

GEMA/2024-25/304

Date: 12th February 2025

To

The Secretary,

Department of Excise and Prohibition,
Government of Jharkhand,
Ranchi.

Subject: Representation Against Imposition of ₹1 per Litre Transport fee / Export fee and Permit System on Ethanol Dispatches.

Dear Sir,

On behalf of the Grain Ethanol Manufacturers Association (GEMA), representing over 120 ethanol manufacturing units across India with a combined grain-ethanol production capacity exceeding 800 crore litres per annum, we wish to bring to your kind attention the challenges posed by the recent proposal for imposition of a ₹1 per litre transport fee / export fee and a permit system on ethanol dispatches in Jharkhand.

The ethanol industry in the state is still in its nascent stage, having been set up under the State's Ethanol Promotion Policy. The sector is already grappling with feedstock shortages, and the additional financial burden could significantly impact its viability. This move runs contrary to the National Biofuel Policy and the Government of India's vision for energy self-sufficiency and the Jharkhand states own ethanol manufacturing promotion policy , could have far-reaching consequences, including:

- 1. Adverse Impact on Industry Growth** – The additional cost burden may discourage Oil Marketing Companies (OMCs) from procuring ethanol from Jharkhand, reducing demand and affecting the viability of ethanol units in the state.
- 2. Negative Effect on Farmers and Rural Employment** – A decline in ethanol production could hurt grain (maize) farmers and laborers dependent on the sector, thereby reducing rural incomes.
- 3. Loss of GST Revenue for the State** – Ethanol attracts 5% GST, and lower sales from Jharkhand would result in revenue loss, offsetting any potential gains from the proposed fee.
- 4. Disruption in Supply Chains** – If OMCs shift procurement to other states, Jharkhand's industrial ecosystem could weaken in the long run, impacting future investments.
- 5. Existing Financial Burden on the Industry** – Ethanol manufacturers in Jharkhand are shall be subjected to an additional surcharge, further increasing production costs. The newly proposed fee would exacerbate this financial strain and render ethanol production in the state uncompetitive compared to other regions.
- 6. Surplus Ethanol Availability in India** – There is already an excess supply of ethanol at the national level, meaning that OMCs have the flexibility to source ethanol from other states at lower costs. The imposition of an additional fee in Jharkhand could discourage procurement from ethanol plants within the state, further threatening the viability of local manufacturers.

Our Request:

In light of the above concerns, we respectfully urge the Government of Jharkhand to:

- Reconsider and withdraw the proposed ₹1 per litre transport fee / export fee on ethanol dispatches.
- Remove the permit requirement for ethanol movement to ensure an uninterrupted supply chain.

We sincerely seek your support in fostering a stable and growth-oriented business environment for the ethanol industry in Jharkhand, which aligns with national energy security goals and rural economic development.

We remain open to discussions to explore viable solutions that benefit both the state and the ethanol sector.

We look forward to your kind consideration and a favorable response.

Thanking You

with Regards



Dr. C. K. Jain, President