

CENTRAL FINANCIAL ASSISTANCE AND FISCAL INCENTIVES

8.1 CFA for Biomass Power Project and Bagasse Cogeneration Projects by Private / Joint/ Coop./Public Sector Sugar Mills.

	Special Category States(NE Region, Sikkim, J&K, HP & Uttaranchal)	Other States
Project Type	Capital Subsidy	Capital Subsidy
Biomass Power projects	Rs.25 lakh X(C MW) ^{0.646}	Rs.20 lakh X (C MW) ^{0.646}
Bagasse Co-generation by Private sugar mills	Rs.18 lakh X(C MW) ^{0.646}	Rs.15 lakh X (C MW) ^{0.646}
Bagasse Co-generation projects by cooperative/ public sector sugar mills		
40 bar & above	Rs.40 lakh*	Rs.40 lakh*
60 bar & above	Rs.50 lakh*	Rs.50 lakh*
80 bar & above	Rs.60 lakh*	Rs.60 lakh*
	Per MW of surplus power@	Per MW of surplus power@
	(maximum support Rs. 8.0 crore per project)	(maximum support Rs. 8.0 crore per project)

**For new sugar mills, which are yet to start production and existing sugar mills employing backpressure route/seasonal/incidental cogeneration, which exports surplus power to the grid, subsidies shall be one-half of the level mentioned above.*

@ Power generated in a sugar mill (-) power used for captive purpose i.e. net power fed to the grid during season by a sugar mill.

Note: CFA and Fiscal Incentives are subject to change.

8.2 CFA for Bagasse Cogeneration Project in cooperative/ public sector sugar mills implemented by IPPs/State Government Undertakings or State Government Joint Venture Company / Special Purpose Vehicle (Urja Ankur Trust) through BOOT/BOLT mode.

PROJECT TYPE	MINIMUM CONFIGURATION	CAPITAL SUBSIDY
Single coop. mill through BOOT/BOLT Model	60 bar & above 80 bar & above	Rs.40 L/MW of surplus power *Rs.50 L/MW of surplus power*(maximum support Rs.8.0 crore/ sugar mill)

** Power generated in a sugar mill (-) power used for captive purpose i.e. Net power fed to the grid during season by a sugar mill.*

8.3 CFA for Bagasse Cogeneration Project in existing cooperative sector sugar mills employing boiler modifications.

PROJECT TYPE	MINIMUM CONFIGURATION	CAPITAL SUBSIDY
Existing Cooperative Sugar Mill	40 bar & above 60 bar & above 80 bar & above	Rs.20 L/MW of surplus power * Rs.25 L/MW of surplus power* Rs.30 L/MW of surplus power*
<i>* Power generated in a sugar mill (-) power used for captive purpose i.e. Net power fed to the grid during season by a sugar mill. CFA will be provided to the sugar mills who have not received CFA earlier from MNRE under any of its scheme.</i>		

Note: CFA and Fiscal Incentives are subject to change.

8.4 Fiscal Incentives for Biomass Power Generation

Item	Description
Accelerated Depreciation	80% depreciation in the first year can be claimed for the following equipment required for co-generation systems: <ol style="list-style-type: none"> 1. Back pressure, pass-out, controlled extraction, extraction-cum-condensing turbine for co-generation with pressure boilers 2. Vapour absorption refrigeration systems 3. Organic rankine cycle power systems 4. Low inlet pressures small steam turbines
Income Tax Holiday	Ten years tax holidays.
Customs / Excise Duty	Concessional customs and excise duty exemption for machinery and components for initial setting up of Biomass power projects.
General Sales Tax	Exemption is available in certain States

3. Central Financial Assistance (CFA)

a. The Central Financial Assistance for private sector projects viz IPP Grid interactive biomass combustion power projects and bagasse co-generation in private / Joint sector sugar mills, IPP based BOOT/BOLT model projects in cooperative / Public sector sugar mills will be released after successful commissioning, and commencement of commercial generation and testing of the project (**Back ended Central Financial Assistance**), except in the case of bagasse co-generation projects in cooperative/public sector sugar mills implemented by State Government undertaking / State Government Joint Venture Company/SPV Company (Urja Ankur Trust) through BOOT/BOLT model and cogeneration projects by cooperative / public sector sugar mill themselves, wherein 50% of eligible **upfront Central Financial Assistance** will be provided and the balance 50% will be released after successful commissioning and performance testing of the project.

b. Central Financial Assistance depending upon category and type of grid connected projects would be provided as per Table A, B, & C. The amount of Central Financial Assistance would be calculated for biomass combustion power projects based on installed capacity and for bagasse cogeneration project in sugar mills based on surplus power exported to grid. The appraisal of the proposals / DPR as carried out by Financial Institutions (FI's) will generally be acceptable to Ministry & will be considered by Ministry for eligible incentives under the programme.

A. CFA for Biomass Power Project and Bagasse Cogeneration Projects by Private/Joint/Coop./Public Sector Sugar Mills

	Special Category States (NE Region, Sikkim, J&K, HP & Uttarakhand)	Other States
Project Type	Capital Subsidy	Capital subsidy
Biomass Power projects	Rs.25 lakh X (C MW) (Maximum Support of Rs 1.5 Crore per project)	Rs.20 lakh X (C MW) (Maximum Support of Rs 1.5 Crore per project.)
Bagasse Co-generation by Private sugar mills*	Rs.18 lakh X (C MW) (Maximum Support of Rs 1.5 Crore per project)	Rs.15 lakh X (C MW) (Maximum Support of Rs 1.5 Crore per project)
Bagasse Co-generation projects by cooperative/ public sector sugar mills*		
40 bar & above	Rs.40 lakh	Rs.40 lakh
60 bar & above	Rs.50 lakh	Rs.50 lakh
80 bar & above	Rs.60 lakh	Rs.60 lakh
	Per MW of surplus power [@] (maximum support Rs. 6.0 crore per project)	Per MW of surplus power [@] (maximum support Rs. 6.0 crore per project)

**For new sugar mills, which are yet to start production and existing Pvt. & Co-op. sugar mills employing backpressure route/seasonal/incidental cogeneration, which exports surplus power to the grid, subsidies shall be one-half of the level mentioned above.*

@ Power generated in a sugar mill (-) power used for captive purpose i.e. net power fed to the grid during season by a sugar mill.

Here C is the capacity in MW.

B. CFA for bagasse cogeneration project in cooperative/ public sector sugar mills implemented by IPPs/State Government Undertakings or Special Purpose Vehicle (Urja Ankur Trust) through BOOT/BOLT model

PROJECT TYPE	MINIMUM CONFIGURATION	CAPITAL SUBSIDY
Single coop.mill through BOOT /BOLT Model	60 bar & above	Rs.40 L/MW of surplus power*
	80 bar & above	Rs.50 L/MW of surplus power* (maximum support Rs. 6.0 crore/sugar mill)

* Power generated in a sugar mill (-) power used for captive purpose i.e. Net power fed to the grid during season in a sugar mill.

C. CFA for bagasse cogeneration project in existing cooperative sector sugar mills employing boiler modifications

PROJECT TYPE	MINIMUM CONFIGURATION	CAPITAL SUBSIDY
Existing Cooperative Sugar Mill	40 bar & above	Rs.20 L/MW of surplus power *
	60 bar & above	Rs.25 L/MW of surplus power*
	80 bar & above	Rs.30 L/MW of surplus power*

* Power generated in a sugar mill (-) power used for captive purpose i.e. Net power fed to the grid during season in a sugar mill. CFA will be provided to the sugar mills who have not received CFA earlier from MNRE under any of its scheme.