

# Ethanol blending falls to 11.72% in August

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The percentage of ethanol blended with petrol by oil marketing companies (OMCs) fell to 11.72 per cent in August this year from 11.77 per cent in July, due to unavailability of feedstock such as rice.

The Ministry of Petroleum and Natural Gas (MoPNG) attributed the decline in blending to the discontinuation of rice supply by Food Corporation of India (FCI) since July 2023.

The lack of FCI rice supply led to a spike in prices of feedstock, namely domestic food grains (DFG) and maize, in the market, and a fall in the supply of grain-based ethanol by 2.5-3 crore litre per week, as grain-based distilleries halted operations for more than a month, the ministry added.

## FEEDSTOCK SWITCH

The distilleries also asked for



higher prices to compensate for the high prices of DFG and maize.

The OMCs increased the ex-mill price of ethanol from DFG and maize in two tranches during August. The DFG-based ethanol price has been increased by 15.2 per cent, from ₹55.4 per litre to ₹64 per litre. Prices of maize-based ethanol were raised by 17.2 per cent, from ₹56.35 a litre to ₹66.07. OMCs have also allowed the switching of feedstock from FCI rice to DFG and maize.

For the ethanol supply year (ESY) 2022-23, the OMCs floated a tender for 599.7 crore litres of ethanol, against

which letters of intent (LoIs) for 564.45 crore litres were issued. OMCs received 413.47 crore litres of ethanol, as of August 2023, and achieved a cumulative blending of 11.72 per cent for ESY 2022-23.

When asked about lack of feedstock, Food Secretary Sanjeev Chopra said, "We have a target of 15 per cent blending for 2023-24 season (November-October). We are discussing with agriculture and petroleum ministries. There are various feedback for ethanol production. Yes, we had issued 13-14 lakh tonnes of FCI rice this year which will not be available to the distilleries next season."

"Besides, the OMCs will shortly declare the ethanol purchase price for different feedstock and we hope that the new prices to be declared (for ethanol from grain) will incentivise the sugar mills to divert part of their stock. There will be main focus on ethanol from maize, as distilleries were earlier not using as

the feedstock earlier. In the last two months, there has been substantial quantity produced from maize. The yield of maize can be raised from 3 tonnes per hectare to 5 tonnes per hectare in next two years, which will increase the availability of the feedstock for ethanol," Chopra said.

Maize production has potential to go up by 100 lakh tonnes from the current 360 lakh tonnes, he added.