

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

UNSTARRED QUESTION NO:2483  
ANSWERED ON:11.03.2010  
PRODUCTION OF ETHANOL  
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**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

- (a) The steps taken by the Government to resolve the problem of delay in the procurement of ethanol, in certain parts of the country, on account of the taxation policy and procedural measures adopted by the State Governments;
- (b) whether the Government has been taking steps to encourage the producers with adequate stimulus package, proper price or procurement policy; and
- (c) if so, the details thereof?

**Answer**

MINISTER of STATE for PETROLEUM & NATURAL GAS (SHRI JITIN PRASADA)

(a) The matter regarding taxation policy and procedural measures has been taken up with the concerned State Governments to reduce/remove the duties & taxes on ethanol meant for doping with petrol. State Govts were requested by MoPNG to waive the import/export fees. Hon'ble Minister (PNG) had written to the Chief Ministers of 10 States on 31st May 2006 and 14th May 2007 regarding imposition of taxes/ levies on ethanol as also on the jurisdiction of the State Government with regard to production and inter-state movement of ethanol. The matter was also taken up by MoPNG with Chief Secretaries of concerned States on 2.11.2007 and 5.10.2008 for simplification and streamlining the procedure etc. Further, D.O. letters from Prime Minister were also sent to Chief Ministers of the concerned states in November 2007 in this regard. A meeting was convened by Department of Industrial Promotion & Policy on 25.11.2008 involving Financial Commissioners /Excise Commissioners from various States, in which issues were taken up for simplifying the operational/administrative procedures with regard to implementation of state excise levies, permits, licenses etc. and withdrawal of all import/export fee and other similar taxes in relation to ethanol procurement. As a result of above efforts, majority of State Governments had either significantly lowered or altogether removed the duties on ethanol. The State Governments had also increased the validity period of permits to a year. A statement giving progress achieved in this regard is given at Annexure 'A'.

(b) & (c) Ministry of New & Renewable Energy (MNRE), which is concerned with the policy formulation and coordination in respect of all policy issues relating to bio-fuels, has informed that no stimulus package and price have been provided for Ethanol procurement. However, as per National Policy on Bio-fuels, the Minimum Purchase Price (MPP) for bio-ethanol will be based on the actual cost of production and import price of bio-ethanol. The MPP for bio-ethanol will be determined by the Biofuel Steering Committee and decided by the National Biofuel Coordination Committee.

Annexure - 'A'

A Details of Progress in respect of Procedure/Taxation on Ethanol reported by State Governments after matter being taken up by the Govt. of India

- (i) Orissa – Reduced import fee to Rs.0.25 p per bulk litre.
- (ii) Uttar Pradesh – Government imposing export fee @ Rs. 1.15 per litre which is quite low.
- (iii) Chhattisgarh – Introduced full waiver of export/import fee on movement of ethanol.
- (iv) West Bengal – Reduced the import fee to 25 Paise per litre.
- (v) Gujarat – Government imposing import fee @ Rs. 3 per litre. However, in public interest it is considering to annul the import fee positively. Transport Pass/Import Pass in now being issued for one year.
- (vi) Maharashtra – Extended the period of Permits/authorization from 2 months to 1 year and such authorizations extended to multiple parties simultaneously. State is willing to revisit the regime of transport fees and initiate necessary measures in national interest.
- (vii) Himachal Pradesh – No export fee being levied. Import fee @ Rs. 1.25 per bulk litre is nominal.
- (viii) Rajasthan – Reduced import duty from Rs. 6 to Rs. 1 per litre. NOC for import of ethanol to be issued for one year. Excise Commissioner monitoring personally for smooth import.

(ix) M.P. – Reduced import fee from Rs. 2 to Rs. 1 per litre.

(x) Bihar – Reduced import fee to 50 paisa/bulk litre.

(xi) Kerala – Measures reportedly taken by the State of Kerala for implementation of EBP Programme in the State as under:

(a) License to the Oil Marketing Companies has been issued.

(b) Fee of Rs.1000/- for each import/transport permit has been levied.

(c) Validity period of each permit has been fixed for 6 months.

(xii) Karnataka – Not levying any export/import fee. However no confirmation letter has been received.

(xiii) Andhra Pradesh – Not levying any export/import fee. Also issuing permit for a 3 year period.

(xiv) NCT of Delhi - No export/import duty.

(xv) Haryana - Permit fee of Re. 1 per BL on ethanol abolished in Excise Policy, 2008-09 and there is no excise duty on import of ethanol to be used for automobile fuel in the State.