

Ethanol blending programme

April 3, 2020

Why in news?

The Union Cabinet has approved a higher procurement price for ethanol purchased by oil marketing companies for the ethanol blended petrol (EBP) programme.

What is ethanol?

- Ethanol is produced from sugarcane, maize, wheat, etc which are high in starch content.
- It can be mixed with gasoline to form different blends.
- As the ethanol molecule contains oxygen, it allows the engine to more completely combust the fuel, resulting in fewer emissions and thereby reducing the occurrence of environmental pollution.
- Since ethanol is produced from plants that harness the power of the sun, ethanol is also considered as renewable fuel.

EBP:

- Ethanol Blended Petrol (EBP) programme was **launched in January, 2003**.
- The programme sought to **promote the use of alternative and environment friendly fuels and to reduce import dependency** for energy requirements.
- During 2001, pilot projects on Ethanol Blended Petrol started at 3 locations i.e. at Miraj, Manmad (Maharashtra) and Aonla/Bareilly in Uttar Pradesh.
- The Government of India decided to launch **EBP in January, 2003 for supply of 5% ethanol blended Petrol**.
- Subsequent to this, Ethanol Blended Petrol programme was launched in January, 2003 in 9 States.
- The Ministry of Petroleum & Natural Gas (MoP&NG) directed the Oil Marketing Companies (OMCs) to sell 5% Ethanol

Blended Petrol is notified in 20 States and 4 UTs with effect from 1st November, 2006.

- At present, **this programme has been extended to whole of India except Union Territories of Andaman Nicobar and Lakshadweep islands** with effect from 01st April, 2019 wherein **OMCs sell petrol blended with ethanol up to 10%**.
- The OMCs are to **procure ethanol from domestic sources** and the government has notified the administered price of ethanol since 2014.
- Further, the Government has also allowed production of ethanol from damaged food grains.
- Government has **reduced the GST rate on ethanol meant for the EBP Programme from 18% to 5%**.
- OMCs are advised to continue according to priority of ethanol from 1) sugarcane juice/sugar/sugar syrup, 2) B heavy molasses 3) C heavy molasses and 4) Damaged Food grains/other sources