

# Oil Cos to Issue Fresh Ethanol Tenders

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Oil Minister Veerappa Moily has directed refiners to issue fresh tenders for ethanol to meet their obligation of 5% blending in petrol. He asked oil firms and the Indian Sugar Mills Association (ISMA) to expedite procurement and the delivery of ethanol for the 'Ethanol Blending Program (EBP)'.

To meet its annual demand of 105 crore litre for its ethanol blending program (EBP), oil companies have already procured 21 crore litre from domestic sources. It will now issue fresh tenders to procure 40 crore litre of ethanol.

The minister recently cancelled global tenders on the ground that fuel price would go up if costly imported ethanol were blended in petrol. Officials at the ministry said the oil minister on Monday discussed issuing of new LOIs (letter of intent) for procuring more ethanol from domestic sources.

However, the petrochemical industry is calling this move 'illegal' as the program is already under the CCI scanner. In separate complaints made to Competition Commission of India (CCI), Indian Glycols Limited and Easter India Chemicals Limited have alleged that the cabinet's direction to oil companies and sugar mills to procure the ethanol through tendering led to tremendous rise in price of domestic ethanol and scarcity of ethanol for their own industry.

"It is submitted that sugar manufacturers who participated in the joint tender of 2013 manipulated the bids by quoting similar rates and in some cases identical rates through an understanding and collective action in violation of the provisions of the Act," said the CCI order dated May 26, 2013.

The hearing to provide interim relief to the complainants is scheduled for Tuesday.

"In competition law, meetings between suppliers and buyers for common interest to the detriment of market and consumers are considered hardcore vertical integration and anti-competitive since they tend to foreclose the market for further competition, said a lawyer close to this case.

The complaint is against 17 sugar mills, three state-run oil companies, Indian Sugar Mills Association (ISMA), National Federation of Co-operative Sugar Factories (NFCFSF) and Ethanol Producers Association of India.

ISMA, the apex sugar representative body refused to comment on the issue.

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Economic Times  
2/7/13

