

GEMA/2025-26/492

Date: 23rd May 2025

To,

The Excise and Taxation Commissioner,
Excise and Taxation Department,
Government of Haryana,
Vanijya Bhawan, Plot No. I-3,
Sector-5, Panchkula, Haryana - 134151

Subject: Request for Exemption from ₹1/BL Pass Fee on Denatured Ethanol Supplied for Blending under Excise Policy 2025–27.

Respected Sir,

The **Grain Ethanol Manufacturers Association (GEMA)**, representing over 125 grain-based ethanol producers across India, wishes to draw your kind attention to a critical concern regarding the proposed imposition of a ₹1 per bulk litre pass fee under the Excise Policy 2025–27 on **denatured ethanol supplied for blending with petrol**.

Sir, with the guidance of the MoPNG and NITI Aayog to achieve **20% blending by 2025–26**, our member units in Haryana and across the nation plays a vital role in supporting EBPP Program. GEMA fully appreciates the progressive and sustainable industrial policies of the Government of Haryana and acknowledges the support extended to the ethanol sector.

However, the imposition of the proposed levy raises significant concerns:

- **OMC ethanol procurement prices are fixed through tenders** and do not factor in any state-imposed levies.
- The **pass fee is not reimbursable by OMCs**, placing the entire burden on producers.
- For large-capacity units, this could translate to a **financial impact running into several crores annually**, severely affecting margins and future investments.
- **Other ethanol-producing states** such as Uttar Pradesh, Madhya Pradesh, and Odisha have exempted such levies and even provided **incentives** to attract ethanol infrastructure, giving them a competitive edge.

It is pertinent to highlight that **MoPNG has formally urged states to remove such regulatory charges** to ensure the financial viability of ethanol production and supply. Through its communications (D.O. No. P-13034(18)/9/2024-CC dated 27 March 2025 and 8 April 2025), MoPNG has expressed concerns that such levies:

- Increase the cost of ethanol-blended petrol;
- Adversely impact the achievement of national blending targets;
- Undermine the competitiveness of producers in states where such fees are levied.

Ethanol production also directly supports **local maize and broken rice farmers**, promotes **rural employment**, and contributes to **green energy goals and carbon reduction**. Imposing this fee would not only affect dispatch and supply to OMCs but also create adverse ripple effects on the state's **industry, agriculture, and employment**.

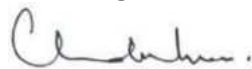
In view of the above, we most respectfully urge the Hon'ble Department to:

- **Grant exemption from the ₹1/BL pass fee** on denatured ethanol supplied to OMCs for blending with petrol.
- **Align the state excise policy** with MoPNG's recommendations and best practices adopted by other leading ethanol-producing states.
- **Recognize the strategic importance** of Haryana's ethanol industry in the national supply chain and the potential disruption this levy could cause to its growth and sustainability.

We remain at your disposal to provide data, coordinate industry discussions, and assist in policy alignment.

Thank you for your kind consideration.

With regards



Dr. C. K. Jain, President

Enclosed: Representations by member units.



E20 Greenfuels Private Limited

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CIN : U23100PB2021PTC054264

Ref. No.: E20/25-26/0092

Date: 12th May 2025

To
The Additional Chief Secretary,
Excise and Taxation Department,
Government of Haryana,
Vanijya Bhawan, Plot No. I-3,
Sector-5, Panchkula – 134151,
Haryana.

Subject: Representation Seeking Exemption from ₹1 per Bulk Litre (BL) Pass Fee on Ethanol Supplied under the National Ethanol Blending Programme

Respected Sir,

We, **M/S E20 Greenfuels Private Limited**, a grain-based ethanol manufacturer in Haryana state, with an installed capacity of 300 KLPD,, wish to bring to your kind attention our concern regarding the recent introduction of a **₹1 per Bulk Litre (BL) pass fee** under the **Haryana Excise Policy 2025–27** on **denatured ethanol supplied for blending with petrol**.

We fully support the Government of Haryana's forward-looking industrial policies and its commitment to sustainable development. However, we respectfully submit that this pass fee on ethanol for fuel blending purposes could have unintended negative consequences for both the ethanol sector and the broader energy goals of the nation.

A. Adverse Impact on Ethanol Industry and Investment Environment

- The ethanol industry is currently under substantial pressure due to rising input costs — notably, grain prices have increased by over **20% year-on-year**, with no corresponding revision in ethanol sale prices by OMCs.
 - As ethanol prices are **fixed through OMC tenders**, producers have no scope to absorb additional state-imposed levies like the pass fee.
 - The annual financial burden of this ₹1/BL fee for a 300 KLPD plant like ours would amount to several **crores of rupees**, severely eroding margins and threatening financial viability.
 - This levy could discourage future investment in Haryana's ethanol sector, especially as **other states such as Uttar Pradesh, Madhya Pradesh, and Odisha have exempted such fees** and even provided **incentives** to attract ethanol infrastructure.
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B. Misalignment with National Biofuel and Energy Security Policies

- India's **National Ethanol Blending Programme (EBP)**, as guided by the **Ministry of Petroleum and Natural Gas (MoPNG)** and **NITI Aayog**, aims to achieve **20% ethanol blending by 2025–26**. Ethanol producers in Haryana, including our company, are proud contributors to this national mission.
 - The MoPNG, through communications dated **27th March 2025** and **8th April 2025** (D.O. No. P-13034(18)/9/2024-CC), has urged states **not to impose levies such as pass fees** on ethanol supplied for EBP, stating that:
 - Such fees will **increase the cost** of blended petrol.
 - They **undermine national blending targets**.
 - They create **regional disparities** in ethanol pricing and discourage procurement from affected states.
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C. Constitutional and Legal Considerations

- As clarified by the **Hon'ble Supreme Court of India** in multiple judgments, **denatured ethanol**—being **unfit for human consumption**—**does not fall under the purview of “intoxicating liquor”**, and hence lies outside the jurisdiction of State Excise for taxation purposes.
 - Specifically, in its landmark judgment, the **Supreme Court's nine-judge Constitution Bench** ruled that:
 - **Denatured alcohol**, used for industrial or fuel purposes, is not “liquor for human consumption” and therefore **cannot be taxed under the State's excise powers**.
 - **Entry 84 of List I (Union List)** empowers the **Union Government** to levy excise duty on products like denatured ethanol.
 - **Entry 51 of List II (State List)** permits the State to impose excise duties only on **intoxicating liquors meant for human consumption**.
 - While States have regulatory powers over transport and storage to prevent misuse, **regulation does not extend to fiscal imposition** unless explicitly permitted by the Constitution.
 - Hence, the imposition of a ₹1/BL **pass fee on denatured ethanol used in the National Blending Programme may be construed as exceeding the State's legislative competence**.
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D. Operational and Strategic Implications

- The imposition of such fees introduces additional layers of compliance and raises operational costs, affecting the timely dispatch and supply chain stability for OMCs.
- With fixed ethanol procurement prices and no pass-through mechanism, such levies **disincentivize local production** and may compel OMCs to shift procurement to **fee-exempt states**, impacting Haryana's industry and employment.

- Haryana's grain-based ethanol producers directly support **local maize and broken rice farmers**, generate **rural employment**, and contribute to **green energy and carbon reduction goals**. The continuation of this fee could blunt these socio-economic benefits.

Our Humble Submission

In view of the above, we most respectfully urge the Hon'ble Department to:

1. **Grant a full exemption** from the ₹1/BL pass fee for **denatured ethanol supplied to OMCs for blending with petrol under the National Ethanol Blending Programme**.
2. Ensure policy **alignment with MoPNG guidelines** and practices adopted by other progressive ethanol-producing states.
3. Consider the **strategic importance** of Haryana's ethanol producers in the national supply chain and the risk of economic and industrial disruption posed by this fee.

We remain at your disposal to provide data, coordinate industry discussions, and assist in policy alignment.

Thank you for your kind consideration.

With sincere regards,

For E20 Greenfuels Private Limited



(Sh. Sukhpreet Singh Grover)
Director -E20 Greenfuels Private Limited

Copy to:

1. **The Chief Minister of Haryana**, CMO Office, 4th Floor, Haryana Civil Secretariat, Sector 1, Chandigarh – 160001.
2. **The Chief Principal Secretary to the Chief Minister of Haryana**, CMO Office, 4th Floor, Haryana Civil Secretariat, Sector 1, Chandigarh – 160001.
3. **The Excise and Taxation Commissioner**, Excise and Taxation Department, Vanijya Bhawan, Plot No. I-3, Sector-5, Panchkula–134151, Haryana.

For E20 Greenfuels Private Limited



(Sh. Sukhpreet Singh Grover)
Director -E20 Greenfuels Private Limited