

LOK SABHA
UNSTARRED QUESTION No. 1005
TO BE ANSWERED ON 08th February 2024

ETHANOL PRICING FORMULA

1005. SHRI LAVU SRI KRISHNA DEVARAYALU:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) whether the Government is aware of the issues concerning the current ethanol pricing formula;
- (b) if so, the measures taken to mitigate the same and if not, the reasons therefor;
- (c) the measures taken/being taken by the Government to ensure that the ethanol pricing formula is communicated clearly to banks, investors and other stakeholders;
- (d) whether the Government proposes to address the reported reluctance of the banking sector to provide loans for enhancing infrastructure for ethanol production by sugar mills; and
- (e) if so, the details thereof and if not, the reasons therefor?

ANSWER

पेट्रोलियम और प्राकृतिक गैस मंत्रालय में राज्य मंत्री
(श्री रामेश्वर तेली)

**MINISTER OF STATE IN THE MINISTRY OF PETROLEUM &
NATURAL GAS
(SHRI RAMESWAR TELI)**

(a) to (c): Government fixes the ex-mill price of sugarcane based ethanol on the basis of Fair and Remunerative Price (FRP) of sugarcane and Minimum Support Price (MSP) of sugar. Oil Marketing Companies (OMCs) fix the ex-mill price of ethanol made from food grain based sources on the basis of feedstock and conversion cost. OMCs have already declared incentives of Rs.6.87 per litre on C-molasses ethanol with effect from 29.12.2023 and Rs.5.79 per litre on ethanol produced from maize with effect from 05.01.2024, over and above declared price for Ethanol Supply Year (ESY) 2023-24. This has been communicated to the stakeholders through various communication channels.

(d) to (e): The ethanol production capacity has more than doubled in last four years to 1401 crore litres per annum at the end of December, 2023. Loans amounting to Rs. 32,033 crores have been sanctioned to 330 projects by banks, out of which Rs. 20,171 crores have been disbursed to 286 projects as on 19.01.2024 under the Governments Interest Subvention Scheme for enhancement and augmentation of ethanol distillation capacity.
