

Energy Policy - Ethanol Production in INDIA: The Roles of Policy, Price and Demand

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Abstract: *Achieving energy security and the transitioning to a thriving low carbon economy is critical for a growing nation like India. Blending locally produced ethanol with petrol will help India strengthen its energy security, enable local enterprises and farmers to participate in the energy economy and reduce vehicular emissions, The Government of India notified the National Policy on Bio-fuels –2018 (NPB–2018) on 4.06.2018 wherein, under the Ethanol Blended Petrol (EBP) Program, an indicative target of 20% blending of ethanol in petrol by 2030 was laid out. The current ethanol production capacity in India of 426 crore litres derived from molasses-based distilleries, and 258 cr. litres from grain based distilleries is proposed to be expanded to 760 cr. litres and 740 cr. litres respectively. This would be sufficient to produce 1016 cr. litres of ethanol required for EBP and 334 cr litres for other uses. This will require 60 lakh MT of sugar and 165 lakh MT of grains per annum in ESY 2025 to be used for producing ethanol, which the country can support. To get the ball rolling, MoP&NG should proclaim and lay out the target for 10% ethanol blending of gasoline fuel all over the country by April, 2022. MoP&NG should further initiate phased roll-out of 20% ethanol blending from April, 2023 onwards to enable action by all stakeholders, namely Oil Marketing Companies, vehicle manufacturers, service stations, distilleries, and entrepreneurs as per a detailed roll-out plan suggested (Figure 9.1). This should be supported by a simpler and quicker regulatory regime, preferably single window clearance by the States, MoEF&CC, PESO,DFPD and MoP&NG and the launch of educational campaigns for consumers.*

This study accelerate the adoption and transition to ethanol blended fuels, price incentives through tax relief at the retail level on ethanol blended fuel and tax incentives for vehicles compatible with E20 are suggested. The government may also encourage use of lower water consuming food grain crops like maize, and 2G feed stock for production of ethanol.

Keywords: Bio-fuels, Ethanol Blended Petrol (EBP), MoEF&CC, PESO,DFPD and MoP&NG etc

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