

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

STARRED QUESTION NO:1  
ANSWERED ON:07.07.2014  
ETHANOL BLENDING IN PETROL  
Ahir Shri Hansraj Gangaram

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

- (a) whether ethanol is permitted to be blended with petrol/diesel and if so, the details thereof;
- (b) whether demands have been received from various quarters for increasing the permissible percentage/ quantity of ethanol to be blended and if so, the details thereof;
- (c) whether the Government proposes to ban export of ethanol, so as to ensure its easy availability in the country and if so, the details thereof;
- (d) the likely impact of the ban on export of ethanol on the earnings of the farmers; and
- (e) the steps taken by the Government to support ethanol blending of petrol/ diesel in the country?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (INDEPENDENT CHARGE) (SHRI DHARMENDRA PRADHAN)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO.1 BY SHRI HANSRAJ GANGARAM AHIR FOR 07TH JULY 2014 REGARDING ETHANOL BLENDING IN PETROL

(a): Government of India had launched Ethanol Blended Petrol (EBP) Programme in January, 2003, for supply of 5% ethanol blended petrol. Vide Notification GSR No. 580(E) dated 20th September, 2006, EBP Programme was extended throughout the country except North-Eastern States, Jammu and Kashmir, Andaman & Nicobar Islands and Lakshadweep Islands subject to commercial viability. Ethanol is not blended with diesel.

In its meeting held on 22.11.2012, Cabinet Committee on Economic Affairs (CCEA) decided that 5% mandatory ethanol blending with petrol should be implemented across the country and achieved by 30.06.2013. The procurement price of ethanol was to be decided between Oil Marketing Companies (OMCs) and suppliers of ethanol and in case of any shortfall in domestic supply, the OMCs and Chemical companies were free to import, ethanol. In pursuance to this decision, Ministry of Petroleum and Natural Gas (MoP&NG) issued a Gazette Notification on 2nd January, 2013 directing Oil Marketing Companies (OMCs) to sell ethanol blended Petrol with percentage of ethanol upto 10% as per BIS Specification to achieve 5% ethanol blending across the country as a whole.

Subsequently, CCEA also decided on 3.7.2013 that OMCs should procure ethanol only from domestic sources to achieve the mandatory requirement of 5% ethanol blending with petrol by October 2013 in areas/parts of the country where sufficient quantity of ethanol is available. In other parts of the country, blending of ethanol would be increased progressively depending upon the availability of ethanol to reach the 5% mandatory level.

(b): MoP&NG has received a representation dated 3rd September 2013 from Indian Sugar Mills Association (ISMA), in which they have expressed their willingness to reach the 10% blend level across the nation in a couple of years. In another representation dated 19th November 2013, ISMA has requested the Government for taking steps to move to a flexible ethanol blending programme with Petrol ranging from 5% to 25% depending upon excess sugarcane available at a fixed premium pricing commensurate with the cost of production. However, during 2013-14 the OMCs could achieve about 1.37% blending of ethanol in petrol.

(c)&(d): As per information provided by Directorate General of Foreign Trade (DGFT), no proposal has been received from any Ministry/Department for banning export of ethanol. Hence, there is no proposal under consideration in DGFT to make amendments in the Export policy of Ethanol.

(e): After the CCEA decision of 22nd November 2012, the OMCs have floated two tenders (December 2012 and July 2013 followed by an Expression of Interest (EOI) in January 2014). The EOI was a follow-up to the July 2013 tender for higher procurement of ethanol. Also, in view of the recommendations of an Inter-Ministerial Group (IMG), constituted to review and monitor the implementation of the EBP Programme, the MoP&NG has concurred to the modifications made in the benchmark price for the procurement of ethanol

through subsequent tenders, by the OMCs. Besides, State Governments have been requested to simplify the procedure and expedite clearances to ease the availability of ethanol for the EBP Programme.