

GEMA/2025-26/698

Date: 08.10.2025

To,

OMC Coordination Committee (BPCL, HPCL & IOCL)

- i) Shri Anurag Saraogi, Chief General Manager- BPCL, Mumbai
- ii) Shri B. C. Joshi, Chief General Manager- IOCL, Mumbai
- iii) Shri K.V.J. Rao, Chief General Manager-HPCL, Mumbai

Subject: Save the Grain Ethanol Industry from sickness.

Sir,

We write on behalf of the Grain Ethanol Manufacturers Association, representing Grain Ethanol Manufacturers set up exclusively for supply to OMCs under the GOI Ethanol Blending Program (EBP).

We are compelled to place on record our concern to the non-expectation of 100% offtake from grain ethanol units under the ESY 2025-26 tender. This departure from the published framework and earlier commitments will have grave and irreparable consequences for the sector and the EBP itself

With the initiative of the GOI and regular assurance by the concerned authorities the Grain Ethanol Capacity has already been built up with in the country by more than 1500 Cr. Ltr annual capacity. It is also evident form the fact that dispatched to the OMC during July- Aug of ESY 2024-25 is more than 77 Cr. Lrt Per Month, with some new capacity also coming in stream recently. It is expected that they are capable to supply more than 85+ Cr. Ltr Per Month. Which is equal or more than 1000 Cr. Ltr Per ESY. Which indicate that grain ethanol alone is sufficient to meet the requirement of OMCs.

As far as the feedstock is concerned, it is already proven that our country is surplus in grain production even without touching surplus rice, which stand as 320 Lakh tons as on date.

Since all the Grain Ethanol producers are established with same condition of DEPs so it can't be differentiated between LTOA and Non LTOA holder.

Sir, all DEPs have been sanctioned to be setup under B2 category of Ministry of Environment & Forest (MOEF), Please refer to the EC granted by the ministry, wherein a special condition has been put up in Section 18 A as mentioned below:

A. Specific Conditions:

(i) As per OM dated _____, project falls in category B2 and the proposed additional capacity of _____ KLPD shall be only for fuel ethanol manufacturing as per self-certification in form of an affidavit by the Project Proponent. Provided that subsequently if it is found that the ethanol, produced based on the EC granted as per this dispensation, is not being used completely for EBP Programme, or if ethanol is not being produced, or if the said distillery is not fulfilling the requirements based on which the project has been appraised as category B2 project, the EC shall stand cancelled.

According to the condition as said above all units are allowed to produce only ethanol for EBPP & not anything else. It was expected that blending ratio will increase 27% during ESY 25-26, but looking at the tender, this is not happening.

With the result grain ethanol industry are expecting to get total allocation of more than 600 Cr Ltr, resulting into the less than 50% operation throughout the year.

Sir, this is a very alarming situation, if grain ethanol industry will not work on the capacity utilization of 90%, it is bound to go for the sickness. As the grain industry is newly developed in last 3 years, all units are already in burden of heavy debts with the banks.

If any corrective measures are not taken, then there will be a threat of NPAs in majority of the industry and following will be the possible outcomes:

1) Severe Financial and Legal Exposure

- Grain ethanol manufacturing units have raised thousands of crores in loans based on the Government's commitment.
- If 100% offtake is not honored, plants will be unable to service debt, leading to large-scale defaults and NPAs for no fault of the units.
- Sugar industry can produce sugar in place of ethanol and earned the foreign exchange, whereas grain ethanol plants can only produce ethanol.

2) Direct Threat to the Ethanol Blending Program

- Since Grain Ethanol Industry is contributing in more than 14% of ethanol in 20% blending then there will be a possible threat of decrease in blending ratio in due course of time.

3) Technical and Economic Impossibility of Curtailment

- Distilleries designed cannot simply "scale down" or find alternate markets overnight; ethanol cannot be stored indefinitely or there is no option to divert for other use as per the condition of MOEF.
- Forcing partial lifting amounts to forcing plants into shutdown and losses.

4) Immediate Corrective Action Demanded

We request that OMCs and the Ministry restore 100% offtake for all Grain Ethanol Plants under ESY 2025-26 and beyond, strictly in line with the long-term framework already in force.

5) There are some under LTOA framework, point mentioned below needed to be addressed

- Clauses 6.2, 6.5, 6.7 and 6.8 of the Long-Term Offtake Agreement and EOI specifically envisage that OMCs shall lift ethanol from DEPs up to their design capacity and that annual quantities may be amended to include additional capacity.
- Dedicated Ethanol Plants were encouraged and financed precisely because the Government and OMCs undertook to lift their entire production.
- The present tender terms don't look at par with policy given to the given to investors.

The Grain Ethanol Manufacturers Association fully supports the national blending program, but there is a great unrest among the members.



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We urge you to treat this representation with the seriousness it deserves and request for the clarification at the earliest to support the grain-based ethanol industry.

Thank you & regards,

Dr. C. K. Jain, President

- Copy to: 1) Sh. Sanjeev Chopra, Secretary, DFPD, Krishi Bhawan, New Delhi
2) Sh. Pankaj Jain, Secretary, MoPNG, Kartavya Bhawan-3, New Delhi
3) Sh. Aswani Srivastava, Joint Secretary, DFPD, Krishi Bhawan, New Delhi
4) Sh. Rohit Mathur, Joint Secretary, MoPNG, Kartavya Bhawan-3, New Delhi