

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

UNSTARRED QUESTION NO:2340
ANSWERED ON:07.12.2006
ETHANOL BLENDING PETROL
Saradgi Shri Iqbal Ahmed

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

- (a) whether the Union Government has any proposal on the price of ethanol required for petrol blending ;
- (b) if so, whether joint meetings of the Ministry of Petroleum and Natural Gas, Agriculture, oil sector companies and Association of Sugar Manufactures was held to resolve the price issue;
- (c) if so, the details thereof;
- (d) whether any agreement was reached in this regard;
- (e) if so, the details thereof; and
- (f) the time by which this scheme is likely to be implemented?

Answer

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

(a)to(e) : Following a meeting between the Ministry of Petroleum and Natural Gas, Department of Food and Public Distribution, Oil Sector Companies, Indian Sugar Mills Association (ISMA), National Federation of Cooperative Sugar Factories Limited (NFCSF), Ethanol Manufacturers` Association of India (EMAI) and Maharashtra Distillery Association held in April 2006, a committee consisting of representatives from ISMA, NFCSF, EMAI and Oil PSUs was set up to suggest a formula for fixing the price of ethanol linked to the price of sugarcane at which all the manufacturers of ethanol could supply it to Oil Marketing Companies. The Committee could not arrive at a formula for fixation of basic price of ethanol on mutual consensus.

(f) The Ministry of Petroleum & Natural Gas, vide Gazette Notification No. G.S.R.580(E) dated 20.09.2006 directed that subject to commercial viability, Oil Marketing Companies (OMCs) shall sell 5% Ethanol Blended Petrol, meeting Bureau of Indian Standards Specifications, in the notified 20 States and 4 Union Territories. Based on this, the OMCs floated public Tenders on industry basis for procurement of Ethanol at the Depots/Terminal locations of OMCs. The tenders were floated for a period of 3 years with option for extension by 2 more years on mutual consent of both the parties. So far, the industry has finalized quantities for locations of Oil OMCs in Uttar Pradesh, Goa, Maharashtra (partly for pune location) and Tamil Nadu (except Chennai) for the first supply period. For other states and locations, tenders finalisation is in process.