

CENTRE INVITES FRESH APPLICATIONS FROM THOSE WHO HAVE ACQUIRED LAND FOR ETHANOL PROJECT AND OBTAINED ENVIRONMENTAL CLEARANCE TO SET UP NEW DISTILLERIES OR EXPANSION OF EXISTING DISTILLERIES TO PRODUCE 1-G ETHANOL

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

In order to enhance ethanol production capacities in the country and to achieve 20% blending by 2025, **Government of India has decided to open a window for six months for inviting fresh applications from project proponents to set up new distilleries or expansion of existing distilleries to produce 1-G ethanol.**

Consequently, to ensure that only serious project proponents are issued in-principle approval by the Department of Food and Public Distribution (DFPD), the window has been opened for inviting fresh applications from those project proponents who have acquired land for project and obtained environmental clearance.

The Centre's decision will facilitate sugar mills to set up new distilleries or expand their existing distilleries and thereby help in diverting excess sugarcane/sugar to ethanol. New grain based distilleries would come up in deficit states like north-eastern states, southern states like Tamil Nadu, Andhra Pradesh, Telangana and states like Bihar, Madhya Pradesh etc.; this would help in distributed production of ethanol.

Ethanol distillation capacity of molasses based distilleries was only 215 cr litre prior to 2014. **However, in past 7 years due to the policy changes made by the Centre, the capacity of molasses based distilleries have increased by one and a half times** and are currently at 569 cr litre. Capacity of grain based distilleries which were 206 cr litre in 2013 increased to 280 cr litre. Thus, the total ethanol production capacity in the country has reached to 849 cr litre. However, ethanol production capacities are required to be enhanced to about 1700 cr litre to achieve 20% blending by 2025. Opening of window would help in augmentation of ethanol production capacities.

Till year 2013, supply of ethanol to OMCs was only 38 cr litre 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 litre thereby achieving 8.10% blending. **In the current ESY 2021-22, about 158 cr litre ethanol have been blended with petrol till 17.04.2022 thereby achieving 9.77% 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 of India has fixed target of 10% blending of fuel grade ethanol with petrol by 2022 & 20% blending by 2025.

The 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.

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