

## **Policy Guidelines for Financial Support on Biomass Collection**

### **1. Introduction**

- 1.1 India is endowed with a vast expanse of fertile agricultural landscape with a substantial quantity of biomass. However, the prevalent practice of burning biomass contributes to heightened air pollution. There is an urgent need to deploy biomass collection equipment, recognize the value in this biomass, and leverage it for production of Compressed Bio Gas (CBG).

### **2. Objective**

- 2.1 The primary goal of this scheme is to facilitate biomass aggregation and marketing, preventing the burning of surplus biomass and generating extra income for farmers. This initiative also aims to extract economic value from untapped biomass resources/ agri residue such as paddy straw by converting them into CBG and bio-manure.
- 2.2 This scheme aims to support biomass collection for initial 100 biomass-based CBG plants by providing financial assistance to CBG producers for procurement of biomass aggregation machinery (BAM).

### **3. Scheme Execution**

- 3.1 Steering Committee: The scheme would be overseen by a Steering Committee (SC), which will have the following composition:

<b>S. No.</b>	<b>Composition</b>
1.	Secretary, PNG (Chairman)
2.	Secretary, Department of Agriculture and Farmers Welfare or representative
3.	Secretary, Department of Drinking Water and Sanitation or representative
4.	Secretary, Ministry of New and Renewable Energy or representative

SC may co-opt any other member, as appropriate.

- 3.1.1 The Terms of Reference (ToR) of the Inter- Ministerial Steering Committee will be as follows:
- i. Finalization of scheme guidelines for approval by Minister, P&NG;
  - ii. Provide overall direction for scheme implementation, monitoring and review of its progress;
  - iii. Necessary amendment of scheme design to overcome operational difficulties, if so needed, during course of scheme implementation within the overall budget of the scheme;
  - iv. Any other relevant matter.

3.1.2 SC will meet at least once in three months.

3.2 **Project Approval Board (PAB):** PAB shall consider the projects recommended by PAC. Approval of PAB shall constitute sanction for further action by Project Management Agency (PMA). PAB shall be chaired by Secretary, PNG and shall consist of Additional Secretary, PNG, Financial Advisor, PNG, Joint Secretary (GP), Director-in-charge of CBG, IOCL, GAIL and Head, PMA.

3.3 **Project Appraisal Committee (PAC):** The scheme shall have a PAC for appraisal of proposals and recommending projects under the scheme and for effective planning and implementation of the scheme. PAC shall have the following composition:

S.No.	Composition
1.	Additional /Joint Secretary, PNG (Chairman)
2.	Joint Secretary, Department of Agriculture and Farmer Welfare or representative
3.	Joint Secretary, Ministry of New and Renewable Energy or representative
4.	Joint Secretary, Department of Drinking Water and Sanitation or representative
5.	Representatives from Oil and Gas Marketing Companies

PAC may co-opt other members (domain experts), as appropriate.

3.3.1 The Terms of Reference (ToR) of the PAC will be as follows:

- i. Appraisal of the proposals and recommending projects under the scheme to PAB;
- ii. Effective planning and implementation of the scheme;
- iii. Assisting SC in monitoring of scheme and providing a quarterly progress report to the SC;
- iv. Recommend necessary amendment of scheme design to overcome operational difficulties, if so felt, during course of scheme implementation;
- v. Provide necessary guidance to Project Management Agency (PMA) for scheme implementation, including, finalization/ amendment of list of biomass aggregation equipment/machinery and their specifications;
- vi. Any other relevant matter.

3.4 **Project Management Agency (PMA)**

3.4.1 The responsibilities of PMA include:

- a. PMA will implement and monitor the scheme, including the development of the dedicated portal.
- b. PMA will review and recommend a list of machineries and equipment to the PAC for approval.
- c. PMA will evaluate and process the applications from beneficiaries (CBG producers). It shall appraise and recommend suitable applications for sanction.
- d. After approval of PAB, PMA shall inform the beneficiaries regarding approval of application. It shall also convey the sanction to Central Nodal Agency (CNA).
- e. PMA will conduct physical verification of biomass aggregation equipment and upload the verification report.
- f. PMA will extensively deploy information and communication technology to ensure transparent implementation and efficient monitoring, enhancing the scheme's overall effectiveness.
- g. PMA will prepare template for maintaining data of quantity of biomass collection by beneficiary and visit CBG projects periodically to evaluate the effective utilization of machinery acquired under the scheme.
- h. Conduct capacity building, actively engage in promotional activities like workshops, seminars, and exhibitions across different regions, fostering awareness of biomass aggregation, document and disseminate the success stories.
- i. Assess state-wise availability of the biomass aggregation machinery and existing gap and identify the future requirements.
- j. Any other activity as may be decided by SC.

#### **4. FUNDING PATTERN**

##### **4.1 Standard Financial Assistance (SFA) pattern:** Standard pattern of financial assistance is as follows:

- 4.1.1 A maximum financial assistance of 50% of the procurement cost of biomass aggregation machinery or Rs. 90 lakh per set (whichever is less) will be admissible as grant to a CBG producer.
- 4.1.2 CBG producers will have the flexibility to choose equipment with in the approved list (as stated in Annexure II) based on their project requirements.
- 4.1.3 CBG producers must submit a Detailed Project Report (DPR) outlining the CBG project. The PMA will assess the biomass requirements and the number of biomass aggregation machinery sets based on the DPR.
- 4.1.4 The financial assistance of Rs. 1.8 crore for 4 TPD CBG capacity project would be provided with a capping of Rs. 9 crore per project on pro rata basis.
- 4.1.5 Approval of application for financial assistance will be followed by actual procurement of the equipment and uploading the documents for verification and subsequent processing for sanction of financial assistance.

#### **5. PROCEDURE FOR APPLICATION FOR FINANCIAL ASSISTANCE**

##### **5.1. Eligibility criteria of a beneficiary for getting financial assistance:**

- i. All the existing and upcoming CBG projects using at least 50% biomass (Agri residue) as feedstock as per DPR.
- ii. CBG projects must have an installed or proposed CBG production capacity of at least 2 tonnes per day (TPD) and be registered on the GOBARDhan portal.
- iii. Under construction projects with at least 50% of physical progress as per DPR shall be considered eligible.
- iv. CBG project has not availed any benefits/ subsidy/ assistance on the machinery/ equipment to be procured under this scheme from any other Central Government/State Government schemes.
- v. Eligible applicant has to apply through designated portal only before the procurement of BAM.
- vi. SC reserves the right to review the eligibility criteria.

## **5.2. Process for approval of application for financial assistance for BAM:**

- i. The application for grant of approval of financial assistance will be accepted through designated portal.
- ii. The application for financial assistance may be submitted on the designated portal on quarterly basis between 1<sup>st</sup> to 30<sup>th</sup> day of every quarter. For example, for the quarter April- June 2024, the applications can be submitted between 1<sup>st</sup> April to 30<sup>th</sup> April 2024.
- iii. The last date for submitting the applications under these guidelines shall be 30.09.2026 or as extended from time to time.
- iv. Incomplete proposal in any form and without requisite approvals/documents will be rejected. The rejection of the proposal will be intimated preferably within 60 days of submission of the proposal in the designated portal. However, fresh proposal complete in all aspects may be resubmitted before purchase of BAM or 30.09.2026 whichever is earlier.
- v. PMA shall assess the requirement of BAM on the basis of biomass requirement mentioned in the of the project DPR or current requirement of the project as mentioned by CBG producer (subject to cap as per the DPR assessment).
- vi. Three sets of BAM with a small baler shall be considered equivalent to one set of equipment with a large baler. A BAM set with large baler would collect around 4500 Ton biomass in a season.
- vii. CBG producer shall apply for number of sets required for collection of desired quantity of biomass. Further, he would also be able to select the required equipment per set within the approved list.
- viii. CBG producer shall be free to choose the equipment / machines of quality conforming to standard specifications. Relevant and valid test report of the authorized testing institutions and product warranty & after sales, service infrastructure from the manufacturer should be available.
- ix. CBG producer may apply for release of financial assistance in phased manner within two years from the date of approval of application.
- x. In case of capacity enhancement, CBG producer may submit fresh proposal for additional financial assistance within the upper ceiling of financial assistance.
- xi. CBG producer shall take utmost care in selection of the biomass aggregation machinery/ equipment considering local conditions viz. crop grown, land holding and storage facility etc.
- xii. PMA shall examine the applications, assess biomass requirement, biomass aggregation machinery required and asses the eligible financial assistance for

procurement of BAM. The scrutiny and processing of the applications received shall be completed within 3 weeks of the end of cut off date.

- xiii. PMA shall forward the consolidated eligible proposals with its advise to the EC on monthly basis.
- xiv. If required, PAC may request PMA or CBG producer for further explanation or justification of the proposal.
- xv. The PAC shall appraise/ recommend approval of the financial assistance to PAB.
- xvi. Approval of PAB shall be issued within 2 months of the end of cut off date.

### **5.3. Procedure after approval of application**

- i. No change shall be allowed to the list of equipment for which approval has been granted. However, at the time of filling application, the applicant may indicate the phased manner of proposed procurement and request for grant of financial assistance in the phased manner within approved limits.
- ii. After approval of application,
  - a) CBG producer shall deposit the total cost of the BAM in OEM /its authorized dealer/distributor account from their own fund, or
  - b) CBG producer shall deposit margin money in OEM /its authorized dealer/distributor account and avail credit facility from banks/financial institutions for remaining cost of the BAM.
- iii. CBG producer has to receive the equipment from the authorized dealers/ distributors within six months from the date of approval of application.
- iv. In case of delay for reasons not attributable to the CBG producer, a suitable extension of time over the original period may be granted by PAC based on recommendation of PMA. An application in this regard maybe made by the CBG producer to PMA, 30 days before the end of time period prescribed in the approval of application along with supporting documents.
- v. After receiving the equipment, the beneficiary will write the scheme name and year of purchase on the equipment with paint.
- vi. After procurement of equipment/ machinery beneficiary shall upload the bill, sale invoice, registration number/ laser cutting serial number and photographs of the equipment on the portal. This process shall be completed within 2 weeks of the procurement of the equipment/ machinery.
- vii. PMA will conduct physical verification of biomass aggregation equipment and upload the verification report on the portal within three weeks of the uploading of the documents by the beneficiary. At the time of verification, the embossed/ laser cutting serial number will be matched with the number mentioned on sale invoice. The verification report shall contain, inter-alia, the photographs of the equipment, equipment number, latitude and longitude of the location.
- viii. Within two weeks of field verification, PMA will submit the proposal along with recommendation for release of FA to the Ministry.
- ix. Ministry shall process the proposal and, after due approval, release the funds to the CNA.
- x. CNA will release the financial assistance within two weeks of receipt of funds:

- a) To Banks/ financial institutions from where the CBG producer has availed the loan for procurement of BAM, or
  - b) Into the account of the beneficiary in case of self-financed BAM procurement
- xi. After receiving the financial assistance, the bank shall deduct the amount from principal amount for the purpose of calculation of interest.
  - xii. PAC will constitute a team of verifying officers comprising of one officer each from MoPNG and DAFW and DDWS for audit of a fixed percentage, as determined by PAC, of verification reports and proposal for release of FA.

## **6. Criteria for Selection of beneficiary**

6.1 CBG producers fulfilling the criteria mentioned at para 5.1 shall be the beneficiary.

6.2 Order of preference for selection of beneficiary would be as under:

- i. Date of commissioning of the CBG plant.
- ii. Date of consent to operate from PESO.
- iii. Plan approval from PESO.
- iv. Consent to establish from CPCB.
- v. Date of filing of application.
- vi. Date of registration on GOBARdhan portal.

6.3 After receiving applications, beneficiaries will be selected till the approved budget of that FY is exhausted.

6.4 Approval of application will be conveyed to selected beneficiaries.

6.5 For the remaining applicants, a waitlist shall be prepared as per the order of preference specified in clause 6.2.

6.6 In case fund is not availed by the selected beneficiary after approval then, subject to para 5.3 (iii) and (iv), waitlisted applicants will be given approval for financial assistance.

6.7 Financial support to the beneficiary approved by the PAC but not released in the FY shall be considered in the next FY.

## **7. Responsibility of beneficiary w.r.t. BAM:**

7.1 The CBG producers will sign a 5 year bond of amount equal to the financial assistance undertaking, inter-alia,

- a) That the BAM procured under this scheme shall primarily be used for the collection/transportation of biomass for CBG production.
- b) BAM will not be sold, transferred, hypothecated, mortgaged or disposed off in any other manner within 5 years from the date of purchase.

- 7.2 Beneficiary shall maintain the equipment in good conditions and take necessary steps to ensure effective utilization of machinery.
- 7.3 Beneficiary shall get the eligible equipment/ machinery of value above Rs. 5 lakhs suitably insured against loss by damage, theft, fire, act of God, etc.
- 7.4 In case of irreparable damage to the machinery rendering it unworkable, scrap value in proportion to the subsidy released shall be returned to the Government by the beneficiary. All such cases shall be verified by the PMA and approved by PAC.
- 7.5 The beneficiary will be free to utilize the equipment in any manner as may be deemed fit for effective utilization of BAM.
- 7.6 During the scheme period, beneficiary shall furnish an annual declaration that the BAM procured under the scheme are well maintained and in working condition.
- 7.7 Beneficiary will upload a report of quantity of biomass collected from these BAM sets in last calendar year by 31st January of next year.
- 7.8 PAC may take suitable action if there is any mis-utilization of the BAM by beneficiary.
- 7.9 If a CBG producer fails in fulfilling its responsibilities, the PAC may recommend to suspend the benefits/incentives available to the beneficiary under any other schemes of Government of India. PAC may also ask PMA to recover the bond amount from beneficiary.
- 7.10 In case the beneficiary fails in effective utilization of the machinery, written notice will be issued starting with a onetime warning. Non-compliance can lead to a situation where ownership of the machines will be transferred to another beneficiary after consulting with the Committee.

## **8. Process and Fund Flow Mechanism**

- (a) CBG producers will apply on designated portal along with approved documents.
- (b) Application will be examined by PMA.
- (c) PMA will shortlist selected beneficiary within the approved budget and submit the same to PAC on monthly basis.
- (d) PAC will recommend to PAB.
- (e) After PAB approval, PMA will send the approval to beneficiary and CNA.
- (f) After approval, CBG producer shall deposit:
  - (i) CBG producer shall deposit the total cost of the BAM in OEM /its authorized dealer/distributor account from their own fund,

Or

- (ii) Margin money in OEM /its authorized dealer/distributor account and avail credit facility availed from banks and financial institutions for remaining cost of the BAM.
- (g) The CBG producer will receive the equipment as elucidated at point 5.3 (iii) and (iv).
- (h) The CBG producer will upload the application for release of financial assistance along with relevant documents on the designated portal for release of funds.
- (i) After receiving documents, PMA will conduct physical verification of the equipment and upload verification report.
- (j) PMA will submit the proposal along with recommendation for release of FA to the Ministry.
- (k) Ministry shall process the proposal and, after due approval, release the funds to the CNA for releasing the financial assistance in Bank/ financial institution/ Beneficiary' account as the case may be.
- (l) CNA will release the financial assistance.

## **9. Scheme Monitoring**

- 9.1 The Scheme envisages a coordinated approach for monitoring and evaluation with active involvement of PMA, beneficiaries and other stakeholders.
- 9.2 A combination of periodic desk review, field visits and web-based mechanism will be adopted by MoPNG for monitoring physical and financial progress and achievement of proposed outcomes of the scheme.
- 9.3 All beneficiary will ensure that an annual report of quantity of biomass collected from these BAM sets in last calendar year will be uploaded by 31<sup>st</sup> January of next year on designated portal.
- 9.4 Mid-term evaluation and end of scheme evaluation will be conducted through a suitably chosen third party. The funds towards evaluation will be used from within administrative expenses earmarked in the scheme budget.

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## Annexure-1

### List of documents to be uploaded with the application:

1. a) Declaration from Project Developer in case of self-financed projects  
OR  
b) Endorsement Letter from Lead FI/Bank in case of debt financing/loans
2. Detailed Project Report (DPR)
3. Loan sanction letter, if loan availed
4. GOBARdhan Registration certificate
5. Undertaking non-judicial stamp paper of Rs 500/- for not-availing/applying any subsidy/ benefits on procurement of same set of bio mass aggregation machinery under any other Central Government supported scheme.
6. Current Status of Latest High-Resolution Photographs of the plant site (with timestamp) along with geo coordinates.
7. For commissioned plant: Date of commissioning along with Consent to Operate (CTO) from State Pollution Control Board for the plant and consent to operate from PESO.
8. For under construction plant, Plan approval from PESO, Consent to establish from CPCB,
9. Non-NPA certificate from the lending banks/FIs if loan availed.
10. Loan disbursement letter, if available.
11. Estimated cost of biomass aggregation machinery along with their quotation from OEM/ authorized dealer and consent to supply with in stipulated period at same cost.
12. Consent to release financial assistance in the account of lender/Beneficiary account
14. Bank details

## Annexure-II

### Indicative List of Machinery:

1.	Cutter /Rotary Slasher-	1 No.
2.	Tedder Machine-	1 No.
3.	Raker -	1 No.
4.	Tractor for baler-	1 No.
5.	Baler (Small/large/square/round/stationery)-	1 No.
6.	Tractor for Tedder & Rake-	2 No.
7.	Trolley (Flat, Single Axle, Local Fabricator)/Automatic bale loading trolley-	3 No.
8.	Tractor attachment for Stacking (grabber)/telehandler-	1 No.
9.	Moisture Meter-	1 No.
10.	Water tank-	1No
11.	Fire Extinguisher-	1 No.
12.	Lightening Arrestor-	1 No.

### Note:

- a. A BAM set with baler above 300 kg. shall be considered as large baler set.
- b. BAM set with baler below 300 kg. shall be considered as small baler set.
- c. Financial assistance limit of BAM set with larger baler set may be utilized to procure 3 small baler sets.

**List of documents for release of financial assistance:**

1. Application for release of Financial Assistance.
  2. Approval letter along with list of machinery approved and estimated amount approved.
  3. Copy of GST invoice of the equipment.
  4. Proof for transfer/payment of beneficiaries share of the procurement cost in the account of OEM/ authorized dealer.
  5. Proof of Loan disbursement in OEM/ authorized dealer account in case of bank financed project.
  6. Bank details of lender/beneficiary for disbursal of financial assistance.
  7. Proof of receipt of equipment.
  8. Photographs along with geo tagging of equipment.
  9. Registration certificate of equipment.
  10. Verification report by PMA.
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