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15th February 2016

To
The Editor
Times of India
New Delhi

Subject: Serious mistakes in the Article of Mr. Swaminathan S. Anklesaria Aiyar on "Bio-fuels", which appeared on 14th February 2016.

Sir,

This is in reference to the article by Mr. Swaminathan S Anklesaria Aiyar titled "Time to shift gears: scrap biofuels, go for solar power instead", which appeared in the Sunday Times on 14th February 2016 in your Delhi edition at Page No. 24.

2. There are several factual inaccuracies in the article which are misleading and can harm the use of green renewable fuel, produced from a by-product of sugarcane. On behalf of the Indian sugar industry, I am giving the correct facts with a request to put it in your newspaper so that the readers are aware of the correct position and not misled to have a wrong notion about such an important bio-fuel, which is so vital for a country like India, having the potential to reduce net oil import bill as well as help in reducing environmental pollution and give better revenues to our sugarcane farmers in the country:-

- (a) Mr. Aiyar has stated that the Government mandated that all petrol should contain 5% ethanol in selected States in 2001. The first time that the Government ever mandated ethanol blending with petrol was in October 2007 and not in 2001.
- (b) The Expression of Interests (Eols) invited by the Oil Marketing Companies (OMCs) in January 2016, consequent to the NDA Government's decision in December 2014 to have a fixed pricing policy, was for blending ethanol with petrol at an average of 5% blending across the country and 10% in only 6 States. Mr. Aiyar's suggestion that 10% blending was made effective by the NDA Government from 2014 itself, is incorrect. In fact, the first time that

the OMCs invited EoIs for 10% across the country is for the sugar year 2015-16, against which the industry has responded with contracts of 120 crore litres, which will take the country to close to 5% ethanol blending with petrol for the first time ever in the history of the country.

- (c) Mr. Aiyar states that Indian ethanol policy has been driven by “non-green considerations”, meaning thereby that the Government has ignored the fact that ethanol is a renewable fuel, which reduces environmental pollution. Your kind attention is invited to the press release of Government of India dated 10th December 2014, issued consequent to the decision to have a fixed pricing policy for the OMCs for ethanol. While stating the advantages of blending ethanol with petrol, the Government clearly lays down the advantages in 2 of the four following points:

“(ii) Ethanol blending with petrol has higher octane number than petrol resulting in reduced emissions of pollutants.

(iii) It is a renewable fuel”.

In other words, the Government clearly recognizes the fact that in addition to the direct benefits to sugarcane growers and sugar industry and that it earns foreign exchange, ethanol reduces environmental pollution and it is a renewable fuel, which is beneficial to the economy and society.

- (d) In the very next paragraph, Mr. Aiyar compares the wholesale price of “untaxed” petrol in USA with “taxed” ethanol in India. The price converted by Mr. Aiyar in US to Rs. 19 per litre has been compared with the taxed price of ethanol. In fact, Mr. Aiyar goes on to add a cost of almost Rs. 15 per litre of ethanol on account of lower calorific value of ethanol. There is need to educate the writer as well as the readers, that in India, ethanol is used after blending with petrol and that due to a higher oxygen content of ethanol (which is the cause of lower calorific value), the balance fossil fuel, with which it is blended, burns much better within the engine. This, not only reduces emissions and pollution, but also gives better mileage to the vehicles. This has been established by our own Indian Institutes and oil companies namely IIT, Delhi and R & D centre of Indian Oil Corporation. Still, we do not know why Mr. Aiyar relies on some study by a foreign university and not by our own Institutes and organizations. Moreover, the basic mistake of comparing the “wholesale price” of “untaxed” petrol available in US, with a “taxed” bio- fuel in India is not understood, coming from a renowned economist like Mr. Aiyar. If at all it needs to be compared, a similar kind of fuel should be compared as available in the country of use. Obviously, the cost of production even in Brazil may be cheaper, for which

Mr. Aiyar has given reasons right in the beginning of his article as high cane price paid by Indian producers.

- (e) In the article, Mr. Aiyar also makes a statement that ethanol is not fundamentally cleaner fuel. The whole world knows that bio-ethanol produced from sugarcane is one of the cleanest fuels. Not only is it green and clean, but as mentioned above, it has the property of also reducing the emissions and thereby pollutions emitted by petrol with which it is blended. It is because of this important property that the whole world including USA, EU, Japan, China, Argentina, Thailand etc. even though some of whom import bio-ethanol, have mandated higher blends of ethanol with petrol in their countries.
- (f) Mr. Aiyar again makes the mistake of suggesting that scarce land will be used to grow bio-fuels creating shortage of other crops, raising food prices. This is a very farfetched statement which is being made by him, without realizing that bio-ethanol is produced in India from a byproduct of sugarcane and not from sugarcane juice. The country has a potential to produce enough bio-ethanol from molasses to reduce petrol consumption to the extent of even 15 to 20%. What is being forgotten by him is that India needs about 260 lac tons of sugar for the domestic needs. Therefore, to satisfy its domestic requirement, the sugarcane farmers and the sugar industry need to together produce enough sugar within the country to avoid import of such an essential commodity, which is so important for our taste buds. In the process of satisfying the domestic consumption of sugar, molasses will necessarily be produced which will be used by liquor sector, chemical sector and for bio-fuels by the transport sector etc. There is no compromise on the area or on other crops if we produce ethanol from molasses. I hope that Mr. Aiyar is not suggesting that India imports sugar for even its basic needs, which would certainly be disastrous move. Sugarcane is also an important cash crop for 50 million farmers and their families.
- (g) In the end, Mr. Aiyar concludes by saying that solar farms should be put up instead of cane farms to provide sun light for electric energy. He also says that sugarcane is a "terrible crop" and compares it with solar panels. Such a statement coming from such a renowned economist is disappointing. First, as stated above, sugarcane has to be grown to take care of the domestic requirement of sugar. Around 5000 MW of surplus green power is being generated and supplied to the power grids for use by other industries or domestic requirements of the country. This is produced again

from a by-product of sugarcane. Plus, the industry produces organic manure which is known to improve yields of all crops and is very popular amongst farmers. Replacement of sugarcane by solar panels will certainly deny the country availability of enough sugar, 5000 MW of surplus exportable green power, molasses for use by the liquor, chemical and transport sector, organic manure for the farmers and massive revenue generated by the sugar industry directly and indirectly for the Centre or State Governments.

- (h) Lastly, Mr. Aiyar makes a basic mistake of suggesting replacement of bio-fuel by solar energy. While solar energy can give electricity, bio-fuel will be utilized as a transport fuel. I hope Mr. Aiyar is not suggesting solar panels or solar energy to run vehicles in the country, instead of running them on petrol or bio-fuels.

3. On behalf of the industry and sugarcane farmers of the country, I would sincerely request you to please publish this letter prominently in your newspaper, so that there is no misunderstanding about such an important bio-fuel in the country and bio-fuel programme of India.

Thanking you,

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Tarun Sawhney', written over a horizontal line.

(Tarun Sawhney)
President