

Govt imposes 50% export duty on molasses; lower import duty on refined edible oils to remain

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The government has imposed a 50 per cent export duty on molasses to ensure higher availability of ethanol for blending with petrol. The existing import duty on crude and refined edible oils (palm, soyabean, and sunflower) has been extended for one more year, while the windfall levy on domestically produced crude has been lowered.

Molasses is a key input in the production of ethanol, which is blended with petrol to lower import fuel bill.

“Export duty at the rate of 50 per cent imposed on molasses with effect from January 18, 2024,” said a Finance Ministry notification. India achieved the target of 12 per cent blending of ethanol with petrol in the Ethanol Supply Year (ESY) 2022-23 and 10 per cent in ESY 2021-22. It has set a target of 15 per cent for ESY 2023-24. The ESY starts in November and ends in October.

According to Petroleum Planning and Analysis Cell (PPAC) data, ethanol blending with petrol during November, the first month of the ESY 2023-24, stood at 10.24 per cent, compared to 12.06 per cent in ESY December 2022-October 2023. During ESY 2022-23, oil marketing companies (OMCs) floated a tender for 599.7 crore litres of ethanol, against which letters of intent (LoIs) for 567 crore litres were issued.

During the year, sugarcane juice accounted for 25 per cent of the ethanol production, B-Heavy molasses (45 per cent), C-Heavy molasses (1 per cent) and foodgrains (29 per cent).

OMCs saved around 509 crore litres of petrol on account of ethanol blending during ESY 2022-23, resulting in savings of more than



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₹24,300 crore in foreign exchange and payments of about ₹19,300 crore to farmers.

The India Sugar and Bio-energy Manufacturers Association has requested the government to consider increasing the procurement price of ethanol made from sugarcane syrup/juice, B-Heavy Molasses and C-Heavy Molasses feedstocks by at least ₹10 a litre for ESY 2023-24.

In a letter to the government, ISMA had shared its concern on the current pricing structure, which does not adequately reflect production costs and the significant investments made by the sugar industry to enhance ethanol production from diverse sources.

According to ISMA, 15-16 lakh tonnes of molasses are exported every year, which account for almost 10 per cent of the total production.

EDIBLE OIL

By a separate notification, the Finance Ministry said the existing duty rates on import of crude and refined edible oils, that is palm, soyabean and sunflower, have been extended till March 31, 2025. It was to end on March 31, 2024.

Lower import duty on refined edible oil aims to ensure that these kitchen essentials are available at lower prices.