

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

UNSTARRED QUESTION NO:1341

ANSWERED ON:03.08.2006

ETHANOL BLENDED PETROL PROGRAMME

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

- (a) the present status of implementation of ethanol blended petrol programme;
- (b) whether the State Governments have decided to impose tax on ethanol at varying rates;
- (c) if so, the details thereof and the reaction of the Union Government thereto;
- (d) whether this programme will adversely be affected due to high selling prices of ethanol; and
- (e) if so, the corrective measures taken/ being taken by the Government in this regard?

Answer

Minister of State in the MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) The Ministry of Petroleum & Natural Gas (MoP&NG) had introduced the scheme of mandatorily supplying 5% ethanol blended petrol in major sugar producing states and contiguous union territories w.e.f. 1.1.2003. However, the programme could be implemented only in a staggered manner because ethanol was not available in a consistent manner and at reasonable prices. MoP&NG issued an amending Notification dated 27.10.2004 making sale of EBP mandatory in 10 States and 3 UTs if the price of sourcing indigenous ethanol for supply of ethanol-blended petrol is comparable to the price of indigenous ethanol for alternative uses; the delivery price of ethanol at the locations is comparable to the import parity price of petrol at that location; and the indigenous ethanol industry is able to maintain uninterrupted supply of ethanol for ethanol-blended petrol programme at such prices. At present the public sector oil marketing companies (OMCs) are implementing the programme in the areas of UP, Uttaranchal, Punjab, Tamil Nadu, Andhra Pradesh, Karnataka and Maharashtra states as per the availability of ethanol.

(b) to (e) State levies on ethanol in the States/U.Ts notified for covering under the ethanol-blended petrol programme under the Government notification of 27.10.04 are at Annex.

MoP&NG has recently, inter-alia, impressed upon the concerned States not to levy any imposts—excise, entry tax, export or import fee or any other kind of levy which does not fall within the jurisdiction of the State Governments on ethanol meant for blending with petrol.