

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

UNSTARRED QUESTION NO:3898

ANSWERED ON:22.12.2015

Production of Ethanol

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

- (a) whether the Government is promoting blending of Ethanol with petrol and its use as alternative fuel, if so, the details thereof indicating the quantity, demand, production cost and price of Ethanol produced during the last three years and the current year along with the estimated demand during the ensuing year;
- (b) whether there is any proposal to expand the production capacity and set up new plants and provide incentives for Ethanol production, if so, the details thereof indicating the number of plants presently functional and number of plants proposed to be set up;
- (c) whether the Ethanol produced from molasses is cheaper than imported and refined motor fuels, if so, the details thereof and the steps taken to encourage its production/usage;
- (d) whether the Government has received any complaints regarding pricing of Ethanol and blended petrol, if so, the details thereof and the corrective steps taken in this regard; and
- (e) the details of the benefits obtained by Sugarcane farmers from ethanol production?

Answer

MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI RAM VILAS PASWAN)

(a) Under Ethanol Blending Programme (EBP), the Central Government has scaled up blending targets from 5% to 10% to promote blending of ethanol with petrol and its use as alternative fuel. A statement indicating details of the quantity, demand, production cost and price of ethanol produced during the last three years and the current year is annexed. Estimates of demand for the ensuing year 2016-17 are not available.

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(b) Presently, 156 units are producing molasses based ethanol with annual installed capacity of approximately 224 crore litres. 21 distilleries with sugar factories produce only alcohol requiring up gradation for ethanol production capacities. 12 more ethanol production facilities are being set up in different states.

Soft loans up to 40% of the project cost is provided to the sugar mills from Sugar Development Fund (SDF) for setting up ethanol projects.

(c) At present, ethanol produced from molasses is not cheaper than motor spirit at refinery gate. However, to achieve the objectives of the National Bio-Fuel Policy, with a view to encourage production/usage of ethanol, the Central Government apart from scaling up blending targets has also fixed remunerative ex-depot price of ethanol and waived excise duty on its supplies to OMCs during 2015-16.

(d) Representations regarding pricing of ethanol for supplies under EBP have been received from industries representing chemical sector. The matter is presently sub-judice.

(e) Production of ethanol and its supplies under EBP at remunerative prices are likely to improve the liquidity position of sugar mills enabling them to clear cane price dues of farmers.

ANNEXURE

ANNEXURE REFERRED IN REPLY TO PART (a) OF UNSTARRED QUESTION No.3898 FOR REPLY ON 22.12.2015 IN THE LOK SABHA

Statement indicating details of the quantity, demand, production cost and price of Ethanol produced during the last three years and the current year

Year

*Quantity (of ethanol produced including alcohol from molasses) in crore litres

Demand/Quantity required by Oil Marketing Companies under Ethanol Blending Programme (EBP) in crore litres

Production cost of ethanol in Rs. per litre

Price of ethanol (in Rs. per litre) delivered at Depots of OMCs

2012-13

294

103.64

36.20

Around 44.50

2013-14

272

140.40

36.20

Around 44.50

2014-15

306

128.20
36.20
48.50 to 49.50
2015-16
290 (provisional)
266.00
36.20
48.50to 49.50
*As per industry sources
