

Maize production needs boost, adjust prices for grain ethanol: Report

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In The Last Ethanol Supply Year (November-October), Grain Ethanol Producers Faced Losses As Procurement Prices Remained Unchanged Despite Increasing Maize Costs. | File Image

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India must promote maize production and introduce more dynamic pricing for grain ethanol to unlock the full potential of fuel blending, according to a new report.

The report, Unlocking Rs 35,000 crore for farmers The Untapped Potential of Grain Ethanol, also calls for uninterrupted supply of damaged, broken and surplus rice from the Food Corporation of India (FCI) and expansion of the domestic market for Distiller's Dried Grains with Solubles (DDGS).

Rising maize prices have made ethanol production costlier and less competitive, potentially discouraging investment in the sector.

The report, by management consulting firm Primus Partners and Grain Ethanol Manufacturers Association (GEMA), recommends incentivising farmers to shift to maize cultivation by providing high-yield seeds, fertilizers, and irrigation infrastructure.

In the last Ethanol Supply Year (November-October), grain ethanol producers faced losses as procurement prices remained unchanged despite increasing maize costs, "dampening the entrepreneurial spirit of the nascent industry", the report said.

It suggests using damaged and surplus FCI rice as an alternative feedstock until maize production scales up, calling for "clear, predictable policies" on surplus rice use for ethanol production.

The report also advocates developing a stronger domestic market for DDGS, a protein-rich by-product of grain ethanol production used in animal feed, through subsidies or tax benefits for feed manufacturers and potential tariffs on imported DDGS.

According to government think tank NITI Aayog, gasoline demand is expected to reach 5,785 crore litres annually by 2030.

To achieve the government's target of 30 per cent ethanol blending by that year would require approximately 1,735.5 crore litres of ethanol, potentially reducing annual emissions by 347.1 lakh tonne overall and 197.85 lakh tonne from grain ethanol alone.