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Government of India
Ministry of Petroleum and Natural gas
(GP Division)

Shastri Bhawan, New Delhi
Dated: 08th July, 2025

OFFICE MEMORANDUM

Subject: "Scheme guidelines for providing financial assistance to Compressed Bio Gas (CBG) producers for procurement of biomass aggregation machinery"-reg.

The undersigned is directed to refer to this Ministry's OM of even number dated 2nd February 2024 on the above subject, wherein the guidelines of the aforesaid scheme were issued.

2. In this regard, it is informed that the competent authority in this Ministry has approved certain revisions to the scheme guidelines. Accordingly, the revised guidelines of the scheme are enclosed herewith.
3. This is issued with the approval of the Hon'ble Minister of Petroleum and Natural Gas.

Encls: Revised Scheme Guidelines


(Vikas Singh)
Director GP

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To,

- (i) CEO, NITI Aayog, Parliament Street, New Delhi-110001.
- (ii) Secretary, Department of Expenditure, Ministry of Finance, North Block, New Delhi-110001.
- (iii) Secretary, Department of Agriculture & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Krishi Bhawan, New Delhi-110001.
- (iv) Secretary, Ministry of Environment, Forest and Climate Change, Indira Paryavaran Bhawan, Jor Bagh Road, New Delhi, 110003.
- (v) Secretary, Ministry of New & Renewable Energy, Atal Akshay Urja Bhawan, CGO Complex, CGO Complex, Lodhi Road, New Delhi, 110003.
- (vi) Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers, Shastri Bhawan, New Delhi-110001
- (vii) Secretary, Department of Drinking Water and Sanitation, Pandit Deendayal Antyodaya Bhawan, CGO Complex, Lodhi Road, New Delhi, Delhi 110003
- (viii) All Divisions of MoPNG.

Copy for information to:

- (i) PS to Hon'ble Minister of PNG.
- (ii) PS to Hon'ble Minister of State for PNG.
- (iii) PPS to Secretary, PNG.
- (iv) PPS to Additional Secretary & Financial Adviser, MoPNG.
- (v) PPS to Additional Secretary, MoPNG.
- (vi) PPS to Joint Secretary, GP
- (vii) NIC for web hosting on MoPNG's website

Scheme Guidelines for providing Financial Assistance to Compressed Biogas (CBG) Producers for Procurement of Biomass Aggregation Machinery (BAM) (Revised as on July 2025)

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:

S.No.	Composition
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:
- Finalization of scheme guidelines for approval by Minister, P&NG;
 - Provide overall direction for scheme implementation, monitoring and review of its progress;
 - Necessary amendment of scheme design to overcome operational difficulties, if so needed, during course of scheme implementation within the overall budget of the scheme;
 - 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.

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- 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. PMA will 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. PMA will 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 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 would be provided as follows:
 - a. For CBG plants utilizing more than 50% Biomass (Agri-residue) as feedstock: A financial support of Rs. 90 Lakh will be provided for a 2 TPD CBG capacity project.
 - OR
 - For CBG plant utilizing less than 50% Biomass (Agri-Residue) as feedstock, however, more than 3000 MT/ Annum Biomass (Agri-Residue) as feedstock: A financial support of Rs. 90 Lakh per 3000 MT Agri-Residue requirement will be provided.
 - b. The maximum financial assistance will be Rs. 9 crore per project, on a 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 or utilizing minimum 3000 MT/ annum of biomass (Agri residue) as feedstock as per DPR. The illustrative calculations (regarding the benchmark of 3000MT/annum) is attached as Annexure-IV.
- 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 25% of physical progress at site as per DPR shall be considered eligible. However, at least 50 % physical progress must be achieved prior to disbursement of FA.
- 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 along with submission of desired documents as mentioned in Annexure-I.
- ii. The application for financial assistance may be submitted on the designated portal on quarterly basis between 1st to 30th day of every quarter. For example, for the quarter April-June 2024, the applications can be submitted between 1st April to 30th 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 project DPR or current requirement of the project as mentioned by the CBG producer (subject to cap as per the DPR assessment). The CBG producer shall submit a declaration specifying the following:
 - a) The desired machinery/equipment are commensurate with the biomass to be collected (As mentioned in the DPR).
 - b) List of the machineries/ equipment (As mentioned in Annexure-II) already available with the CBG producer.
- vi. CBG producer shall apply for number of Biomass Aggregation Machinery 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.



- vii. 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.
- viii. CBG producer may apply for release of financial assistance in phased manner within two years from the date of approval of application.
- ix. In case of capacity enhancement, CBG producer may submit fresh proposal for additional financial assistance within the upper ceiling of financial assistance.
- x. 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.
- xi. PMA shall examine the applications, assess biomass requirement, biomass aggregation machinery required and assess 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 cutoff date.
- xii. PMA shall forward the consolidated eligible proposals with its advise to the PAC on monthly basis.
- xiii. If required, PAC may request PMA or CBG producer for further explanation or justification of the proposal.
- xiv. The PAC shall appraise / recommend approval of the financial assistance to PAB.
- xv. Approval of PAB shall be issued within 2 months of the end of cutoff 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.
 - c) CBG producer may apply for 10% mobilization advance subjected to submission of equivalent amount of Bank Guarantee valid till one year.
 - 1. The bank guarantee should initially be valid for a period of one year from the date of issue. Thereafter the project developer will have to extend the validity of the bank guarantee as required by the PMA so as to cover the period permissible for procurement and release of FA.
 - 2. The bank guarantee will be encashed if the project developer fails to adhere to the scheme guidelines. The bank guarantee will be released along with the final disbursement of FA.
- 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 may be 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, 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 of application,
 - (i) CBG producer shall deposit the total cost of the BAM in OEM /its authorized dealer/distributor account from their own fund,
 - Or
 - (ii) 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 may apply for 10% mobilization advance along with Bank Guarantee of the same amount.
- (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 (refer Annexure-III) 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 31st 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.



List of documents to be uploaded with the application:

i. Common documents:

1. Detailed Project Report (DPR)
2. GOBARDhan Registration certificate
3. 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.
4. Current Status of Latest High-Resolution Photographs of the plant site (with timestamp) along with geo coordinates.
5. 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.
6. Declaration in accordance with Clause 5.2.v.

ii. Commissioned CBG Plants:

7. Date of commissioning along with Consent to Operate (CTO) from State Pollution Control Board for the plant
8. Consent to operate from PESO.

iii. Under Construction CBG Plants:

9. Plan approval from PESO,
10. Consent to establish from CPCB



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.	a. Loader Attachment for Stacking (grabber) with or without tractor b. Telehandler	1 No.
9.	Moisture Meter-	1 No.
10.	Water tank-	1No
11.	Fire Extinguisher-	1 No.
12.	Lightning Arrestor-	1 No.

Note:

The purchase of standalone tractors shall not be allowed.



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.
11. 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
12. Loan sanction letter, if loan availed
13. Non-NPA certificate from the lending banks/FIs if loan availed.
14. Loan disbursement letter.
15. Consent to release financial assistance in the account of lender/Beneficiary account
16. Declaration of at least 50 % physical progress of the CBG Plant (If applicable)



Illustration of Biomass requirement of Minimum 3000 MTPA

Assumptions:

- Gas yield from Agri-residue based CBG Plant: 10%
- Plant operational days: 300 days/year (~80% uptime)

Calculation Basis for Biomass requirement of 3000 MTPA as Eligibility criteria

1. **2 TPD CBG plant** processes **20 tons per day** of agricultural residue considering 10% biomass yield
2. Over **300 operational days per year** (80% plant uptime)
3. Annual Requirement of Agri-Residue = 20 TPD × 300 days = 6,000 Tons annually.
4. Considering 50% feed as Agri-Residue as feedstock, Biomass quantity per annum is **3000 Ton.**
5. The financial assistance of Rs. 0.90 crore for 2 TPD CBG capacity project is applicable as per scheme guidelines. Similarly, Financial assistance of Rs. 0.90 crore for collection of 3000 Tons of biomass shall be applicable.

