

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
QUESTION NO 1357
ANSWERED ON 17.12.2013

Compulsory blending of Ethanol in petrol

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

(a) whether Government is aware of the fact that most of the petroleum companies are not obeying instructions of Government for compulsory mixing of five per cent Ethanol blending in petrol, whereas if petroleum companies mix five per cent Ethanol blending in petrol, there may be huge saving of FOREX and it will be also helpful to domestic sugarcane industries also indirectly to the farming community;

(b) If so, the details of further action has been taken by Government in this regard; and

(c) Whether the Ministry has approached the Ministry of Agriculture and also sought the Cooperation of State Governments in this regard?

ANSWER

MINISTER of STATE for PETROLEUM & NATURAL GAS (SHRIMATI PANABAACA LAKSHMI)

(a)&(b) No, sir. Oil Marketing Companies (OMCs) have floated a tender on 29th December, 2012 for their requirement of 140.4 crore litres of ethanol for 10% blending in 6 States and 5% blending in 14 States and 4 UTs for the period from July 2013 to June 2014. Against the said tender, total quantity of 55 crore litres of ethanol was offered by the bidders. A total quantity of 40 crore litres was finalized by the Oil Industry for procurement, out of which the OMCs have procured 16.16 crore litres of ethanol as on 08.12.2013.

A global tender was also floated by OMCs on 18th January 2013 for 82.03 crore litres of ethanol. However, due to the high prices quoted by the vendors, the global tender has been closed by the OMCs.

Subsequently, the Government has decided on 3.7.2013 that OMCs should procure ethanol only 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.

Accordingly, OMCs have floated a fresh tender on 22.07.2013 for the period from 1.12.2013 to 30.11.2014 for a quantity of 133.2 crore litres of ethanol for blending with petrol. A total offer for supply of 61.8 crore litres of ethanol has been received.

The savings in foreign exchange as a result of ethanol blending in Petrol would be limited as it will have little impact on import of crude oil, since Petrol is only a by-product of the crude distillation process.

(d) State Governments have been requested to simplify procedures and expedite clearances to ease the availability of Ethanol for the EBP Programme.

The State Government of Karnataka has been requested to grant excise permissions to OMCs for implementation of 10% ethanol blending in Petrol in the State of Karnataka.
