

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

UNSTARRED QUESTION NO:1756

ANSWERED ON:16.07.2009

ETHANOL BLENDED PETROL

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

- (a) the status of ethanol blended petrol (EBP) programme;
- (b) the reasons for not giving ethanol the status of declared goods so that a uniform levy of 4% could be levied by all the States as has been done in the case of LPG;
- (c) whether the EBP programme has since been implemented in all the identified States/ UTs;
- (d) the steps taken by the Government to ensure adequate supply of ethanol for success of the EBP programme; and
- (e) the outcome of the pilot project study to promote 10% EBP programme in the country?

**Answer**

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

(a),(c) & (d): Ministry of Petroleum & Natural Gas vide its notification dated 20th September, 2006 has directed the Oil Marketing Companies (OMCs) to sell 5% Ethanol Blended Petrol (EBP) subject to commercial viability as per Bureau of Indian Standards specifications in entire country except North-Eastern States, Jammu & Kashmir, Andaman & Nicobar Islands and Lakshdweep with effect from 1st November, 2006.

At present 5% EBP programme is being implemented in 16 States and 3 UTs out of 20 States and 4 UTs identified for implementing the programme. OMCs have finalised tenders for ethanol in all these States. The requirement of ethanol for the three year period is 180 crore litres. The OMCs have been able to contract 146.6 crore litres. They have so far procured 56.5 crore litres under the programme (as on 30.06.2009). EBP releases have commenced in all the states except in Orissa, Chhattisgarh, West Bengal, Tamil Nadu, Karnataka, Jharkhand and Puducherry.

There is no uniformity in procedure/ taxation policy in the States/UTs in respect of ethanol. Also the availability of ethanol has not been in line with the requisite demand. These have affected the implementation of EBP Programme in certain states. The matter has been taken up by the Govt. of India with the concerned State Governments to reduce/remove the duties & taxes on ethanol meant for blending with petrol. A statement giving progress achieved in this regard is given at Annexure 'A'.

(b): The Department of Food & Public Distribution made a proposal to the Ministry of Finance relating to the formulation of policy for promotion of ethanol as a bio-fuel on their part and to include ethanol in the list of 'declared goods' (or) 'goods of special importance' which would serve the objective of levy of Sales Tax / VAT by States at a rate not exceeding 4%. An Empowered Committee of State Finance Ministers had been constituted to deliberate on matters relating to Sales Tax systems in the States, including the switchover to Value Added Taxation based system in place of the earlier sales tax systems. As inclusion of ethanol in the list of declared goods would have revenue implications for the States, the proposal was forwarded to the Empowered Committee of State Finance Ministers for consideration. Ministry of Finance has indicated that it may not be feasible to carry out any amendment in the Central Sales Tax Act 1956, if the same is opposed by the States.

(e): A final report on Pilot Project Study to assess the suitability and evaluation of 10% ethanol blend on Gasoline vehicles being undertaken at two locations viz. Aonla in Uttar Pradesh and Desur in Karnataka is likely to be received in September 2009.

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 is 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 liter 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.