

GOVERNMENT OF INDIA  
MINISTRY OF PETROLEUM AND NATURAL GAS  
LOK SABHA

UNSTARRED QUESTION NO: 1852

ANSWERED ON:28.07.2022

Ethanol Production in Bihar

Ram Kripal Yadav

(a) whether ethanol production is not getting encouraged in Bihar, Uttar Pradesh, Maharashtra and Karnataka due to arbitrariness of oil companies and very low allocation of ethanol quota and if so, the details thereof;

(b) whether the Government proposes to rationalise the existing system for ethanol to encourage more production of ethanol and reduce foreign imports of crude oil; and

(c) if so, the details thereof?

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:-

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS  
(SHRI RAMESWAR TELI)

(a) to (c): The Government, since 2014, has taken several steps to encourage production of ethanol across the country including in Bihar, Uttar Pradesh, Maharashtra and Karnataka by inter-alia, permitting other non-food feedstock besides molasses, like cellulosic and lignocelluloses materials, sugarcane and grains (maize and surplus stocks of rice with Food Corporation of India) for conversion to ethanol; administered price mechanism for procurement of ethanol; lowered GST rate to 5%; amendment in Industries (Development & Regulation) Act for free movement of ethanol across states for blending; interest subvention scheme.

Further, the Government has advanced the target of 20% ethanol blending in petrol from 2030 to 2025-26 which reduces dependency on crude import. To meet the enhanced requirement of ethanol, Oil Marketing Companies (OMCs) have floated an Expression of Interest (EoI) for signing long term offtake / bipartite agreement with upcoming dedicated ethanol plants in ethanol deficit states for supply of denatured anhydrous ethanol in August, 2021.

Department of Food and Public Distribution (DFPD) has informed that States are free to produce ethanol as per production capacities. Further, entrepreneurs are free to set up ethanol distillation plants anywhere in the country and participate in the Ethanol Blended Petrol (EBP) Programme.

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