

ETHANOL – A SUCCESS STORY

In a nutshell: Ethanol, produced from sugarcane, has multiple benefits to Indian economy. It can be blended with petrol for a cleaner and more sustainable fuel, helps to reduce import bills and is an investment opportunity.

Nodal agency: Department of Food and Public Distribution, Government of India

India has been producing excess sugar than the requirement for domestic consumption, since the last 4 - 5 years. This excess production adversely affects the liquidity position of sugar mills and consequently affects the timely payment of cane price to the farmers. To overcome the problem, the Government of India introduced several measures from time to time. However, to find a long term and permanent solution to the problem of excess production of sugar, it was found necessary to divert sugarcane for the purposes other than the production of sugar. Therefore, production of ethanol for blending in petrol was initiated.

Ethanol is an agro-based product, mainly produced from a byproduct of sugar industry, called molasses. It has the potential to not only address the problem of excess sugarcane/sugar, but its use in petrol has several other benefits like, improvement in air quality, reduction in oil import bills, new investment opportunities etc.

Around 5 crore people and around 5 lakh workers would benefit directly through this intervention. To monitor the upcoming ethanol projects and ethanol production capacities, a separate portal as well as a dashboard has been launched, which tracks the progress of each ethanol project on a real-time basis.

Features of the dashboard

- Monitors overall progress.
- Ascertain expected date of commissioning of the project and expected ethanol production.
- Generate various reports pertaining to ethanol supply, production capacity of States, etc.
- Monitors sugar sector.
- Data analysis can help take decisions on upcoming distilleries and their production capacities to reduce the cost of transportation.

Recently, the Government of India decided to achieve 20% blending by 2025 itself, a target earlier scheduled to be achieved by 2030. Also, to promote investment opportunities in this sector, the Department of Food and Public Distribution (DoFPD) has launched a scheme for extending financial assistance to project proponents for enhancement of ethanol production capacities or to setup new distilleries for producing 1G ethanol. The DoFPD is also facilitating creation of an ecosystem wherein the sugar mills/distilleries can easily get loans, permissions etc. from various authorities.

Impact of ethanol blending

- Reduce the dependency of the country on imported fossil fuel.
- Improve the viability and liquidity of the sugar industry in the country.

Impact on India's economy

- Promote ethanol as a fuel that is indigenous, non-polluting and virtually inexhaustible.
- Improve the environment and the ecosystem.
- Huge investment opportunity, which could create employment opportunities in the country.
- Save foreign exchange on account of crude oil import bills and would help in achieving the goal of Atma Nirbhar Bharat in the petroleum sector.