

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO: 2030

ANSWERED ON:28.07.2022

Increase in Ethanol production and blending

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(a)whether the Government proposes to increase/promote ethanol production and obtain twenty per cent blending by 2025, if so, the details thereof, State/UT-wise;

(b)whether the Government proposes to set up new distillery for 1-G ethanol production or expansion of existing distilleries afresh; and

(c)if so, the details thereof and the time by which it is likely to be completed?

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): Government has amended the National Policy on Biofuels – 2018 recently which inter-alia envisages a target of 20% ethanol blending by 2025-26. This policy aims to promote biofuels across the country including ethanol production.

Government, since 2014, has taken several measures to increase production and utilization of ethanol in the country which includes permitting procurement of ethanol produced from other non-food feedstock besides molasses, like cellulosic and lignocelluloses materials like cotton stalk, wheat straw, rice straw, bagasse, bamboo etc. including petrochemical route, subject to meeting the relevant BIS standards; allowing use of sugarcane and food grains (maize and surplus stocks of rice with Food Corporation of India) for conversion to ethanol; administered price mechanism for procurement of ethanol under the Ethanol Blended Petrol (EBP) Programme including enhanced ex-mill price of ethanol year on year from ethanol supply year 2017-18; lowered GST rate to 5% on ethanol for EBP Programme; amendment in Industries (Development & Regulation) Act for free movement of ethanol across states for blending; interest subvention scheme for enhancement and augmentation of ethanol production capacity in the country.

Oil Marketing Companies (OMCs) had 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 to meet the ethanol requirement for 20% blending.

Through this EoI, OMCs have signed long term offtake agreements (LTOA) with 131 shortlisted Dedicated Ethanol Plant proponents in various states which is estimated to add a production capacity of approximately 757 crore litre per annum of ethanol in the next few years.

Government has also notified the “Pradhan Mantri JI-VAN (Jaiv Indhan - Vatavaran Anukool fasal awashesh Nivaran) Yojana” for providing financial support for setting up Second Generation (2G) ethanol projects in the country using lignocellulosic biomass and other renewable feedstock.

(b) & (c): Government itself does not set up 1-G ethanol distillery but has encouraged PSUs/companies/entrepreneurs/sugar mills/distilleries to set up ethanol plants or to expand their existing ethanol production capacities and has extended interest subvention for five years including one year moratorium period. Entrepreneurs from any part of the country willing to set up ethanol plants or to expand their existing ethanol production capacities can apply and avail the benefit of interest subvention.
