



Challenges of Grain-based Dedicated Ethanol Plants (DEPs)

Presented by

Grain Ethanol Manufacturer's Association (GEMA)

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SUCCESS OF GOI'S BIOFUEL POLICY TO REACH E20 READY FOR FUTURE E-25, D5 & FLEXI FUELS



ESY 24-25			
Ethanol Feedstock	Total Cr. Litre	%	Grain MMT
Maize	431.10	51.5	11.46
DFG	93.85	11.2	2.06
Total Grain	524.95	62.7	13.5
SCJ	188.79	22.6	
BHM	113.93	13.6	
CHM	9.16	1.1	
Total Sugar	311.88	37.3	
Total Ethanol	836.84	100.0	

- Grain Ethanol Supply will increase to 525 Cr. Liter in ESY24-25 from 370 Cr. Liter in ESY23-24 => 1.4 Times increase.
- Farmers are receiving MSP for maize.
- 63% of total supply will be from grain.
- 430 Cr Liter is committed from Maize.
- Maize is a future crop but present availability of 11.46 MMT maize is questionable.
- Grain-based DEPs capacity nearing 600 Cr Liter for EBPP in ESY 24-25.
- Additional 150 Cr Liter capacity will be operative in 12 months.
- Ethanol producers have the capacity to fulfill demand arising from new policies on petrol and diesel blending, for e.g. **E25, D5, SAF & flexi fuels**.

HOW OMC'S ARE RECEIVING ETHANOL AT LOSSES TO INDUSTRY?



- Losses in keeping the plant shut are higher, than in supplying ethanol at losses.
- If plant is kept non-operational – Cost of manpower, establishment, finance & penalties of non-supply are FIXED, which is app Rs. 9.50/Liter.
- Plant capacity reduces by 20%, in maize as compared to DFG – This leads to higher fixed expense ratio in Maize.
- Total variable cost are higher in Maize as compared to DFG.
- Due to limited availability of DFG; industry has opted for maize, even though the losses are high – only to keep the plant running.
- In all situations; plants are incurring losses.

CHALLENGES FACING THE GRAIN ETHANOL INDUSTRY



1. VIABLE PRICING

2. FEEDSTOCK AVAILABILITY IN ESY 2024-25 & ONWARDS

3. SC RULING - EMPOWERING STATES TO REGULATE DEPS

4. VIABLE OPERATIONS WILL ENABLE INDUSTRY TO
ACHIEVE 20% BLENDING TARGET

VIABLE PRICING – SINGLE RATE FOR GRAIN ETHANOL



Price of Maize Ethanol 2024-25			
Particulars	UoM	2023-24	2024-25
Maize MSP	Rs./ Quintal	2090	2225
Maize to Ethanol	Kg/ Liter	2.66	
Increase in MSP	Rs./ Kg	1.35	
Increase in Maize Ethanol	Rs./ Liter	3.59	
Maize Ethanol	Rs./ Liter	71.86	75.45
Single Rate for Grain Ethanol			
Ethanol Allocated ESY 24-25	Cr. Litre	Rs./ Liter	Rs. Crore
Maize	431.10	75.45	32,527.15
DFG	93.85	64.00	6,006.50
Total Grain	524.95	62.7	38,533.65
AVG Single Rate for Grain Ethanol		73.40	Rs./Liter
Cost to OMC for revising ethanol price corresponding to MSP			1548 Rs. Crores

- MSP of Maize has increased by Rs.1.35/Kg to Rs.22,250/Kg.
- Maize Ethanol should increase to Rs.75.45/Liter as per MSP increase.
- Impact of increasing ethanol price corresponding to MSP is merely Rs.1548 Crores.
- 11.46 MMT Maize required for 431 cr. Liter Ethanol = 1/3rd of India's maize produce.
- Make One Single Rate of Rs.73.40/ Liter for All grain based ethanol.

HOW WILL ONE SINGLE RATE FOR ALL GRAIN ETHANOL HELP?



PROBLEM

- India is not prepared to spare 11.46 MMT Maize for Ethanol for the present.
- Extreme shortage of maize will lead to extra-ordinary inflation & high imports by other industry.

SOLUTION

- Single price of all grains ethanol will ease-out grain inflation.
- Ease of accountability of feedstock for grain ethanol industry.
- Substandard Rice from FCI will become affordable by ethanol manufacturers.
- Conversion of grain unsuitable for food purposes to green fuel.
- Support ethanol production, contributing to renewable energy targets.
- Rs. 40,000 crore investment by grain ethanol industry will be saved from NPA.

HUMBLE REQUEST



1. Make One Single Price of Grain-Ethanol based on Weighted Average, after factoring-in the increase in MSP of Maize.
2. Single price of Grain based Ethanol shall enable the industry to lift the substandard Rice from FCI by issuing it Pan-India and exclusively to Ethanol Manufacturers.

RECENT RULING BY HON'BLE SC

1. Rectification via an act of parliament that gives center complete control on regulation and taxation to maintain the status quo of Ethanol for blending with fuels.