

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

UNSTARRED QUESTION NO:111

ANSWERED ON:24.11.2014

DEMAND AND SUPPLY OF ETHANOL .

Kateel Shri Nalin Kumar;Shetti Shri Raju alias Devappa Anna

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

- (a) the quantity of ethanol produced and procured by the Government to meet the requirement in the country during the last three years;
- (b) whether the domestic procurement of ethanol is sufficient to implement the ethanol blending programme in the country;
- (c) if so, the details thereof and the measures taken by the Government to bridge the gap between its demand and supply;
- (d) whether the Group of Ministers has recommended the selling price of ethanol; and
- (e) if so, the details thereof and its impact on the ethanol blending programme in the country?

Answer

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

(a):Details of production of ethanol during the last three years in the country, as provided by Indian Sugar Mills Association (ISMA), and that supplied by the vendors to Oil Marketing Companies (OMCs) for the Ethanol Blended Petrol (EBP) Programme, are as follows :

(Quantity in crore litres)

Year	Ethanol (alcohol) Production	Ethanol supplied by vendors to OMCs
2011-12	295.60	30.57
2012-13	293.60	Nil *
2013-14	272.02 (Provisional)	47.35

* LOIs were issued to vendors but none came forward to sign agreement after CCEA Decision in November 2012 making the process of ethanol procurement tender-based.

(b) &

(c): Under the EBP Programme, OMCs are not able to procure the desired quantity of ethanol to meet the target of 5% ethanol blending with Petrol. The details regarding procurement by OMCs against the requirement since 2010-11 (sugar year) are at Annexure.

On 22.11.2012, the Government, inter-alia, decided that 5% mandatory ethanol blending with petrol should be implemented across the country and the procurement price of ethanol was to be decided between OMCs and suppliers of ethanol and in case of any shortfall in domestic supply, the OMCs and Chemical companies were free to import ethanol. The OMCs can sell ethanol blended petrol with percentage of ethanol upto ten per cent.

On 3.7.2013, the Government further inter-alia decided that OMCs should procure ethanol 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.

Besides, to encourage production of ethanol, the Government is extending soft loans upto 40% of the project cost to the sugar mills from Sugar Development Fund for setting up ethanol projects.

(d) &

(e): In pursuance of the recommendations of the Informal Group of Ministers on sugar sector issues under the chairmanship of the Minister of Agriculture and Food Processing Industries, an inter-Ministerial Group of officers (IMG) from Ministry of Petroleum and Natural Gas, Ministry of Finance, Ministry of Agriculture and Department of Food and Public Distribution was formed to review and

monitor the implementation of the EBP Programme.

The IMGs recommendations on modifying the benchmark price for procurement of ethanol by OMCs was accepted by OMCs and concurred by Ministry of Petroleum and Natural Gas.