

LOK SABHA
UNSTARRED QUESTION No. 2384
TO BE ANSWERED ON 13th March, 2025

ENHANCING ETHANOL PRODUCTION AND BLENDING IN INDIA

2384. SHRI ANUP SANJAY DHOTRE:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) the steps taken/being taken by the Government to increase ethanol production in India, particularly from non-food sources such as agricultural waste and municipal solid waste;
- (b) the current status of ethanol blending in petrol and the targets for the next three years, year-wise;
- (c) the criteria by which the Government is supporting the development of 2G and 3G ethanol technologies and the incentives being offered to encourage investment in these areas;
- (d) the measures taken/being taken by the Government to address the challenges faced by ethanol producers, including pricing, transportation and storage issues;
- (e) the criteria by which the Government is coordinating with State Governments, oil marketing companies and other stakeholders to promote ethanol production and blending in India; and
- (f) the estimated impact of increased ethanol blending on India's energy security, greenhouse gas emissions and farmer incomes?

ANSWER

पेट्रोलियम और प्राकृतिक गैस मंत्रालय में राज्य मंत्री
(श्री सुरेश गोपी)

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS
(SHRI SURESH GOPI)

(a) The Government, since 2014, has taken several steps to increase ethanol production in India which *inter-alia* includes expansion of feedstock for ethanol production, administered price mechanism for ethanol procurement under the Ethanol Blended Petrol (EBP) Programme, lowered GST rate to 5% for ethanol for EBP Programme, amendment to Industries (Development and Regulation) Act to facilitate intrastate and interstate movement of ethanol, introduction of various Ethanol Interest Subvention Schemes (EISS) during 2018-22, for ethanol production from molasses as well as grains, Long Term Offtake Agreements (LTOAs) signed by OMCs with Dedicated Ethanol Plants, notified the “Pradhan Mantri JI-VAN (Jaiv Indhan- Vatavaran Anukool fasal awashesh Nivaran) Yojana” 2019, amended in 2024, to provide financial assistance for setting up Advanced Biofuels projects in the country using lignocellulosic biomass and other renewable feedstock.

(b) Public Sector Oil Marketing Companies (OMCs) have achieved ethanol blending in petrol of 14.60% in ESY 2023-24 and 17.98% in ESY 2024-25 upto 28th February 2025. For the month of February 2025, ethanol blending of 19.68% was achieved by Public Sector OMCs. The National Policy on Biofuels, *inter-alia* advanced the target of 20% blending of ethanol in petrol to Ethanol Supply Year (ESY) 2025-26 from 2030. The ‘Roadmap for Ethanol Blending in India 2020-25’ provides guidance to achieve the target of 20% ethanol blending in India by 2025-26”.

(c) Ethanol production plants including Second Generation (2G) and Third Generation (3G) plants are primarily set up by entrepreneurs/companies/co-operative societies etc., depending upon the techno-economic viability of the project as per their investment plans. Under the PM JI-VAN Yojana, the maximum financial assistance of Rs.150 crore per project for commercial projects and Rs.15 crore per project for demonstration projects has been set for improving commercial viability as well as promoting R&D for development and adoption of technologies in the field of production of 2G and 3G ethanol.

(d) The Government has introduced administered price mechanism for ethanol procurement under the Ethanol Blended Petrol (EBP) Programme. In line with the “Ethanol procurement policy on a long term basis under Ethanol Blended Petrol (EBP) Programme”, the ex-mill price of ethanol derived from sugarcane based raw materials is declared by the Government and ex-mill price of ethanol from damaged and surplus food grains is decided by Public Sector Oil Marketing Companies (OMCs). Further, OMCs have adopted multimodal transportation of ethanol to enhance availability of ethanol and are also increasing ethanol storage capacity along with other allied infrastructure for handling of higher blends of ethanol.

(e) & (f) The National Policy on Biofuels -2018 lays out the roles and responsibilities of all the stakeholders including Ministries/Departments/States with respect to biofuels to synergise efforts. It also provides an institutional mechanism for overall coordination, effective end-to-end implementation and monitoring of biofuel programmes. Various State Governments also provide incentives for encouraging ethanol production. Under the EBP Programme, since 2014-15, ethanol blending in petrol by Public Sector OMCs has resulted in approximate savings of more than Rs.1,20,000 crore of foreign exchange, Net CO2 reduction of about 626 lakh metric tonne and expeditious payment to farmers of more than Rs.1,04,000 crore upto January 2025.
