

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:752
ANSWERED ON:02.03.2010
PRODUCTION OF ETHANOL
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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether ethanol is being produced from sugarcane on a large scale by the sugar mills;
- (b) if so, the details thereof, State-wise;
- (c) whether the production of ethanol has adversely affected the production of sugar and decreased its availability;
- (d) if so, the details thereof; and
- (e) the details of the compensation provided from the income earned from sale of ethanol to offset the increase in sugar prices?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF THE STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a): In India alcohol or ethanol is basically produced from molasses, a by-product of the sugar industry. The production of sugarcane in the country is cyclic in nature with years of very high production followed by periods of low production. In order to curb excessive over-production of sugar in years in which availability of sugarcane is abundant and to ensure that adequate quantities of ethanol are supplied by the sugar industry over a sugar cycle the Central Government amended the Sugarcane (Control) Order, 1966 vide notification dated 28th December, 2007 allowing conversion of sugarcane juice directly into ethanol by sugar factories. Therefore, in addition to the traditionally used raw material, viz. molasses for production of ethanol, the sugar factories can now produce ethanol directly from sugarcane juice also, if the market conditions are favourable for such conversion. This enabling provision for direct conversion of juice would only be economical if sugar prices come down very sharply and is intended as a measure to curb excessive over production of sugar.

(b): According to Indian Sugar Mills Association (ISMA), the apex body of Private Sugar Industries, the estimates for State-wise production of Molasses and likely production of Ethanol during 2008-09 is as per Annexure attached.

(c): The production of sugarcane and sugar came down significantly in 2008-09 and 2009-10 sugar seasons compared to domestic demand of sugar as a result of which domestic sugar prices have gone up. Under such circumstances, direct conversion of sugarcane to ethanol will be highly uneconomical. After the amendment in Sugarcane (Control) Order dated 28.12.2007, referred to in part (a) above of the reply, Government has no information that production of ethanol has affected sugar production adversely.

(d): Does not arise.

(e): While fixing the 'fair and remunerative price' of sugarcane payable by sugar factories to the cane growers under Sugarcane (Control) Order, 1966, realization made from sale of by-products viz. molasses, bagasse and press-mud or their imputed value is also taken into consideration.