

**GOVERNMENT OF INDIA
MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION**

**LOK SABHA
UNSTARRED QUESTION NO. 293
TO BE ANSWERED ON 20TH JULY, 2021**

PRODUCTION OF ETHANOL

293. SHRI B.Y. RAGHAVENDRA:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री be pleased to state:

- (a) whether Ethanol could be produced from a variety of feedstocks like rice, maize and barley apart from sugarcane, if so, the details thereof;**
- (b) whether the feedstock used for production of ethanol especially agro-based has helped the farmers to increase their income, if so, the details thereof;**
- (c) whether the Government has launched scheme/ policy for extending financial assistance for enhancement of ethanol production in the country;**
- (d) whether the Government has allocated a large tonnes of rice recently from Food Corporation of India (FCI) stocks to produce ethanol, if so, the details thereof and reasons therefor; and**
- (e) the other steps taken/being taken by the Government to increase the production of ethanol and promote its usage in the country?**

A N S W E R

**MINISTER OF STATE FOR MINISTRY OF RURAL DEVELOPMENT AND
CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SADHVI NIRANJAN JYOTI)**

(a): Yes Sir. Apart from sugarcane and other sugar containing materials (like sugar beet, sweet sorghum etc), ethanol can be produced from a variety of feedstocks like agricultural residues (rice straw, cotton stalk, corn cobs, saw dust, bagasse etc.); starch containing materials such as maize, cassava, rotten potatoes etc.; damaged food grains like wheat, broken rice etc; and foodgrains like rice.

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(b): Use of agro-based feedstocks for production of ethanol and its supply to Oil Marketing Companies (OMCs) at fixed remunerative prices has helped the sugar mills/distilleries to augment the farmer's income and also to make timely payment of farmers' dues.

(c): In order to augment the ethanol production capacity in the country, the Government notified interest subvention scheme(s) from time to time extending financial assistance in the form of interest subvention. Recently, Government has notified a modified interest subvention scheme on 14.1.2021 to encourage entrepreneurs to set up molasses based /grain based/dual-feed distilleries or expansion of existing distilleries under which Government is extending interest subvention @ 6% or 50% of the rate of interest charged by banks whichever is lower on the loans availed by them from banks for a period of five years including one year moratorium period.

(d): India imports about 85% of its crude oil requirement. Domestic bio-fuels like ethanol reduce the nation's dependence on imported fossil fuels; in addition its use reduces vehicular pollution, increases farmers' income, brings new investment opportunity in rural areas thereby helping to achieve goal of Atmanirbhar Bharat.

Ethanol is being produced mainly from molasses/sugarcane and damaged food-grains; but availability of these feedstocks as well as ethanol production capacity is not sufficient to achieve blending target fixed by the Government. Therefore, with a view to increase production of fuel grade ethanol for blending with petrol, Government is encouraging distilleries to produce ethanol from surplus rice available with FCI; and maize.

The FCI rice is sufficient in stock for food security purposes and it will continue to remain robust as procurement of paddy/rice at Minimum Support Price (MSP) continues at expected levels. For the period of December'2020-November'2021, 78844 MT of FCI rice has been allocated to distilleries @ Rs. 20/kg ex-FCI godown for production of ethanol out of which 22716 MT has been lifted by distilleries till 14.7.2021.

(e): To increase indigenous production/usage of ethanol, steps taken by the Government include administered price mechanism for ethanol pricing; opened alternate route for ethanol production; amendment in the Industries (Development & Regulation) Act, 1951; reduced Goods & Service Tax (GST) on ethanol meant for Ethanol Blended with Petrol (EBP) Programme from 18% to 5%; notified National Policy on Biofuels-2018; increased the scope of raw material for ethanol procurement; Interest Subvention Scheme for augmentation and expansion of ethanol production capacity; extension of EBP Programme to whole of India except islands of Andaman Nicobar and Lakshadweep in April 2019; and released notification for allowing OMCs to blend upto 20% ethanol in petrol starting 1st April, 2023.
