

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

STARRED QUESTION NO:166

ANSWERED ON:04.08.2005

ETHANOL BLENDED PETROL

Chinta Mohan Dr. ;Patel Shri Jivabhai Ambalal

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) the present status of implementation of ethanol-blended petrol programmes;
- (b) whether the Sugar Industry is able to meet the present requirement of ethanol for blending in petrol;
- (c) if so, the details thereof;
- (d) if not, the steps proposed to be taken to meet the requirement of ethanol;
- (e) whether the Government has changed the norms to run automobiles on ethanol doped petrol;
- (f) if so, the details alongwith the reasons therefore;
- (g) whether the Ministry has issued any new notification which does not allow oil companies to blend ethanol in petrol; and
- (h) if so, the reasons therefor?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (h) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (h) OF THE LOK SABHA STARRED QUESTION NO. 166 BY SHRI JIVABHAI AMBALAL PATEL & DR. CHINTA MOHAN TO BE ANSWERED ON 4.8.2005 REGARDING ETHANOL-BLENDED PETROL

(a) Although Government had notified their intention on 3rd September 2002 to mandatorily introduce the 5 % ethanol-blended petrol programme in notified sugar producing States and adjoining areas with effect from 1.1.2003, The programme was introduced only in a staggered manner because ever since introduction of the programme, the supply of ethanol posed problems, particularly in the States of Maharashtra, Goa, Gujarat, Karnataka and Andhra Pradesh and the Union Territories of Dadra and Nagar Haveli and Daman and Diu. Simultaneously, very high prices of ethanol were quoted by prospective suppliers for supply of ethanol to Uttar Pradesh and Uttaranchal, which also had a direct impact on supplies in Punjab, Haryana and the Union Territory of Chandigarh. In consequence, the notification was observed mainly in the breach.

In order to ensure that the mandatory ethanol-blended petrol programme is implemented seriously in a practical manner, Government Notification GSR 705(E) dated 27.10.2004, mandatorily provided that the 5% ethanol-blended petrol would be promoted in accordance with the Bureau of Indian Standards specifications; shall be sold in notified areas if the price of sourcing indigenous ethanol for supply of ethanol-blended petrol is comparable to the price of indigenous ethanol for alternative uses; if the delivery price of ethanol at the location is comparable to the import parity price of petrol at that location; and if the indigenous ethanol industry is able to maintain the availability of ethanol for ethanol- blended petrol programme at such prices. The areas which have been notified are the States of Goa, Gujarat, Haryana, Karnataka, Maharashtra, Punjab, Uttar Pradesh, Uttaranchal, Andhra Pradesh(all districts except Chittoor and Nellore), Tamil Nadu (only districts of Coimbatore, Dindigul, Erode, Kanyakumari, Nilgiris, Ramanathapuram, Tirunelveli, Tuticorin, and Virudhanagar), and the Union Territories of Chandigarh, Dadra & Nagar Haveli and Daman & Diu.

Ever since the ethanol-blended petrol programme was introduced on 1.1.2003, despite assurance by the sugar industry about adequate availability of ethanol for the programme, supplies of ethanol by the sugar industry in response to the tenders floated by the oil industry have not been commensurate with the requirement. While the ethanol-blended petrol programme is intended to lend support to the agriculture sector, it is also the concern of the Government that the oil marketing companies, already suffering huge under-recoveries, do not incur further losses in purchasing ethanol and blending it in petrol for selling through retail outlets. Since the programme is meant to support the farming sector, as long as the sugar industry is able to supply requisite quantity of ethanol at a reasonable price, the oil companies, under instruction of the Government, are committed to lift ethanol and implement the programme in notified areas.

The oil companies floated tenders under the provisions of Gazette Notification dated 27.10.2004 for sourcing indigenous ethanol, and on successful completion of tender negotiations, have placed purchase orders/letters of intent for purchase of ethanol for the State of

Uttar Pradesh. For other States, the tender process is scheduled to be completed by September 2005.

(b) - (d) A Memorandum of Understanding (MoU) is under discussion with the Indian Sugar Mills Association (ISMA) to ensure the attainment of the objects of the Gazette Notification of 27th October, 2004.

(e) No, Sir.

(f) Does not arise.

(g) No, Sir.

(h) Does not arise.