative Sugar Mills (CSMs), Department of Food & Public Distribution, Government of India, has notified a scheme for CSMs under modified **Ethanol Interest Subvention Scheme** for Conversion of their existing sugarcane-based feedstock ethanol plants into multi-feedstock based plants to use grains like Maize and Damaged Food Grains (DFG).

Under this modified Ethanol Interest Subvention Scheme, Government is facilitating entrepreneurs with Interest subvention @ 6% per annum or 50% of rate of interest charged by banks/financial institutions, whichever is lower, on the loans to be extended by banks/financial institutions is being borne by the Central Government for five years including one-year moratorium.

The sugarcane crushing period is limited to 4-5 months only in a year due to which sugar mills can operate for a limited period of time. This further leads to reduction in their overall operational efficiency and productivity. To ensure the functioning of Cooperative Sugar Mills (CSMs) throughout the year, their existing ethanol plants can be converted into multi-feedstock based plants to use grains like maize and DFG under the new modified scheme.

The conversion to multi-feedstock based plants would not only make the existing ethanol plants of CSMs capable of operating when sugar based feedstocks are not available for ethanol production but will also improve efficiency and productivity of these plants. As a result, these cooperative ethanol plants will have increased financial viability.

The Government of India has been implementing Ethanol Blended with Petrol (EBP) Programme throughout the country. Under EBP Programme, Government has fixed the target of 20% blending of ethanol with petrol by 2025. The Government has notified various ethanol interest subvention schemes from July 2018 to April 2022.

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