

12.04 hrs

Title: Regarding supply of Gasohol in the country.

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK): Brazil has been producing ethanol from sugarcane molasses and juice for more than 40 years. Similarly, USA has also been producing it from corn-maize. Ethanol thus produced is being blended in petrol to the extent of 20 per cent to 24 per cent in Brazil and is widely used successfully as auto fuel. As per the present Bureau of Indian Standards (BIS) specifications, ethanol content in petrol is permitted up to five per cent.

Ethanol is produced from renewable source of energy and by using it in Petroleum Industry, the sugar cane cultivation and industrial activity would stimulate higher growth in the primary as well as secondary sectors apart from contributing to cleaner environment. In order to ascertain economic and operational aspects of blending of ethanol in petrol in terms of logistics, pricing, environmental impact, etc. in the Indian context, Government had launched three Ethanol-Gasoline Pilot Projects; two in Maharashtra and one in Uttar Pradesh covering over 300 retail outlets, which have been selling five per cent ethanol blended petrol.

In addition to the field trials being conducted through Pilot Projects, Research & Development studies are also being separately undertaken on various types of vehicles to monitor the impact of using Ethanol-Petrol blends on driveability, fuel economy, vapour locking, etc. R&D studies would be completed by March 2002.

Encouraged by the success of the Pilot Projects, I had convened two meetings, one on 12th November, 2001 with the representatives of the various Ministries and the State Governments of Maharashtra and U.P. and subsequently on 29th November, 2001 with my colleagues Minister of Agriculture Shri Ajit Singji, Minister of Food, Consumer Affairs & Public Distribution, Shri Shanta Kumar, Minister of State for Petroleum & Natural Gas and Parliamentary Affairs, Shri Santosh Kumar Gangwar, Minister of State for Rural Development, Shri Annasaheb M. K. Patil. Representatives of Governments of Uttar Pradesh and Maharashtra along with members of the Task Force also attended the meetings. Various supportive actions from the Union and State Governments with regard to production and use of ethanol were also discussed.

Based on these deliberations Government have taken the following decisions:-

- (i) Sale of Petrol blended with Ethanol @ 5% in the country to be implemented in two phases. During first phase, States of Andhra Pradesh, Gujarat, Haryana, Karnataka, Maharashtra, Punjab, Tamil Nadu and Uttar Pradesh would be covered and during second phase rest of the country.
- (ii) Existing three Pilot Projects to take up blending of Ethanol in Petrol @ 10% after sorting the issues such as modifications of BIS specifications etc.
- (iii) Rs. 4 crores were sanctioned for R&D studies on blending of ethanol in diesel keeping in view of the fact that about 80% of fuel consumed by automobiles in India is diesel. These studies are to be completed within 6 months.

In order to encourage blending of ethanol in petrol, it would be necessary to price it well below the import parity price of petrol. Sugar industries and distilleries would have to supply ethanol at competitive price.

Further, Government have taken a major decision to amend the Sugar Development Act, 1982 so that production of ethanol and co-generation of power from bagasse would get financial assistance from the Sugar Development Fund. This would give impetus to encourage our efforts in increasing the use of ethanol for blending and for an efficient use of the entire quantity of molasses currently produced. The increased returns to the units concerned would naturally flow back to the agriculturists. With stable and assured payments, the farmers would gain in the process.

I do hope that this decision of blending ethanol in petrol would usher a new era as it will benefit the country and especially sugarcane producing farmers and oil industry. This decision would also help to save valuable foreign exchange as the country is importing nearly 70% of petroleum requirements....(Interruptions)

MR. DEPUTY-SPEAKER: It is a *suo motu* statement. As you know, you cannot seek clarifications on a *suo motu* statement. You can have discussion on this subject in some other form. ...(Interruptions)

MR. DEPUTY-SPEAKER: It is a *suo motu* statement. You cannot seek clarifications. You can have some other form of discussion.â€ (Interruptions)

SHRI K. YERRANNAIDU (SRIKAKULAM): Sir, I want to say one thing...(Interruptions)

MR. DEPUTY-SPEAKER: If all of you speak at a time, how can I hear you? Please speak one by one....(*Interruptions*)

MR. DEPUTY-SPEAKER: Shri Geete, it is a *suo motu* statement. You cannot ask for clarifications....(*Interruptions*)

MR. DEPUTY-SPEAKER: Hon. Members, you can have discussion on this subject in a different form. It is not like this. Now 'Zero Hour'.

*Also placed in Library, See No. LT 4653.2001.