



GRAIN ETHANOL MANUFACTURERS ASSOCIATION
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Reference No. GEMA/MOPNG/BPCL/2024

15TH March, 2024

Shri Anurag Saraogi,
Chairman – MOPNG's Committee
On Roadmap for Ethanol Blending,
& CGM (Biofuels),
BPCL, Mumbai

Subject: 15% Ethanol blending target for ESY 2023-24

Dear Sir,

Kindly refer to letter No. P-13032(17)/2/2024-CC(E-49134) dated 12th March, 2024 and consequent VC meeting held on 14/03/2024 at 2PM on the subject.

As desired, we hereby submit our suggestions to achieve 15% Ethanol blending target in next 7 months, as below:

I. POLICY MATTERS:

Grain/ Feedstock availability

1. Resume supplies for FCI surplus rice:

Industry is facing issue of limited availability of broken rice, at the same time it is available at unviable costs.

By resuming supplies of FCI surplus rice, availability of feedstock will increase and rates of damaged food grain will be corrected, which will enable units to supply ethanol against SFICI and DFG allocations as per existing commitment.

If only, 25% SFICI, of total contracted volume of a unit, is allotted, then additional 100 crore liter will be available in remaining 7 months.

2. Improve availability of maize:

On temporary basis, ease imports of maize for other industry such as starch and poultry, who are currently the major consumers of maize. At present, maize import invites 50% import duty, whereas, other agriculture crops such as pulses etc. are allowed either duty free or @ 5% duty.

Similarly, maize should be allowed duty-free import by other major consumers, such as starch and poultry temporarily.

3. Dynamic pricing of ethanol from grain:

At current fixed purchase price model, units are not operating at working margins. Since, grain ethanol is dependent on 3 dynamic variables; grain, ddgs and fuel - we strongly propose to apply dynamic pricing model on grain ethanol, so that industry can continue their viable operations.

II. OPERATIONAL POLICY MATTERS:

1. Ease out Decantation issues:

Units are facing issues in decanting ethanol due to various reasons, such as:

- a. Delay/ mismatch in PO/ Indent issuance and supplies of ethanol
- b. Pro-rata-based allocation disable feedstock flexibility
- c. Delay in transferring allocation from depot to depot
- d. Decantation facility at individual depots

2. Ease out payments:

a. Bring down payment cycle to 7-10 days:

Initially payment cycle was 14 days, which was increased to 21 days and effectively it is now about 30 days. At the same time, earlier, ethanol units were buying feedstock at 30-45 days credit, which has now come down to cash and carry basis. This has greatly increased the requirement of working capital for a unit.

b. Release payments, pending JRC:

The payments of units are held up because of incompleteness of JRC, which has greatly impacted the working capital of the unit. It is requested to release payments pending JRC.

c. Waiver of PRC:

Since entire 2022-23 was greatly impacted in availability of grain feedstock due to sudden stoppage of SFCI, so compliance of the contracted volume supplies could not be done by the units, thus same should be considered to be waived. This will also ease out working capital.

3. Other suggestions:

a. Correct assessment of ongoing short supplies by grain DEPs:

Evaluate why there is ongoing shortfall in supply of grain ethanol in Q1 & Q2 – were the units incapable of supplying ethanol due to unviable pricing or unavailability of feedstock or anything other problems?

Some solutions can be identified by answering these questions realistically.

b. Transparency of data:

- i. Cost calculation of grain ethanol procurement price arrived by OMCs to buy, should be partnered with associations.
- ii. As per initial practice, monthly ethanol supply data with state and feedstock break-up was provided and should be continued to share with associations for mutual participation in decision/ suggestion making.



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- iii. Resume open interactions with ethanol supplying units, as done previously.
- c. Develop decantation and storage infrastructure to accept 3 crore liter/day ethanol at all depots.

Assuring you of our best services & attention at all times.

Yours faithfully,

Dr. C. K. Jain,
President