

GOVERNMENT OF INDIA  
MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION  
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

LOK SABHA  
UNSTARRED QUESTION NO.2764  
TO BE ANSWERED ON 20<sup>TH</sup> DECEMBER, 2023

ETHANOL PRODUCTION CAPACITY

†2764. SHRIMATI KESHARI DEVI PATEL:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री be pleased to state:

- (a) the present ethanol production capacity in the country including its sources;
- (b) whether the Government has estimated its demand based on the increasing number of vehicles in the country and if so, the details thereof;
- (c) whether the Government has formulated any plan for its expansion within the country; and
- (d) if so, the details thereof along with the target set in this regard?

A N S W E R

MINISTER OF STATE FOR MINISTRY OF RURAL DEVELOPMENT AND  
CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION  
(SADHVI NIRANJAN JYOTI)

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(a): As on 30.11.2023, the ethanol production capacity in the country is about 1380 crore litres out of which about 875 crore litres is molasses based and about 505 crore litres is grain based.

(b) to (d): The Government of India has been implementing Ethanol Blended with Petrol (EBP) Programme throughout the country wherein Oil Marketing Companies (OMCs) sell petrol blended with ethanol. Under EBP Programme, Government has fixed the target of 20% blending of ethanol with petrol by 2025.

In order to achieve the target of 20% blending by 2025, about 1016 crore litres of ethanol is required and total requirement of ethanol including for other uses is 1350 crore litres. For this, about 1700 crore liters of ethanol producing capacity is required to be in place by 2025 considering plant operates at 80% efficiency. The Government has estimated the demand of ethanol required for 20% blending by 2025 keeping in view the growth of petrol based vehicles in two-wheeler and passenger vehicle segments & the projected sale of Motor Spirit (MS).

Further, with a view to enhance the ethanol production capacity in the country to achieve the blending targets set under EBP Programme, the Government has notified various ethanol interest subvention schemes from July 2018 to April 2022.

Under these ethanol interest subvention schemes, Government is facilitating entrepreneurs to set up new distilleries (molasses based, grain-based and dual-feed based) or expansion of existing distilleries (molasses based, grain-based and dual-feed based) throughout the country. Interest subvention @ 6% per annum or 50% of rate of interest charged by banks/financial institutions, whichever is lower, on the loans to be extended by banks/financial institutions is being borne by the Central Government for five years including one-year moratorium.

Installation of new ethanol distilleries/expansion of existing ethanol distilleries has brought investment opportunities worth over ₹ 40,000/- crore in urban as well as rural areas.

Due to effective Government policies, the supply of ethanol to Oil Marketing Companies (OMCs) has increased by more than 13 times to about 502 crore litres in Ethanol Supply Year (ESY) 2022-23 from 38 crore litres in ESY 2013-14. The blending percentage has also increased from 1.53% in ESY 2013-14 to targeted 12% in ESY 2022-23.

Through the sale of ethanol, the cash flows for sugar mills have improved resulting in prompt payment to cane farmers. Sugar mills have cleared 98.3% of cane dues of farmers in Sugar Season (SS) 2022-23 and 99.9% of cane dues in previous SS 2021-22.

In last 10 years, sugar mills have earned revenue of more than ₹ 94,000 crores from sale of ethanol which has added to the bottom line of sugar mills.

Production of ethanol has led to proportionate reduction in the import of petrol or crude oil which has resulted in saving of foreign exchange for India. In 2022-23, with production of about 502 crore litres of ethanol, India has saved about ₹ 24,300 crores of foreign exchange and improved India's energy security.