



Ministry of Consumer Affairs, Food & Public Distribution



Centre extends timeline for disbursement of loan/completion of ethanol projects

The extension to help in enhancing ethanol production capacities in the country and to achieve 20% blending by 2025



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To facilitate Project Proponents to complete their projects & to avail benefits of interest subvention, the Central Government has therefore decided to extend the time line for disbursement of loans upto 30th September, 2022 in respect of all the schemes notified during 2018-2021.

Central Government with a view to increase production of ethanol and its supply under Ethanol Blended with Petrol (EBP) Programme, especially in the surplus season and thereby to improve the liquidity position of the sugar mills enabling them to clear cane price arrears of the farmers, notified different interest subvention schemes for sugar mills and distilleries during 2018-2021. Government is extending financial assistance in the form of interest subvention @ 6% per annum or 50% of rate of interest charged by banks, whichever is lower, on the loans to be extended by banks for five years including one-year moratorium.

Under the schemes, the timeline for disbursement of loan for ethanol projects is up to March/April, 2022. However, due to unavoidable and unfortunate situation caused by COVID-19, project proponents were unable to adhere to the time limit for disbursement of loan from Banks/ Financial institutions and unable to complete their projects in a given time frame. Therefore, there is a need to extend the time line for disbursement of loans under interest subvention schemes announced earlier during 2018-2021.

Ethanol distillation capacity of molasses based distilleries was only 215 cr litres prior to 2014. However, in past 7 years due to the policy changes made by the Government, the capacity of molasses based distilleries have increased by one and a half times and are currently at 555 cr litres. Capacity of grain based distilleries which were 206 cr ltrs in 2013 increased to 280 cr ltrs. Thus, the total ethanol production capacity in the country has reached to 835 crore ltrs. However, ethanol production capacities are required to be enhanced to about 1700 cr ltrs to achieve 20% blending by 2025. The decision for extension of time line for ethanol projects would help in enhancing ethanol production capacities further.

 Till year 2013, supply of ethanol to OMCs was only 38 crore litres with blending levels of only 1.53 % in ethanol supply year (ESY) 2013-14. Production of fuel grade ethanol and its supply to OMCs has increased by 8 times from 2013-14 to 2020-21. In ESY 2020-21, we touched a historically high figure of about 302.30 cr litres thereby achieving 8.10% blending. In the current ESY 2021-22, about  141 cr ltrs ethanol have been blended with petrol till 03.04.2022 thereby achieving 9.66% blending. It is expected that in current ethanol supply year 2021-22, we will be achieving 10% blending target.

 With the vision to boost agricultural economy, to reduce dependence on imported fossil fuel, to save foreign exchange on account of crude oil import bill & to reduce the air pollution, Government has  fixed target of 10% blending of fuel grade ethanol with petrol by 2022 & 20% blending by 2025.

 AM/NS

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