

Ref: GEMA/Excise/2025-26/491

Date: 23rd May 2025

To

Shri Devesh Kumar Ji,
Principal Secretary (State Taxes & Excise)
HP Secretariat, Shimla,
Himachal Pradesh

Respected Sir,

Subject: Request to Reconsider the Levy of Transfer Fee on Ethanol Movement under the Excise Policy for 2025-26.

We are writing for your kind reconsideration the imposition of transfer fee of Rs. 0.75 per bl on the movement of ethanol within or outside Himachal Pradesh, as outlined in the Excise Policy for the Financial Year 2025-26.

As you are aware, the **Ethanol Blending Program**, launched by the Government of India, plays a critical role in the nation's strategy to reduce dependence on fossil fuels, promote renewable energy, and reduce carbon emissions. The successful implementation of this program is essential for India's sustainable energy future, and the ethanol industry has a vital role to play in supporting these goals.

There has been huge investment made in the state to setup dedicated ethanol plants with a capacity over 500- 1000 KLPD specially during last 2 years, contributing to the goal of achieving 20% ethanol blending in petrol. This move aligns with the government's commitment to reducing dependence on fossil fuels, enhancing sustainability, and meeting national targets for carbon neutrality. The State has been able to achieve 18-20% blending in 2024-25 from merely 2-3% in 2021 at par with other states leading the development of green and circular fuel economy.

However, the imposition of transfer fee of Rs. 0.75 per bl on ethanol movement, both within and outside Himachal Pradesh, stands to undermine the very objectives of this program. This additional cost has created a significant competitive disadvantage for ethanol plants operating in Himachal Pradesh, as compared to those operating in other regions where no such levy exists. This will further exacerbate the challenges already being faced by the ethanol industry in the state by way of incurring extra logistics expenses in procuring raw material and fuel from outside the state, leading to higher input material cost.

For e.g. we as an individual plant producing 200 KL of Ethanol per day, will require to pay an additional cost of Rs.5.25 crores per year (Rs. 1.50 lacs per day*350 days) as new tax burden. With existing loan repayment liabilities of Rs.30 crores pa, this additional tax of Rs. 5.25 crores pa which is almost 18% of it, will adversely impact the whole financial viability substantially. Moreover, this added cost may undermine the competitiveness of ethanol as a viable fuel option, which seems to contradict the Government's objectives of promoting renewable energy and blending initiatives.

Other Potential Negative Impacts on Plant Operations due to imposition of new Excise levy:

- Ethanol is primarily sold to government Oil Marketing Companies (OMCs) for blending purposes. These sales are strictly regulated under OMC depots, with the quality of blended petroleum conforming to their stringent standards.
- As OMCs purchase ethanol through tenders at a uniform price across the country, any additional tax imposed by the state is not reimbursed by the OMCs. This makes it difficult for manufacturers to absorb such tax burdens, leading to increased financial strain.
- There is no open market for fuel ethanol outside the OMC framework. This limited market and price control make it challenging for manufacturers to sell ethanol at higher prices to absorb additional tax burdens.
- It is also important to recognize that ethanol producers in Himachal Pradesh have made significant investments in infrastructure, production capacity, and compliances with industry standards. These investments have not only contributed to the growth of the local economy but have also generated employment opportunities and increased revenue for the State Government. The ethanol industry's presence in Himachal Pradesh is a critical part of the state's renewable energy and industrial landscape, and any further financial burdens could result in the erosion of these benefits. If the transfer fee is not removed, the viability of these plants and investments will be seriously threatened, leading to potential shutdowns, loss of jobs, and a significant reduction in the state's revenue from the sector.

The ethanol producers in Himachal Pradesh, as well as the industry at large, are fully committed to supporting the Government's vision for ethanol blending and renewable energy. However, the proposed transfer fee would only serve to diminish the competitiveness of ethanol as a fuel alternative, undermining both the long-term goals of the Ethanol Blending Program and the financial sustainability of ethanol production in Himachal Pradesh.

Considering above, we most humbly request your good-selves to consider removing the imposition of this transfer fee/duty Rs.0.75 per bl on ethanol movement, both within and outside the state. Removing this fee would ensure that ethanol producers in Himachal Pradesh can continue to operate competitively, contribute to the national ethanol blending targets, and further the state's interests in renewable energy investment.

We believe that a balanced and pragmatic approach is needed to ensure the growth and sustainability of the ethanol industry, which remains a key player in achieving the government's renewable energy and fuel blending objectives. We are hopeful that you will recognize the operational hardships already being faced by ethanol producers in the state and consider the long-term benefits that such producers provide to the state's economy and the national energy agenda.



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Moreover, we believe that an open dialogue between industry stakeholders and the state government will pave the way for a more collaborative approach that aligns the growth of renewable energy with the state's long-term objectives for economic prosperity and environmental sustainability. We look forward to your support and request an opportunity to meet and discuss the same.

With regards

Dr. C. K. Jain, President

Enclosed: Representations from our member unit(s).



PREMIER GREEN INNOVATIONS PRIVATE LIMITED

(Formerly known as Premier Alcobev Private Limited)

CIN: U15530DL2007PTC281067

Registered office: F-33/3, Okhla Industrial Area, Phase-II, New Delhi-110020, India

PGIPL/EXC/2024-25/003

Date: 02-04-2025

To,

The Commissioner of State Taxes and Excise
Himachal Pradesh
Shimla-9

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Greetings**

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As you are aware, the **Ethanol Blending Program**, launched by the Government of India, plays a critical role in the nation's strategy to reduce dependence on fossil fuels, promote renewable energy, and reduce carbon emissions. The successful implementation of this program is essential for India's sustainable energy future, and the ethanol industry has a vital role to play in supporting these goals.

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For Premier Green Innovations Pvt. Ltd.


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Thank you for your time and consideration. We look forward to your support in addressing this matter and are happy to provide any further details or engage in further discussions to resolve this issue.

Thanking You
Yours Sincerely,

For ~~Pranta Green Innovations Pvt. Ltd.~~ Private Limited


Authorized Signatory

Rajan Sharma
Director
DIN: 09510505