

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

STARRED QUESTION NO:357

ANSWERED ON:18.12.2012

DEMAND OF ETHANOL

Singh Shri Pashupati Nath;Yadav Shri Dinesh Chandra

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the demand of ethanol is estimated to increase during the ensuing years in view of the Ethanol Blending Programme and the direction of the Government to oil companies for purchasing it;
- (b) if so, the details thereof indicating the production, demand and price of ethanol during each of the last three years and the current year along with the steps taken to increase its production;
- (c) whether the Government has since taken a decision on determination of ethanol prices in the light of the report by the expert committee; and
- (d) if so, the details thereof along with the recommendations made by the said committee?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE STARRED QUESTION NO. 357 DUE FOR ANSWER ON 18.12.2012 IN THE LOK SABHA.

(a) & (b) Ethanol demand for blending with petrol is dependent on the growth expected in the sales of Petrol which is estimated at 6% during 2013-14 and 5.6% during 2014-15. Production of alcohol or ethanol is linked to the production of molasses which is a by-product during production of sugar. The estimates for production of molasses and likely production of ethanol and demand of ethanol, during 2009-10, 2010-11, 2011-12 and the current year, made by industry, is as per Annexure attached. With effect from August 2010, an ad-hoc ex-factory price of Rs. 27.00 per litre has been fixed for ethanol procurement by Oil Marketing Companies (OMCs) throughout the country. Prior to August 2010, during 2009-10, the ex-factory price of ethanol was Rs.21.00 per litre. The Central Government, with a view to increase production of ethanol is providing soft loans up to 40% of the project cost to the sugar mills from Sugar Development Fund (SDF) for setting up ethanol projects.

(c) & (d): The Expert Committee, chaired by Dr. Saumitra Chaudhuri, Member, Planning Commission, in its report submitted in March, 2011, had, inter alia, recommended a formula for pricing of ethanol which is derived broadly from the price of motor spirit as against adopting the cost-based approach. The Government has since considered the report of the Committee and inter alia, decided in November, 2012 that 5% mandatory ethanol blending with petrol should be implemented across the country from the 2012-13 sugar season, effective from 1st December 2012 and the procurement price of ethanol will be decided between OMCs and suppliers of ethanol.