

**GOVERNMENT OF INDIA  
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION  
LOK SABHA**

UNSTARRED QUESTION NO:225  
ANSWERED ON:20.02.2006  
BAGASSE BASED POWER PROJECTS  
Rao Shri Sambasiva Rayapati;Saradgi Shri Iqbal Ahmed

**Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:**

- (a) whether the Government has urged the sugar industry to develop bagasse based power co-generation projects;
- (b) if so, whether the Sugar Industry has sent any proposal to the Government in this regard;
- (c) if so, whether the Government proposes to provide special grant to sugar mills for the said purpose;
- (d) if so, the details thereof;
- (e) whether the Ministry has taken up this issue with the Ministry of Conventional Energy Sources;
- (f) if so, the outcome thereof;
- (g) whether the Government proposes to allow the sugar mills to sell Ethanol directly; and
- (h) if so, the details thereof and the time by which it is likely to be implemented?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION ( DR. AKHILESH PRASAD SINGH )

(a) & (b): Yes, Sir.

(c): No, Sir.

(d): Does not arise. However, Sugar Development Fund Rules, 1983 provides for concessional loan to meet the shortfall in promoters' contribution from Sugar Development Fund (SDF) to sugar factories for bagasse based cogeneration of power projects at an interest rate of 2% below the Bank rate per annum, which at present works out to 4% per annum.

(e) & (f): Central Government (Ministry of Non-Conventional Energy Sources) provides for central financial assistance in the form of interest subsidy varying from 1% to 6% depending on boiler configuration of the project for bagasse based co-generation of power. The Government also provides financial assistance for organizing business/interaction meetings, training programmes etc.

(g) & (h): The public sector oil marketing companies have been procuring ethanol for blending with petrol directly from sugar mills that are manufacturing ethanol, through public tenders.