

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:3701
ANSWERED ON:19.12.2005
ETHANOL PRODUCTION
Gandhi Smt. Maneka

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the Government proposes to initiate steps to increase ethanol production; and
- (b) if so, the details thereof and progress made therein?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

(a) & (b): Sugar Development Fund provides financial assistance in the form of loan, subject to a maximum of 40% of the cost of project to meet the shortfall in the promoters' contribution at a concessional rate of interest of 2% below the Bank rate to the sugar factories for setting up of plants for production of ethanol from molasses as well as alcohol. The Government, vide Notification No.705(E) dated 27-10-2004 has decided that 5% ethanol blended petrol, as per Bureau of Indian Standards specifications, shall be sold, if the price of sourcing indigenous ethanol for supply of ethanol blended petrol is comparable to the price of indigenous ethanol for alternative uses, and if the delivery price of ethanol at the location is comparable to the import parity price of petrol at that location. The Oil Marketing Companies are statutorily required to lift the same and supply the ethanol blended petrol in the notified States/UTs. Production of ethanol is dependent on the availability of sugarcane. According to available information from industry sources, the sugar industry in India has an estimated production capacity of 2000 million litres of alcohol per annum. An approximate quantity of 600 million litres each is the requirement for potable and industrial alcohol respectively, which leaves a balance of 800 million litres for production of ethanol. There are around 100 distilleries [around 50 attached to sugar units] with an installed capacity for production of 1000 million litres of ethanol per year. From the year 2005-2006, the sugar industry should be able to supply around 500 million litres of ethanol after meeting the requirements of potable and industrial alcohol.