

Interest Subvention (Subsidy) Scheme for Short Term Crop Loans during the years 2018-19 and 2019-20 (07-03-2019) *

- In order to provide short-term crop loans upto ₹ 3 lakh to farmers at an interest rate of 7% p.a. during the years 2018-19 and 2019-20, it has been decided to offer **interest subvention of 2% per annum** to lending institutions viz. Public Sector Banks (PSBs) and Private Sector Commercial Banks (in respect of loans given by their rural and semi-urban branches only).
- To provide an **additional interest subvention of 3% per annum** to such of those farmers repaying in time. This also implies that the farmers repaying promptly as above would get short term crop loans @ 4% per annum during the years 2018-19 and 2019-20.
- In order to discourage distress sale by farmers and to encourage them **to store their produce in warehouses**, the benefit of interest subvention will be available to small and marginal farmers **having Kisan Credit Card** for a further period of upto six months post the harvest of the crop at the same rate as available to crop loan against negotiable warehouse receipts issued on the produce stored in warehouses accredited with Warehousing Development Regulatory Authority (WDRA).
- To provide relief to farmers affected by **natural calamities**, an interest subvention of 2% per annum will be made available to banks for the first year on the restructured loan amount. Such restructured loans will attract normal rate of interest from the second year onwards.
- However, to provide relief to the farmers affected due to **severe natural calamities**, an interest subvention of 2 percent per annum will be made available to banks for the first three years/entire period (subject to a maximum of five years) on the restructured loan amount. Further, in all such cases, the benefit of prompt repayment incentive @ 3% per annum shall also be provided to the affected farmers.

Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)

Launched in	July 2015
Allocation and period	The Scheme has been approved with an outlay of 50,000 crore for a period of 5 years (2015-16 to 2019-20).
Objective	<ul style="list-style-type: none"> • to achieve convergence of investments in irrigation at the field level, • expand cultivable area under assured irrigation (Har Khet ko pani), • improve on-farm water use efficiency to reduce wastage of water, • enhance the adoption of precision-irrigation and other water saving technologies (More crop per drop), • enhance recharge of aquifers and introduce sustainable water conservation practices by exploring the feasibility of reusing treated municipal based water for peri-urban agriculture and • attract greater private investment in precision irrigation system.

CDS 2018

Which one of the following is not an objective of the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)?

- To achieve convergence of investment in irrigation at the field level
- To expand cultivable area under Irrigation
- To improve on-farm water use efficiency to reduce wastage of water
- To protect farmers against crop failure due to natural calamities**

National Policy on Biofuels – 2018 (16-05-2018)

The Goal of the Policy is to enable availability of biofuels in the market thereby increasing its blending percentage.

An indicative target of 20% blending of ethanol in petrol and 5% blending of biodiesel in diesel is proposed by 2030.

This goal is to be achieved by

- reinforcing ongoing ethanol/biodiesel supplies through increasing domestic production
- setting up Second Generation (2G) bio refineries
- development of new feedstock for biofuels
- development of new technologies for conversion to biofuels.

(e) creating suitable environment for biofuels and its integration with the main fuels.

The policy will allow production of ethanol from B Molasses as well as **directly from sugarcane juice**. The policy will also allow production of ethanol from **damaged food grains** like wheat, broken rice etc. which are unfit for human consumption.

During an agriculture crop year when there is projected **over supply of food grains** as anticipated by the Ministry of Agriculture & Farmers Welfare, the policy will allow conversion of these surplus quantities of food grains to ethanol, based on the approval of National Biofuel Coordination Committee proposed under this Policy.

Cabinet approves Mechanism revision of ethanol price for supply to Public Sector Oil Marketing Companies for procurement of ethanol w.e.f. December'19 for one year period (03-09-2019)*

The Cabinet Committee on Economic Affairs, chaired by Prime Minister Shri Narendra Modi has given its approval for the following, including fixing higher ethanol price derived from different raw materials under the EBP Programme for the forthcoming sugar season 2019-20 during ethanol supply year from 1st December 2019 to 30th November 2020:

- (i) The price of ethanol from C heavy molasses route be increased from Rs.43.46 per lit to Rs.43.75 per litre,
- (ii) The price of ethanol from B heavy molasses route be increased from Rs.52.43 per lit to Rs.54.27 per litre,
- (iii) The price of ethanol from sugarcane juice/sugar/sugar syrup route be fixed at Rs.59.48 per litre,
- (iv) Additionally, GST and transportation charges will also be payable. OMCs have been advised to fix realistic transportation charges so that long distance transportation of ethanol is not disincentivised,
- (v) OMCs are advised to continue according priority of ethanol from 1) sugarcane juice/sugar/sugar syrup, 2) B heavy molasses 3) C heavy molasses and 4) Damaged Food grains/other sources, in that order,

All distilleries will be able to take benefit of the scheme and large number of them are expected to supply ethanol for the EBP programme. Remunerative price to ethanol suppliers will help in reduction of cane farmer's arrears, in the process contributing to minimizing difficulty of sugarcane farmers.

Ethanol availability for EBP Programme is expected to increase significantly due to higher price being offered for procurement of ethanol from all the sugarcane based routes, subsuming "partial sugarcane juice route" and "100% sugarcane juice route" under "sugarcane juice route" and for the **first time allowing** sugar and sugar syrup for ethanol production.

Increased ethanol blending in petrol has many benefits including reduction in import dependency, support to agricultural sector, more environmental friendly fuel, lesser pollution and additional income to farmers.

Background:

Government has been implementing Ethanol Blended Petrol (EBP) Programme wherein OMCs sell petrol blended with ethanol up to 10%. This programme has been extended to whole of India except Union Territories of Andaman Nicobar and Lakshadweep islands with effect from 01st April, 2019 to promote the use of alternative and environment friendly fuels. This intervention also seeks to reduce import dependence for energy requirements and give boost to agriculture sector.

Government has notified administered price of ethanol since 2014. For the first time during 2018, differential price of ethanol based on raw material utilized for ethanol production was announced by the Government. These decisions have significantly improved the supply of ethanol thereby ethanol procurement by Public Sector OMCs has increased from 38 crore litre in ethanol supply year 2013-14 to estimated over 200 crore litre in 2018-19.

However, Targets for ethanol-blended petrol continue to be missed largely on account of inadequate ethanol production due to higher production and transportation cost as well as low pricing.

Government has set a target to reduce the import dependency of oil and gas by 10 per cent by 2022.

Consistent surplus of sugar production is depressing sugar price. Consequently, sugarcane farmer's dues have increased due to lower capability of sugar industry to pay the farmers.

With a view to limit sugar production in the Country and to increase domestic production of ethanol, Government has taken multiple steps including, allowing diversion of B heavy molasses and sugarcane juice for ethanol production.

As the ex-mill price of sugar and conversion cost have undergone changes, there is a need to revise the ex-mill price of ethanol derived from different sugarcane based raw materials. There is also a demand from the industry to include sugar and sugar syrup for ethanol production to help in solving the problem of inventory and liquidity with the sugar mills.