

Cabinet approves Mechanism for procurement of ethanol by Public Sector Oil Marketing Companies (OMCs) under Ethanol Blended Petrol (EBP) Programme - Revision of ethanol price for supply to Public Sector OMCs for Ethanol Supply Year (ESY) 2022-23

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The Cabinet Committee on Economic Affairs chaired by Hon'ble Prime Minister Shri Narendra Modi has approved higher ethanol price derived from different sugarcane based raw materials under the EBP Programme for the forthcoming sugar season 2022-23 during ESY 2022-23 from 1st December 2022 to 31st October, 2023:

- (i) The price of ethanol from C heavy molasses route be increased from Rs.46.66 per litre to Rs.49.41 per litre,
- (ii) The price of ethanol from B heavy molasses route be increased from Rs.59.08 per litre to Rs.60.73 per litre,
- (iii) The price of ethanol from sugarcane juice/sugar/sugar syrup route be increased from Rs.63.45 per litre to Rs.65.61 per litre,
- (iv) Additionally, GST and transportation charges will also be payable.

All distilleries will be able to take benefit of the scheme and large number of them are expected to supply ethanol for the EBP programme. Remunerative price to ethanol suppliers will help in early payment to cane farmers, in the process contributing to minimize difficulty of sugarcane farmers.

Government has been implementing Ethanol Blended Petrol (EBP) Programme wherein OMCs sell petrol blended with ethanol up to 10%. This programme has been extended to whole of India except Union Territories of Andaman Nicobar and Lakshadweep islands with effect from 01st April, 2019 to promote the use of alternative and environment friendly fuels. This intervention also seeks to reduce import dependence for energy requirements and give boost to agriculture sector.

Government has notified administered price of ethanol since 2014. For the first time during 2018, differential price of ethanol based on feed stock utilized for ethanol production was announced by the Government. These decisions have significantly improved the supply of ethanol, consequently ethanol procurement by Public Sector OMCs has increased from 38 crore litre in Ethanol Supply Year 2013-14 (ESY - currently defined as ethanol supply period from 1st December of a year to 30th November of the following year) to contracts of over 452 crore litre in ongoing ESY 2021-22. The target of achieving average 10% blending has been achieved in June, 2022, much ahead of the target date of November, 2022.

Government has advanced the target of 20% ethanol blending in petrol from earlier 2030 to ESY 2025-26 and a "Roadmap for ethanol blending in India 2020-25" has been put in public domain. Other recent enablers include: enhancement of ethanol distillation capacity to 923 crore litre per annum; Long Term Off-take Agreements (LTOAs) to encourage setting up of 431 crore litre per annum capacity of Dedicated Ethanol Plants (DEPs) in ethanol deficit States by private players which is expected to bring in investments of Rs.25,000-Rs.30,000 crores in coming years; multimodal transportation of ethanol and ethanol blended petrol

by railways and pipelines. All these steps add in facilitating ease of doing business and achieving the objectives of Atmanirbhar Bharat.

Government has taken many decisions for reduction of cane farmer's dues including diversion of sugar and sugar-based feedstock for production of ethanol. Now, as, large quantity of ethanol is available right from the beginning of sugar season due to conversion of sugarcane juice and B heavy molasses to ethanol, it has been decided to redefine Ethanol Supply Year as a period of ethanol supply from 1st November of a year to 31st October of the following year from 1st November, 2023 onwards. Moreover, as the Fair and Remunerative Price (FRP) of sugarcane & ex-mill price of sugar have undergone changes, there is a need to revise the ex-mill price of ethanol derived from different sugarcane based feed stocks.

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