



Ref: GEMA/MoPNG/2024-25/153

01st August, 2024

To,

Shri Rohit Mathur Ji (IAS)
Jt. Secretary Refinery
Ministry of Petroleum & Natural Gas

Subject: Ethanol for Fuel Blending- Challenges with Feedstock availability and unremunerative prices

Respected Sir,

The Grain Ethanol Manufacturers Association (GEMA) is a leading organization with over 78 member-units across India, collectively boasting a grain-ethanol production capacity exceeding 450 crore liters per annum.

We would like to draw your attention towards

1. Tremendous rise in demand and prices of grain feedstock due to the following reasons:
 - a) 600 crore liter Demand of Grain based Ethanol by 2025, has set up an industry to process proportionate quantum (15 Million MT) of grain (Maize and Broken Rice).
 - b) Suspension of surplus rice supply by FCI led to a steep runup in the price of broken rice to meet the demand from Fuel Ethanol plants.
 - c) FCI's specification mandating 25% broken rice, whereas modern rice mills produce only 5% broken rice-millers are buying Broken Rice from open market to comply with this specification.
 - d) Demand for Maize by Fuel Ethanol plants led to a steep price spike, and there is insufficient production in the domestic market - NAFED and NCCF are unable to procure at MSP.
2. Correction in transportation rate – currently they are below one-way costs while two-way costs should be reimbursed as ethanol tankers are dedicated.



3. In 2022-23, surplus FCI rice was suddenly discontinued, without revision in procurement price corresponding to feedstock prices. Bank Guarantees are still held with OMC's and penalties are being charged.

We suggest the following actions for continuous supply of Ethanol during ESY 23-24 and to ensure grain availability at controlled grain inflation:

- 1) Issue of 5 million MT of surplus FCI rice can bring relief in grain availability and keep grain inflation under control.
- 2) Allow duty free import of Maize under OGL to various industries such as cattle feed, poultry and starch derivatives so that domestic maize is available for requirement of grain ethanol industry. Till such time when Indian maize crop takes over the entire requirement of maize in all segment. (Industry representations are enclosed for ready reference)
- 3) Give immediate relief by revising the procurement price of DFG to Rs. 72 Per Liter & Maize to Rs. 82 Per Liter so that existing blending percentage of ethanol may continue.
- 4) Transportation rate should be raised on two-way basis, near actual costs.
- 5) PRC has to be waived and BGs have to be released.

Above said relief will enable to maintain blending program as per the target of 15% at present and 20% by 2025.

Industry will be greatly obliged by your timely intervention and support to the entire eco-system of grain ethanol.

Thanking you,

Warm regards

President

Dr. Chandra Kumar Jain

Enclosed: Detail presentation elaborating the situation and solutions