



Food vs fuel: Surge in ethanol blending

Why in news: India has achieved its **20% ethanol blending target** in **FY25, ahead of schedule**, and now aims to increase the **ethanol-petrol blending ratio to 30%**. This would require **greater diversion of sugar**, primarily derived from **sugarcane**, towards **ethanol production**.

Prelims and Mains context:

- **Sugarcane production** has declined since **2022**, prompting the **Centre to increase the Fair Remunerative Price (FRP)** to protect farmers. As a result, **retail sugar prices have risen**, affecting **consumer affordability**.
- Factors behind the decline include **red-rot disease**, **deficient rainfall**, and **flowering issues** in major sugar-producing States.

Ethanol blending programme (EBP)

- The **Ethanol Blending Programme (EBP)** began in the **early 2000s** to reduce **fossil fuel dependence** and **oil imports**. Ethanol supply grew from **40 crore litres in FY14** to **670 crore litres in FY24**, after bans on using **sugarcane juice, syrup, and B-heavy molasses** were lifted.

Target advancement and next steps

- The original **2030 target for 20% ethanol blending** was **advanced to 2025**, achieved by **March 2025**.
- Government now explores a **30% blending target**, despite declining sugarcane availability.
- Reports suggest **grains may be used** to compensate for the sugarcane shortfall. Rising sugar prices raise a critical **“food vs fuel” dilemma**, highlighting the **economic trade-offs** in expanding ethanol production.

Do you know?

Fair and Remunerative Price (FRP):

- It is the **minimum price** sugar mills are **legally required** to pay sugarcane farmers.
- FRP is decided annually by the **Cabinet Committee on Economic Affairs (CCEA)**, headed by the **Prime Minister**, based on recommendations of the **Commission for Agricultural Costs and Prices (CACP)**.
- Unlike MSP, **FRP has legal backing**, and mills must pay it within **14 days** as per the **Sugarcane Control Order, 1966**.
- Failure to pay FRP allows the **cane commissioner** to take action, including **attachment of mill properties**. FRP is linked to **sugar recovery rate**; higher recovery leads to higher FRP.

Minimum Support Price:

- **MSP is a floor price** at which the government procures crops if market prices fall below it. It was introduced in **1966–67** to **promote high-yielding crops** during India’s food deficit period.
- **MSPs are recommended by CACP**. Final decisions on MSPs & FRP are made by **Cabinet Committee on Economic Affairs**.
- While recommending MSPs, **CACP considers demand-supply, cost of production, market price trends, inter-crop parity, terms of trade, 50% margin, and consumer impact**.
- **MSP covers 7 cereals:** paddy, wheat, maize, bajra, jowar, ragi, barley.
- **MSP covers 5 pulses:** chana, arhar/tur, urad, moong, masur.
- **MSP covers 7 oilseeds:** mustard, groundnut, soybean, sunflower, sesamum, safflower, nigerseed.
- **MSP covers 4 commercial crops:** cotton, sugarcane, copra, raw jute.

[Current Affairs Course is now Live](#). Course will start in October 2025 1st week.

Modules will include class notes, monthly compilation, quarter compilation and annual compilation. This will help in regular revision r/t in the fag-end of preparation.

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I will provide my annual compilation, like last year, on Telegram in May 1st week.

[Last year I had promised 20 questions in Prelims from my notes & 28+ Questions could be answered from the same.](#)

30 questions is my aim for 2026 prelims. To meet that, I have analyzed why I missed 5-6 C.A. questions in 2025 and I have increased my coverage accordingly.

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