GEMA
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GEMA/2025-26/DFPD/687 Date: 08.09.2025

To,
Shri Pralhad Joshi Ji
Hon'ble Minister of Consumer Affairs
Food and Public Distribution
Krishi Bhawan, New Delhi

Subject: Urgent Policy Support for Non-LTOA Ethanol Units and Roadmap Beyond 20% Blending

Respected Sir,

Namaskar.

On behalf of the Grain Ethanol Manufacturers Association (GEMA), we wish to express our gratitude for the consistent support extended by the Government of India towards the ethanol blending program, which has successfully enabled the nation to achieve the milestone of 20% blending in petrol in a remarkably short span of time. This has been possible only due to the proactive policies of the Government and the massive investments made by entrepreneurs across the country in building ethanol production capacity.

Today, India's ethanol production capacity stands at nearly 1,800 crore litres per annum, against the current requirement of around 1,100 crore litres for E20. While this capacity reflects the success of the Ethanol Blended Petrol Program (EBPP), it also poses a serious challenge: several operational ethanol plants, particularly those without Long-Term Offtake Agreements (Non-LTOA units), are now facing existential risks.

These units, though established under the EBPP framework with significant capital investment and bank financing, are disadvantaged because they do not enjoy preferential allocation. Most of them were sanctioned and supported under the Interest Subvention Scheme (ISS) of the Department of Food & Public Distribution, and their viability has been built entirely on the assurance of ethanol procurement through the EBPP. Without a guaranteed offtake, they risk receiving lower or negligible allocations in the tendering process. Unlike other industries, these plants have no alternative market or end-use for their product, making ethanol procurement by Oil Marketing Companies their only survival lifeline.

Further, in the recently concluded allocation cycles, Non-LTOA units have received less than 50% allocation in Q1 and Q2. Operating at such low levels of capacity utilization makes survival extremely difficult, given high fixed costs and financial commitments. This situation places these plants in a very grave position, where continuing operations becomes unviable despite having already invested and created productive assets.

It is also important to highlight that Non-LTOA units managed to secure financing independently, without relying on the comfort of government-backed LTOAs. This reflects the entrepreneurial spirit of these investors who trusted the Government's vision for ethanol blending and undertook significant financial risks. Such self-reliance should be recognized, lauded, and supported through equitable procurement mechanisms.

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In this context, we respectfully submit the following for urgent consideration:

1. Enhancement of the blending target to 27% — This progressive step will help absorb the already created production capacity, prevent underutilization, and bring India closer to global best practices (Brazil currently blends 27% as base petrol).
2. Granting LTOA status to existing operational units — An Expression of Interest (EoI) may be issued inviting running units to apply for Long-Term Offtake Agreements. This will safeguard the viability of existing plants that have already invested heavily and are contributing to national ethanol supply.
3. Equitable procurement policy — To ensure inclusivity and fairness, procurement mechanisms may be designed such that Non-LTOA plants are not sidelined in favour of preferential allocation holders.
4. Level playing field for grain ethanol units — Grain ethanol units have only a single product (ethanol), whereas sugarcane-based ethanol units have the flexibility to switch between sugar and ethanol. To safeguard national food security and ensure fair opportunity for grain ethanol plants, allocation to sugar-based units may be rationalized so that sugar availability is not compromised, while space for ethanol supply by grain units is preserved.
5. Performance-based allocation system — Evidence shows that some units tend to offer more than they can service; for example, out of 52 lakh MT of FCI rice allocated, only around 50% was lifted, and several sugar units too could not supply the quantities they had committed in the last tender. Such non-performance reduces the effective blending percentage and undermines the program. We therefore request the adoption of a grading system based on past supply performance so that allocations are made to genuine and reliable units, and “false allocation” — where committed volumes remain unsupplied — is avoided.

Respected Sir, the success of India’s ethanol program - achieving large-scale domestic biofuel capacity in record time — is a matter of national pride and global recognition. However, to sustain this achievement, policy realignment is urgently required so that all invested capacities are viably utilized. Without timely corrective measures, many Non-LTOA units risk closure, leading to stranded assets, farmer distress, and disruption of the ethanol supply chain — outcomes contrary to the spirit of the Government’s vision of Atmanirbhar Bharat and the Ethanol Blending Roadmap.

We therefore humbly request your kind intervention to protect the viability of Non-LTOA ethanol units through the above measures, and would be grateful for an opportunity to present these concerns in person at your convenience.

Thank you & regards,

Dr. C. K. Jain, President

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Copy to:

1) Secretary, DFPD, Krishi Bhawan, New Delhi
2) Joint Secretary, DFPD, Krishi Bhawan, New Delhi

Enclosures:

1) List of GEMA Non-LTOA Member Units and their Production Capacities
2) Letter from Department of Food & Public Distribution (DFPD) dated 2nd May 2022 `— Request to extend financial assistance to ethanol projects approved by DFPD who have not signed BPA/LTOA with OMCs as per standard industrial financing norms of Banks.