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## **Cabinet approves revised price of ethanol under EBP for the Public Sector Oil Marketing Companies**

The Cabinet Committee on Economic Affairs chaired by the Prime Minister Shri Narendra Modi, has approved the revision in the price of ethanol under Ethanol Blended Petrol (EBP) Programme for supply to the Public Sector Oil Marketing Companies. The revised price of ethanol would be fixed at Rs.40.85/- per litre under EBP and will be applicable for the forthcoming sugar season 2017-18. GST and transportation charges will also be payable additionally. The revised price will be applicable during ethanol supply period from 1st December 2017 to 30th November, 2018.

The approval will facilitate the continued policy of the Government in providing price stability and remunerative prices for ethanol suppliers. It will also help in reducing dependency on crude oil imports, saving in foreign exchange and benefits to the environment.

### **Background:**

In order to augment the supply of ethanol, the Government in December, 2014, decided to administer the price of ethanol under EBP Programme. The Government fixed the delivered price of ethanol during ethanol supply year 2014-15 & 2015-16 in the range of Rs.48.50 to Rs.49.50 per litre including Central/State Government taxes and transportation charges. It improved significantly the supply of ethanol from 38 crore litres during ethanol supply year 2013-14 to 111 crore litres during 2015-16.

This price was re-examined for ethanol supply year 2016-17 in the context of firming of sugar prices and falling crude prices and consequent under-recoveries of OMCs. The Ex-Mill price was revised to Rs.39/- per litre. Additionally, Central/State Government taxes and transportation charges were payable. It is estimated that for ethanol supply year 2016-17, about 65 crore litres of ethanol will be procured.

Ethanol Blended Petrol (EBP) Programme was launched by the Government in 2003 which has been extended to the Notified 21 States and 4 Union Territories to promote the use of alternative and environment friendly fuels. This intervention also sought to reduce import dependency for energy requirements.

However, since 2006, OMCs were not able to receive offers for the required quantity of ethanol against the tenders floated by them due to various constraints like State Specific issues, Supplier related issues including Pricing issues of ethanol.

OMCs have to start the ethanol procurement process for the upcoming sugar season 2017-18 for which ethanol pricing under EBP Programme needs to be decided.

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