



**STANDING COMMITTEE ON
CHEMICALS & FERTILIZERS
(2010-11)**

FIFTEENTH LOK SABHA

MINISTRY OF CHEMICALS AND FERTILIZERS
(DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)

PRODUCTION, PRICING AND DISTRIBUTION OF MOLASSES

THIRTEENTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

November, 2010/ Agrahayana 1932, (Saka)

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Presented to Lok Sabha on 08.12.2010

Laid in Rajya Sabha on 08.12.2010

**LOK SABHA SECRETARIAT
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**COMPOSITION OF THE STANDING COMMITTEE ON
CHEMICALS & FERTILIZERS (2010-11)**

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30.	^{&} Shri Abani Roy
31.	^{&} Shri Biswajit Daimary

[&] Nominated w.e.f. 21.09.2010

[#] Nominated w.e.f. 04.10.2010

SECRETARIAT

- | | | | |
|----|-----------------------|---|----------------------|
| 1. | Shri N. K. Sapra | - | Additional Secretary |
| 2. | Shri Ashok Sarin | - | Joint Secretary |
| 3. | Shri C.S.Joon | - | Director |
| 4. | Shri Archana Pathania | - | Under Secretary |

INTRODUCTION

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2010-11) having been authorised by the Committee to present the Report on their behalf present this Thirteenth Report on 'Production, Pricing and Distribution of Molasses' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

2. The Committee elicited written information and took evidence of the representatives of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) and other Ministries and Departments at their sitting held on 19 January 2010 and 4 February 2010.

3. The Committee considered and adopted the Report at their sitting held on 29 November 2010.

4. The Committee express their thanks to the Officers of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) and other Ministires/Departments for furnishing the material and other information, which they desired in connection with the examination of the subject 'Production, Pricing and Distribution of Molasses' and for giving evidence before the Committee.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

New Delhi;

29 November, 2010
8 Agrahayana, 1932 (Saka)

GOPINATH MUNDE
Chairman,
Standing Committee on
Chemicals and Fertilizers.

REPORT

1. Molasses is obtained as a by-product in the manufacture of sugar from sugarcane juice and is mainly used in the production of Alcohol. In India, almost the entire alcohol is produced from sugarcane molasses. Alcohol production in India is, thus, heavily dependent on production of sugar and sugarcane.
2. The Department of Chemicals & Petrochemicals of the Ministry of Chemicals and Fertilizers is entrusted with the responsibilities of addressing the issues relating to chemicals and petrochemicals industry and has the mandate inter-alia to deal with the following:
 - Molasses
 - Alcohol – Industrial and Potable from the molasses route.
3. Molasses produced by all the sugar manufacturing industries is utilized commercially mainly in the production of alcohol by the distilleries. About 85% of molasses is used in the production of alcohol. The remaining quantity finds small applications like cattlefeed, production of yeasts, etc.

PRODUCTION / UTILIZATION OF MOLASSES

- 4 The production of Molasses is dependent upon the production of sugar and sugarcane. According to the Department of Chemicals and Petrochemicals, the production of sugarcane in India shows a fluctuating trend. The compound growth rate index of area increased significantly during 2001-08. However, the growth in yield is not commensurate with the growth in the area under cultivation. The estimated production of sugarcane during 2008-09 was 273.93 million tonne as against 237.09 million tonne during 2004-05. The targeted production of sugarcane for the year 2009-10 is 396 million tonne. However, as per latest data received from the Department of Chemicals and Petrochemicals, the production of sugarcane during the year 2009-10 (4th Advance Estimates) and the area under sugarcane production were 277.75 million tonnes and 42.02 lakh hectare, respectively. The area coverage during the year 2008-09 for sugarcane production was 43.96 lakh hectare. The estimated production of sugar during current sugar season 2009-10 (October-September) is 185 lakh tonne.
5. The Department of Chemicals and Petrochemicals has informed the Committee that the major sugarcane producing States are Maharashtra, Uttar Pradesh,

Karnataka, Tamil Nadu, Gujarat and Andhra Pradesh. The year-wise quantity of production of sugarcane during 2004-05 to 2009-10 is as under:-

Year	Production (Million MT)
2004-05	237.1
2005-06	281.2
2006-07	355.5
2007-08	348.2
2008-09	273.9
2009-10 (4 th advance estimate)	277.75

(Source: Department of Agriculture & Cooperation)

6. As regards the production of sugar during last 5 years, the Department has stated that there were 624 installed sugar factories in the country as on 31 March 2009 of which 317 were in cooperative sector, 245 in private sector and 62 in public sector. The production of sugar has been as follows:-

Year	Production (Million MT)
2004-05	13.00
2005-06	18.96
2006-07	28.20
2007-08	26.30
2008-09	14.68
2009-10 (estimated)	18.50

(Forecast: Directorate of Sugar)

7. During evidence, the Secretary, Department of Chemicals and Petrochemicals stated as under:

“ is 2006-07, area under sugar cane and sugarcane production was highest in the last five years. Thereafter, there is a fall in the sugar production.....

8. The Committee desired to know the reasons for decline in the production of sugarcane and sugar during last two years. In reply, the Department stated as under:-

“The decrease in sugarcane production in the last two years was mainly due to adverse climatic conditions, decrease in sugarcane area, reduction in productivity, delay and intermittent cane price payment, better price realization by the farmers from wheat and rice cultivation, diversion of cane towards the gur (Jaggery) manufacturing units, etc. Production of sugarcane and consequential production of sugar is cyclic in nature and dependent upon vagaries of monsoon rain. Further, MSP provided for sugarcane vis-à-vis other crops like wheat, paddy also affect the production of sugarcane and sugar.”

9. On being asked as to how the varied circumstances, viz. area under cultivation, Minimum Support Price (MSP) for sugar, etc. affecting the production of sugar also

affect the production/pricing of molasses, the Department submitted in a note as under:-

“Lower area under cultivation, lower MSP for sugar can result in lower production of sugarcane and consequent lower production of sugar and molasses. The Government have fixed a Fair and Remunerative Price (FRP) of sugarcane for 2009-10 sugar season at Rs. 129.84 per quintal linked to a basic recovery rate of 9.5%. The FRP is about 51% higher than the SMP for sugarcane at Rs. 81.18 per quintal for 2008-09 sugar season. It is expected that this increase in FRP shall help to increase production of sugarcane and consequently of sugar and molasses in future.”

10. The details of production, export and import of molasses as furnished by the Department of Chemicals and Petrochemicals are given below:-

Production of molasses:

Year	Production (Million MT)
2004-05	5.556
2005-06	8.442
2006-07	12.549
2007-08	12.420
2008-09	8.034
2009-10	7.7

Export of Molasses:

Year	Quantity (MT)	Value (Rs. Crore)
2005-06	72,940	28.81
2006-07	3,27,564	133.37
2007-08	8,97,525	250.62
2008-09	1,72,202	82.70

Import of Molasses:

Year	Quantity MT	Value Rs. Crore
2005-06	1,35,498	62.84
2006-07	23,476	8.39
2007-08	31,971	5.37
2008-09	44,048	17.15

Source: DGCIS.

11. According to the Department of Chemicals and Petrochemicals, export and import of molasses is negligible as compared to domestic production. Average export is 3.5% of domestic production and average import is 2% of domestic production. Molasses is freely importable as per import policy and import duty on molasses is 10%. However, this is not so much on account of lack of demand for molasses as the fact that molasses as a product is cumbersome to import in view of its inherent viscosity and sticky nature and the product of molasses, i.e. alcohol can be more conveniently imported.

12. The details regarding ten major molasses producing States, viz. Andhra Pradesh, Bihar, Gujarat, Haryana, Karnataka, Maharashtra, Punjab, Tamil Nadu, Uttar Pradesh and Uttaranchal are given in the Annexure.

13. The Committee desired to know whether the production of molasses depends on the crushing capacity of sugarcane. The Department replied that the production of molasses depends both on the quality of sugarcane as well as the crushing capacity of sugar mills. On an average, production of molasses ranges from 4.50 to 4.70 % of the cane crushed.

14 When asked about the shelf life of molasses and how it can be preserved, the Department submitted as under:-

“The shelf life of molasses is generally one year. Molasses stored over longer period leads to reduction of sugar content. Generally, molasses are consumed within a year and preservatives are not used in India.”

15. When asked to state whether they have taken up any study regarding production and use of molasses, the Department replied as under:-

“Since molasses is obtained as by-product in the production of sugar, no study has been carried out and no R&D initiatives are being undertaken by Department of Chemicals and Petrochemicals regarding production and use of molasses.”

16. In view of the fact that the molasses is a rich source of minerals and iron, the Committee enquired about the initiatives taken by the Department to encourage human consumption of molasses. Responding thereto, the Department stated that they have so far not taken up with Ministry of Food Processing Industries the issue of encouraging the human consumption of molasses.

INCENTIVE FOR MOLASSES PRODUCTION

17. As regards incentive for molasses production, the Department stated that the molasses is obtained as by-product and the main product, i.e. sugar comes in the purview of Department of Food and Public Distribution. As such, there is no scheme of the Department of Chemicals and Petrochemicals to give incentives to sugar producing industries to increase the production of molasses. However, the production of molasses is related to production of sugar and sugarcane.

18. When asked about the steps taken by the Department of Chemicals and Petrochemicals in coordination with the Ministry of Agriculture for improving the production of sugarcane as well as molasses, the Department explained as under:-

“The Improvement in the production of sugarcane can result in the improvement in production of sugar and molasses also. As informed by the Department of Food & Public Distribution and Department of Agriculture & Cooperation, the following steps are taken for improvement:

- (i) The MSP of wheat and paddy was increased in the recent past. To check against further shift in area from sugarcane and with a view to ensure the cultivation of sugarcane is not rendered totally unattractive and unprofitable vis-à-vis wheat and paddy so as to ensure adequate production of sugarcane and sugar, as recommended by the Commission on Agricultural Costs and Prices (CACP). The Government has fixed a Fair and Remunerative Price (FRP) of sugarcane for 2009-10 sugar season at Rs. 129.84 per quintal linked to a basic recovery rate of 9.5%. The FRP is about 51% higher than the SMP for sugarcane at Rs. 81.18 per quintal for 2008-09 sugar season.
- (ii) In order to promote sugarcane production to improve sugar production, the Central Government *inter alia* gives long term loans from Sugar Development Fund (SDF) at a concessional rate of interest, which is 4% per annum at present for setting up a plant for production of ethanol from molasses where 40% of the eligible project cost is funded from SDF. The quantum of SDF loan for the purpose has been recently increased in 2009 from Rs. 2.7 crore to Rs. 5.4 crore for each sugar factory.
- (iii) Keeping in view low sugarcane production during the last year, the Government also announced in July 2009 a short term loan scheme from SDF for cane development, under which concessional loans, at 4% per annum, of Rs. 1 to Rs. 2.5 crore is available to each sugar factory, depending upon their crushing capacity, for purchase of seeds, fertilizers and pesticides. This loan is required to be passed on to the farmers. This loan is expected to improve sugarcane productivity and production.
- (iv) The Indian Council of Agriculture Research (ICAR) along with State Agricultural Universities are continuing their efforts for the development of production technologies in sugarcane on various aspects of sugarcane production in different regions of the country.
- (v) To increase the production and productivity of sugarcane, a Centrally Sponsored Scheme of Sustainable Development of Sugarcane Based Cropping System (SUBACS) is implemented in various sugarcane growing States by the Department of Agriculture & Cooperation.

19. In this context, Secretary, Department of Chemicals and Petrochemicals also stated as under:-

“.....We we do not have at present, any scheme for providing incentives for molasses simply because it is a by-product of the sugar production. So, if there is more sugar production, there will be more molasses available.”

PRICING AND DISTRIBUTION OF MOLASSES

20. The prices and distribution of molasses were regulated by the Central Government under the Molasses Control Order, 1961 up to 10 June 1993. According to the Department, this regime of controls was inhibiting the free movement of molasses and was not in keeping with the economic liberalization programme of the Government which was initiated during the early nineties. There were also reports of inordinate delays in obtaining allocations and consequent wastage of molasses. The downstream users of molasses were also not able to fully utilize their capacity. Taking all these factors into account and with a view to falling in line with the liberalization policy of the Central Government in other sectors of economy, the Molasses Control Order, 1961 was rescinded on 10 June 1993. As such, now there is no control by the Union Government on production, pricing and distribution of molasses.

21. The Committee have been given to understand that there is no price control on the Molasses in any State. However, movement of Molasses is monitored by Excise Departments of all the States. In Uttar Pradesh, as per present policy, 25-30% of Molasses is reserved for production of country liquor. Movement of Molasses to other States is generally not allowed but permission is granted on case-to-case basis. In Maharashtra inter-State movement of Molasses is free subject to State fees, transport pass, etc. Export of Molasses has been banned in Tamil Nadu. No ban has been imposed on Molasses movement in Karnataka, but considering the low Molasses availability, the excise department has stopped giving permission for the Molasses movement out of the State.

22. When asked to furnish the details of average price of molasses, the Ministry stated as under:-

“There is no price control on the Molasses in any State. However movement of molasses is monitored by Excise Department of all the States. Since there is no price control, the details of average price of molasses during 5 years is not available with Ministry.”

23. In this context, a representative of the Department of Chemicals and Petrochemicals, during evidence stated as under:

“..... Presently, we are not doing any regular monitoring of the prices. Prices are fluctuating depending on the production of sugar, depending on how much is going for sugar production, how much is the sugar production, etc.. Prices also fluctuate. Now, the prices of molasses are roughly in the region of about Rs.3,500 to Rs.4,000 per tonne. In the past, these prices

had been higher and slightly lower also. But at the moment, at this level, it is not causing an alarm as such. Otherwise, the industry would have come to us saying that these prices are ruling at a very high level.....”

24. He elaborated further as under:-

“... price regulation is maintained automatically by the market mechanism. If the prices of alcohol produced from molasses and chemicals produced from alcohol become uneconomical, then the chemicals will be imported. It will get reflected from that account. Automatically, the manufacturers cannot increase the prices beyond a certain level and the market mechanism will operate.”

25. As regards decontrol of molasses, the Department of Chemicals and Petrochemicals in a note stated as under:-

“Under the Molasses Control Order, 1961 intra-State allocations were made by State Governments. Central Government (Department of Chemicals and Petrochemicals) made Inter-State allocations of Molasses from surplus States to deficit States. The allocations were made on the advice of Central Molasses Board but on a non-statutory basis. Surplus States under-reported production of molasses whereas deficit States exaggerated their requirement. Central Government allocations were also not fully honoured by the State Governments. There were reports of inordinate delays in obtaining allocations and consequent wastage of molasses. The downstream users of molasses were also not able to fully utilize their capacity. Further, Government of India initiated industrial liberalisation process in 1991 to free the industry of control regime. Therefore, Molasses Control Order, 1961 was rescinded on 10 June 1993. The position on implementation of Policy was reviewed in Excise Ministers’ Conference held on 4 November 1993. This Conference set up a Working Group under the Chairmanship of the then Chief Minister of Karnataka (Shri Veerappa Moily). The Group submitted its report on 11 June 1994. The Group recommended to earmark not exceeding 70% of molasses and alcohol for being allocated by the State Government to the cattle feed/poultry feed manufacturers, Alco-Chemical industries and country liquor requirements. 30% of molasses and alcohol were to be earmarked for sugar factories and distilleries for sale to approved/licensed users including potable alcohol. The report of the Working Group was discussed in Excise Ministers’ Conference on 22 June 1995. There were divergent views and no consensus emerged. Further, Supreme Court judgment dated 11 September 1998 upheld the validity of UP Sheera Niyam Adhiniyam, 1964 which specifically deals with molasses produced by sugar mills. The matter was examined in detail in Department of Chemicals and Petrochemicals and it was decided that it may not be advisable to reopen the issue of reintroducing control regime by the Union Government.”

26. During evidence, the Secretary, Department of Chemicals and Petrochemicals, responding to a query stated as under:-

“.....Insofar as the reasons why the control order was withdrawn, I have mentioned already in my initial presentation that it was not working because there were delays in making allocations and when allocations were made, States were not complying with it. There was always a tendency on the part of

the States to under-report the production of molasses, etc. So, the whole system was inefficient and that was the reason why it was done away with. Now, whether to go back into the situation, at the moment there is no consideration of the Government on this issue”

27. The witness further explained as under :-

“So, the whole thing was not functioning properly and it was decided to rescind the Molasses Control Order. The situation was reviewed in two State Excise Ministers Meeting and there was no consensus again to control the molasses. The matter was re-examined in our Ministry and it was felt that the situation should be left at that stage and there should not be any re-introduction of the Molasses Control Order. Insofar as the States are concerned, no State is having any price control, but they are maintaining some control on the movement, some States are allowing movement freely, some States have banned the movement of molasses from the State and there are States which are also giving permissions on movement of molasses. This is the kind of situation which is currently prevailing. At the moment, within our department there is no consideration of re-introduction of distribution of price control of molasses.”

28. He elaborated further:-

“..... I do not anticipate that in future there will be similar kind of situation where under-reporting will be there, fraudulent practices will be there and there will be delays. This has happened in the past and that is why it was withdrawn. Coming to the price of molasses, the need for control for regulating the prices, I would only mention it for the information of the Committee that as of now there are alcohol-based chemical industries which are producing various chemical and if the prices of molasses were uneconomical, then the alcohol-based chemical industries would have come to us asking us not to divert this to other purposes.”

29. He also stated as under:-

“..... as of now, I do not think there is a need for this, I think, we should not jump into it immediately and start regulating molasses and its prices.”

30. When asked to state whether any study has been conducted by them to evaluate the impact of decontrol, the Department has replied that they have not conducted any study to evaluate the impact of decontrol order.

31. As regards the views of the Department on revision of decontrol policy, the Department stated that there is no proposal before them to bring back control on molasses.

32. When the Committee asked about the mechanism available with them to control pricing and distribution of molasses, the Department in a written reply submitted as under:-

“Generally, there is no monitoring of pricing and distribution across chemical industries in the liberalized industrial environment. Similarly, there is no monitoring of the pricing and distribution of molasses by Department of Chemicals and Petrochemicals.”

FISCAL STRUCTURE

33. According to the Department of Chemicals and Petrochemicals customs duty on import of Molasses is 10%. Excise duty on Molasses is Rs. 750 per MT. The Department elaborated this issue in a note stating as under:

“During the debate held in Lok Sabha on 04 August 2009, the measures which should be taken for the welfare of the sugar industry were discussed. In the said discussion, it was, inter-alia, proposed that the Government should reduce excise duty on molasses from Rs. 750 per tonne to Rs. 240 per tonne. The chemical industry has also informed that the fiscal stimulus provided by the Government on 24 February 2009, has reduced the rate of excise duty (CENVAT) on most of the products. This has also resulted in the reduction in excise duty from 10% to 8% on Denatured Ethyl Alcohol (22072000). However, there is no corresponding reduction in the specific duty on Molasses (17031000), which has been maintained at the effective rate of Rs. 750 per MT. As a result, there has been accumulation of CENVAT credit. The chemical industry has proposed that excise duty on Molasses for use in the manufacture of Denatured Ethyl Alcohol (non-potable) may be reduced to 8% ad valorem or Rs. 375 per MT whichever is higher.”

34. During evidence, Secretary of the Department elucidated as under:-

“..... Insofar as the molasses are concerned, CENVAT and excise duty on the finished product can be brought down to 8 per cent. They say that correspondingly nothing has been done about the excise duty applicable on molasses. So, for production of ethanol, they get the benefit of lower prices. But then the industry has made this demand as to how the excise duties and customs duties are to be changed and we pass it on to the Department of Revenue.

A point was made by one of the members here that this benefit of reduction of excise duty will mean less revenue for the State. After all, it is for the production of alcohol and 100 crore litres go in to the production of potable alcohol.

35. A representative of the Department added further as under :-

“..... excise duty on molasses is Rs.750 per tonne. There is demand from industry for reduction in excise duty. It is particularly in line with reduction in the excise duty which has been announced by the Government as part of the slowdown period that was experienced. We have forwarded the demand of Industry to Ministry of Finance . We hope that the Ministry of Finance will consider the demand.....”

Ethanol Blended Programme

36. The Committee have been given to understand that Ethanol Blended Petrol (EBP) Programme falls within the purview of Ministry of Petroleum & Natural Gas. The Department of Chemicals and Petrochemicals in this regard stated as under:-

“As regards making 10% blending of ethanol mandatory from October, 2008, the Bureau of Indian Standards (BIS) has finalised the specifications for 10% blending of ethanol with petrol. However, the Society for Indian Automobile Manufacturers (SIAM) had raised concerns about the compatibility of present in-use Auto Engines with 10% ethanol blended petrol which needs to be considered in consultation with all the stakeholders. To discuss this, a meeting was held in Ministry of Petroleum & Natural Gas on 30 May 2008 wherein it was suggested that a pilot study in respect of 10% ethanol blending petrol programme may be taken up immediately as was initially done for 5% ethanol blending. The participating labs were to be Automotive Research Association of India (ARAI), Indian Institute of Petroleum (IIP), I-CAT Manesar and IOC (R&D). Accordingly, IOC (R&D) and OMCs took up the pilot project study using 10% ethanol in Aonla depot of UP and Desur Depot of Karnataka and 10% ethanol blending has commenced at these locations on Pilot Project basis from 15 December 2008 and 20 December 2008 respectively. The draft report on the pilot study submitted by IOC (R&D) suggests that there are no significant changes in vehicle performance, fuel economy and emission with 10% EBP vis-à-vis 5% EBP. However, in case there are concerns regarding use of 10% EBP on few makes and models of old vehicles, these vehicles may either have to be serviced for replacement of a few critical parts or advised to use “branded fuel” in which ethanol may be limited to 5%.”

37. As regards EBP, the representative of the Ministry of Petroleum and Natural Gas during evidence stated as under:-

“This decision to blend five per cent of ethanol mandatorily was taken by the Cabinet Committee in 2007. Prior to that, the Ministry of Petroleum and Natural Gas had taken out an order to blend the petrol with ethanol to the extent of five per cent, but it was not mandatory. It was purely on the basis of availability and that is how we are doing it. But the Cabinet Committee decided in the year 2007 to make it mandatory five per cent and then take to ten per cent for the year 2008. But this 10 per cent has not been possible because the availability to five per cent itself was not there.”

38. She elaborated further as under:-

“Right now there is no blending which is taking place because the supplies are not there in position and the industry has not been able to procure so much of ethanol for blending upto 5 per cent. So, we are coming up with a note to the Cabinet for reviewing this decision and then how to go about it in case of this deficit because the current year and the last year have been really bad as we have not been able to do five per cent blending.”

39. She also added as under:-

“.... The programme abruptly came to an end in the month of October 2009 because there was no ethanol supply beyond that. So, from November 2009 till date there has been no blending because we do not have ethanol.”

40. On being asked to give their views on EBP programme, the Department of Chemicals and Petrochemicals in a written reply submitted as under:-

“Alcohol is now also used for blending with petrol. Production of alcohol in 2009-10 is expected to be 1,600 million litres. The requirement of potable sector is about 1,000 million litres, that of chemical industry is about 1,100 million litres and for EBP Programme, it is 860 million litres. Since sufficient quantity of alcohol is not available for mandatory Ethanol Blending in Petrol (EBP) Programme, Department of Chemicals and Petrochemicals is of the view that mandatory Ethanol Blending in Petrol (EBP) Programme should be deferred till sufficient availability of alcohol is ensured without affecting the industrial sector.”

41. Emphasising the views of the Department on this issue, Secretary, Department of Chemicals and Petrochemicals during evidence stated as under:

“... For ethanol blending programme, the demand is roughly 860 million litres per annum. That means, it is 86 crore litres. We don't have so much of ethanol production in our country. In ethanol blending programme, ethanol will be burnt with Petrol. Our Ministry has different views. We have taken it up with the Ministry of Petroleum and Natural Gas so that they can take decision about ethanol blending. If the consumption increases further, then, automatically, industrial alcohol will be imported. So, there is no saving in foreign exchange. Therefore, there are many reasons for that.”

42. Elaborating further, he stated as under:-

“The demand for various sectors like potable, industrial alcohol as well as blending is there. So, we will have to import alcohol. Therefore, what we suggest is this. We are interested in alcohol-based chemicals industries. We want that the demand of the industry should be met as much as possible so that these valuable chemicals which are going into various user-sectors like synthetic fibres, pesticides and a wide variety of things are used by them. If there is no supply, import of these chemicals will take place or alternately these chemicals will be had from the petro-chemical route. The petrochemical route is not the green chemistry. This is green chemistry. So, our preference is, as much as possible, to use this green chemistry.”

43. The witness also added :-

“... Why I said ethanol is less efficient as compared to Petrol, I have these figures given by the industry. In the case of ethanol, it has 7,170 kilo calories per kg and petrol has 10,700 kilo calories per kg. That is why the industry is also making this point and additionally if ethanol is taken away for blending and correspondingly there is import of ethanol, there is no saving of foreign exchange.

44. When the Committee asked the Ministry of Petroleum and Natural Gas about the latest status as regards Ethanol Blended Petrol Programme, the Ministry stated as under:-

“Low availability and state specific issues hindered the progress of the EBP Programme at desired level. Against the requirement of 180 crore litres of ethanol for blending 5% ethanol with petrol, the Oil Marketing Companies (OMCs) could contract for 146.6 crore litres of ethanol, and the actual procurement was 58.70 crore litres only. During the year 2009, the shortfall was more pronounced at 85% of the prorated quantity.

To give fillip to the EBP Programme, the Government has taken decision on 16 August 2010 and issued guidelines for implementation of the Programme effectively. As per the decision, OMCs would start procuring ethanol at an ad hoc ex-factory price of Rs.27/- litre. This price would be subject to adjustment with the final price arrived based on the recommendations of the expert committee constituted for determining formula/ principles for pricing of ethanol. It has been decided that at this declared price, entire quantity of ethanol made available by the manufacturers would be absorbed for the EBP Programme. OMCs have been directed to implement the decision of the Government immediately.

A notification has also been published in the Gazette of India vide GSR No.712 (E) dated 1 September 2010 to the effect that the Oil Marketing Companies shall sell ethanol blended petrol w.e.f. 1 September 2010 as per the BIS specifications in the notified States and UTs and the Government may modify the areas and prescribe the percentage of ethanol in ethanol blended petrol that may be supplied in the respective States and UTs on the basis of recommendations of Working Group constituted by MoPNG.”

45. As regards feasibility of the programme, the Ministry of Petroleum and Natural Gas stated that as per estimate of Oil Marketing Companies (OMCs) the requirement of ethanol at 5% blending level has increased to 105.3 crore litres from 86 crore litres in 2009-10. They have already received bids for 100 crore litres of ethanol during the sugar year 2010-11 against their requirement of 105.3 crore litres. OMCs are ready to absorb whatever quantity of ethanol offered to them by the domestic ethanol producers. The Ministry further stated that to address the issue related to feasibility of the programme, the Government may modify the areas and prescribe the percentage of ethanol in ethanol blended petrol that may be supplied in the respective States and UTs on the basis of recommendations of Working Group constituted by MoPNG. After ascertaining the actual availability of ethanol Working Group will recommend the blend percentage in the States and UTs upto a limit of 10% as per the decisions of CCEA.

46. On being asked to state their views on Ethanol Blended Petrol Programme, the Ministry of Petroleum and Natural Gas stated as under:-

“The decision for implementing the Ethanol Blended Petrol Programme has been taken with due deliberation and looking into mainly following the aspects and prospects into view:-

- (i) As the ethanol to be procured for the EBP Programme has to come from indigenous sources only, it will contribute in improving the economic condition of sugarcane farmers community as well as in increasing the indirect rural employment in agriculture sector. This will also give an impetus to increase the production of sugar with proportionate increase in ethanol production.
- (ii) Foreign exchange will be saved as expenditure involving in import of crude oil will be reduced.
- (iii) Ethanol is an eco-friendly fuel and it will help in mitigating climate change, which is currently a point of concern in India and all over the world. Thus, programme will give impetus to spreading wide use of Renewal and Green fuel.
- (iv) There is no operational loss in the implementation of EBP Programme by the OMCs.”

OBSERVATIONS AND RECOMMENDATIONS

47. Molasses is the by-product of sugar and as such the production of molasses is dependent upon the production of sugarcane/sugar. The Committee note that though the growth rate index of area under sugarcane cultivation has increased significantly during the period 2001-2008, the growth in yield has not been commensurate with the same. According to the Department of Chemicals and Petrochemicals, the production of sugarcane has shown fluctuating trend over the period. This is evident from the available statistics which indicate that sugarcane production in the year 2004-05 was 237.1 Million MT, 348.2 Million MT in 2007-08 and 273.9 Million MT in 2008-09. Although the targetted production of sugarcane for 2009-10 was 396 Million MT, the actual production as per advance estimate is 277.75 Million MT. The Department of Chemicals and Petrochemicals has attributed the fluctuation in production of sugarcane to the adverse climatic conditions, decrease in sugarcane area, reduction in productivity, delayed and intermittent cane price payment, better price realization by the farmers from wheat and rice cultivation, diversion of cane towards gur, etc.

The Committee observe that sugarcane production was not in consoanance with the increase in area under cultivation during the earlier years and in the year 2009-10, the area under sugarcane cultivation has declined by 1.94 lakh hectare than that of previous year area coverage of 43.96 lakh hectare. This, in consequence, has further led to decline in sugarcane production by almost 30 per cent of targetted production of 396 Million MT. Expressing their concern on the fluctuating trend of sugarcane production which, in turn, has affected the production of the molasses, the Committee feel that there is an urgent need to ensure the satisfactory availability of sugarcane every year. As the sugarcane production falls within the domain of the Ministry of Agriculture, the Committee desire that the Department of Chemicals and Petrochemicals should coordinate with the Ministry of Agriculture to chalk out ways and means for sustained growth of sugarcane production. In this regard, the Committee recommend the Department to impress upon the Ministry of Agriculture the need for taking suitable steps, viz. fixation of Minimum Support Price (MSP) for sugar making it lucrative vis-a-vis MSP of wheat and rice, incentives to farmers for producing sugarcane, compensation to farmers in case of glut of sugar, etc. to encourage sugarcane cultivators. The Committee would like to be apprised of the steps taken in this direction within three months of presentation of this Report.

48. The Committee are surprised to note that despite molasses being a rich source of minerals and iron, the Department of Chemicals and Petrochemicals has not so far even thought of taking any initiative to encourage human consumption of the same. Considering the nutritious value of molasses, the need to encourage its human consumption cannot be overemphasized keeping in view the situation in India. Even in years of bumper crop of sugarcane, the sufferings of the farmers due to reduction in the prices could be mitigated by converting excess sugarcane into molasses which can be used for human consumption. The Committee, therefore, desire the Department of Chemicals and Petrochemicals to encourage utilization of molasses for human consumption in India and coordinate with the Ministry of Food Processing Industries as a priority for taking suitable steps in the direction. The Committee further hope that the production of molasses would be augmented in such a way by the Department that besides meeting the industrial requirement, it would also cater to the needs of human consumption. The Committee would like to be apprised of the decision taken in the matter.

49. The Committee have been informed that the Department of Food and Public Distribution and the Department of Agriculture and Cooperation have taken certain steps, viz. fixation of Fair and Remunerative Price (FRP) of sugarcane for 2009-10, long term loans from Sugar Development Fund (SDF) at concessional rate of interest, implementation of Centrally sponsored scheme of sustainable development of Sugarcane Based Cropping System (SUBCS), etc. for sugar producers so as to improve the sugar production. However, the Department of Chemicals and Petrochemicals has not initiated any incentive scheme of its own for producers of molasses, on the pretext that production of molasses being dependent on sugar, it falls within the purview of the Department of Food and Public Distribution. The Committee feel that it is incumbent on the Department of Chemicals and Petrochemicals, being the nodal Department for issues relating to molasses, to ensure enough quantity of molasses and its availability at reasonable prices for end users. In this regard, the Committee desire the Department to explore the feasibility of introducing incentive schemes for molasses producers and take suitable steps accordingly. The Committee also feel that the Department should work out a proper co-ordination mechanism with the Department of Food and Public Distribution and Department of Agriculture and Co-operation and constitute a Committee, if necessary, for the purpose of ensuring adequate quantity of sugarcane and molasses required for various purposes. The Committee would like to be informed of the specific steps taken in this regard within three months of presentation of this report.

The Committee also feel that it is high time that the Government should take suitable expeditious steps to revive sick sugar industrial units which would not only ensure optimum utilization of the sugarcane but also result in increase in production of sugar, molasses and ethanol which are required in abundance not only by public but also by industrial units.

50. The pricing and distribution of molasses were earlier regulated by the Union Government under the Molasses Control Order, 1961. The regime of controls was stated to be inhibiting the free movement of molasses; it was also not in keeping with the economic liberalization programme of the Government. Consequently, the Government rescinded the Molasses Control Order, 1961 on 10 June 1993. The Committee, however, note that the details of average price of molasses during the last five years is not available with the Department as there is no price control. It is regretted that the Department has not been able to provide specific information relating to molasses due of absence of any specific control mechanism. This pretext, however, does not exonerate the Department from the responsibility of monitoring of molasses production and prices and maintaining relevant databank thereof. While expressing their concern over such a state of affairs, the Committee wish to point out that being the nodal agency, the Department of Chemicals and Petrochemicals cannot absolve itself of the responsibility to address all the issues related to molasses. The Committee feel that in the absence of any specific controls in operation, the prioritization as regards allocation of molasses to different industries cannot be done. Further, to ensure optimal production of molasses and to check its shortage in any part of the country, there is a need to monitor the production, price and movement of molasses. The Committee, therefore, recommend the Department to chalk out the proper monitoring mechanism for molasses at the earliest. For the purpose, there is an urgent need to maintain relevant and upto-date data about movement and prices of molasses. The Committee further recommend that the Department should evaluate the effects of withdrawal of Molasses Control Order, 1961 on the price and distribution of molasses and revisit the feasibility of introducing some mechanism of control relevant today. The Department should apprise the Committee about the decision taken in the matter at the earliest.

51. The Committee have been informed that excise duty on Denatured Ethyl Alcohol has been reduced from 10% to 8% but there is no corresponding reduction in the specific duty on molasses. The Committee have been given to understand that the Chemical industry has been demanding reduction in duty on molasses in line with the reduction of excise duty of Denatured Ethyl Alcohol and the Department of Chemicals and Petrochemicals has forwarded the request to the Ministry of Finance for consideration. As the reduction of duty on molasses is bound to boost the chemical industry, the Committee concur with its demand and desire the Department to take up the matter at the appropriate level with the Ministry of Finance for early decision in this regard. The Committee expect to be apprised of a positive decision in the matter at the earliest.

52. The Cabinet Committee had decided in 2007 to make it mandatory to blend five per cent of ethanol in petrol under Ethanol Blended Petrol (EBP) programme. The Committee note that 10 per cent Ethanol blending in petrol was taken up as pilot project in Aonla depot of UP and Desur Depot of Karnataka in December 2008. However, this programme abruptly came to an end in the month of October 2009 due to non-availability of alcohol. The Committee have been informed that sufficient quantity of Ethanol is not available for EBP programme and any continuation of this programme will result in increased import of industrial alcohol. According to the Department of Chemicals and Petrochemicals, mandatory EBP programme should be deferred till sufficient availability of alcohol is ensured without affecting the industrial sector. On the contrary, the Ministry of Petroleum and Natural Gas have adduced certain benefits, viz. saving in foreign exchange, check on carbon emissions by use of eco-friendly fuel and no operational loss to Oil Marketing Companies (OMCs) which may accrue by continuance of the programme. Also, the Government has issued guidelines on 16 August 2010 wherein OMCs have been directed to implement the programme effectively. The Committee tend to agree with the views and the approach of the Ministry of Petroleum and Natural Gas. In this regard, the Committee desire that both the Ministries should co-ordinate and chalk out a strategy regarding allocation of Ethanol to different industries. Further, for ensuring sufficient availability of ethanol for different industries, the Committee hope that the Department of Chemicals and Petrochemicals would take early action on the suggestions for improvement in production of molasses made by them in their earlier recommendations.

The Committee also desire that it would be appropriate if the industrial units are permitted to produce ethanol direct from cane juice which would also boost the demand of sugarcane and in turn benefit the farmers. For this, the Government ought to take necessary steps in consultation and coordination with all the concerned Departments.

New Delhi;

29 November, 2010
8 Agrahayana, 1932 (Saka)

GOPINATH MUNDE
Chairman,
Standing Committee on
Chemicals and Fertilizers.

Annexure-I

MOLASSES											
Name of States / Years	Unit	Availability of Molasses				Consumption of Molasses					
		Opening Balance	Prod.	Imports	Total Availability Op. Bal. +Prod.+Import	Industrial purpose	Potable purpose	Other Purpose	Export to other States	Export Abroad	Total Consum.
Andhra Pradesh											
2004-05	Lakh MT	0.72	3.84	0.22	4.78	0.12	3.37	0.09	0.00	0.00	3.58
2005-06	Lakh MT	0.92	5.53	0.00	6.45	0.11	2.86	0.09	0.84	0.73	4.63
2006-07	Lakh MT	1.77	6.75	0.00	8.52	0.66	3.26	0.00	1.82	1.88	7.62
2007-08	Lakh MT	1.51	6.61	0.22	8.34	1.14	4.00	0.00	1.3	0.77	7.21
2008-09	Lakh MT	0.91	2.69	0.00	3.60	0.32	2.78	0.00	0.01	0.00	3.11
Bihar											
2004-05	Lakh MT	0.04	1.18	0.00	1.22	0.00	0.04	0.40	0.02	0.00	0.46
2005-06	Lakh MT	0.76	2.08	0.00	2.84	0.00	1.03	0.02	0.96	0.00	2.01
2006-07	Lakh MT	0.84	2.42	0.00	3.26	0.00	1.01	0.05	0.12	0.00	1.18
2007-08	Lakh MT	0.21	1.73	0.00	1.94	0.00	0.79	0.01	0.60	0.00	1.40
2008-09	Lakh MT	0.23	1.26	0.17	1.66	0.00	1.51	0.09	0.00	0.00	1.60
Gujarat											
2004-05	Lakh MT	1.95	3.60	0.00	5.55	0.00	2.02	0.00	0.69	0.00	2.71
2005-06	Lakh MT	2.84	3.38	0.00	6.22	0.00	2.06	1.72	0.79	0.00	4.57
2006-07	Lakh MT	1.65	5.34	0.00	6.99	0.00	0.00	4.54	0.76	0.00	5.30
2007-08	Lakh MT	1.26	5.75	0.00	7.01	0.00	3.70	1.35	0.85	0.45	6.35
2008-09	Lakh MT	0.66	5.26	0.00	5.92	0.00	3.78	1.07	0.44	0.00	5.29
Haryana											
2004-05	Lakh MT	0.97	2.86	0.00	3.83	1.50	0.02	1.00	0.42	0.00	2.94
2005-06	Lakh MT	0.90	3.43	0.00	4.33	1.33	0.02	0.90	0.79	0.00	3.04
2006-07	Lakh MT	1.28	6.00	0.00	7.28	2.57	0.01	1.23	2.67	0.00	6.48
2007-08	Lakh MT	5.30	16.32	0.11	21.73	5.35	0.01	5.03	5.00	0.00	15.39
2008-09	Lakh MT	3.69	5.78	0.00	9.47	4.36	0.00	0.72	1.69	0.00	6.77
Karnataka											
2004-05	Lakh MT	3.29	3.19	0.81	7.29	0.15	2.96	0.00	0.02	0.00	3.13
2005-06	Lakh MT	0.83	7.58	0.42	8.83	0.33	6.79	0.00	0.49	0.00	7.61
2007-08	Lakh MT	3.46	9.12	0.22	12.80	0.30	7.65	0.00	0.00	0.85	8.80
2007-08	Lakh MT	4.00	12.73	0.37	17.10	0.35	8.71	0.00	0.25	3.69	13.00
2008-09	Lakh MT	4.10	10.18	0.29	14.57	0.41	9.54	0.02	0.46	0.37	10.80
Maharashtra											
2004-05	Lakh MT	3.18	7.41	0.00	10.59	0.89	6.11	0.00	0.24	0.00	7.24
2005-06	Lakh MT	3.36	17.84	0.00	21.20	1.01	15.74	0.00	0.75	0.00	17.50
2006-07	Lakh MT	3.70	32.06	0.00	35.76	1.22	23.66	0.00	2.33	3.11	30.32
2007-08	Lakh MT	5.44	28.88	0.00	34.32	0.46	22.64	0.71	2.14	2.58	28.53
2008-09	Lakh MT	10.24	22.23	0.00	32.47	0.50	20.68	0.00	1.27	0.34	22.79
Punjab											
2004-05	Lakh MT	0.73	1.74	0.47	2.94	0.00	2.97	0.24	0.00	0.00	3.21
2005-06	Lakh MT	0.39	1.14	0.28	1.81	0.00	1.27	0.39	0.00	0.00	1.66
2006-07	Lakh MT	0.40	1.90	1.10	3.40	0.00	2.67	0.79	0.00	0.00	3.46
2007-08	Lakh MT	0.81	1.85	1.94	4.60	0.00	4.70	1.35	0.00	0.00	6.05

MOLASSES											
Name of States / Years	Unit	Availability of Molasses				Consumption of Molasses					
		Opening Balance	Prod.	Imports	Total Availability Op. Bal. +Prod.+Import	Industrial purpose	Potable purpose	Other Purpose	Export to other States	Export Abroad	Total Consum.
2008-09	Lakh MT	1.27	1.38	1.94	4.59	0.00	2.07	0.51	0.00	0.00	2.58
Tamil Nadu											
2004-05	Lakh MT	1.39	5.76	0.00	7.15	0.52	4.79	0.30	0.10	0.00	5.71
2005-06	Lakh MT	1.44	10.84	0.00	12.28	0.61	6.89	0.11	0.27	0.70	8.58
2006-07	Lakh MT	3.70	12.88	0.00	16.58	0.68	8.26	0.18	0.36	3.11	12.59
2007-08	Lakh MT	3.94	10.50	0.00	14.44	0.74	6.95	0.19	0.12	3.59	11.59
2008-09	Lakh MT	2.85	7.79	0.00	10.64	0.56	6.71	0.16	0.22	0.07	7.72
Uttar Pradesh											
2004-05	Lakh MT	1.13	24.18	0.05	25.36	0.00	23.70	0.00	0.18	0.00	23.88
2005-06	Lakh MT	1.48	30.52	0.23	32.23	0.00	29.88	0.00	0.82	0.00	30.70
2006-07	Lakh MT	1.53	46.86	0.64	49.03	0.00	42.38	0.00	2.47	0.00	44.85
2007-08	Lakh MT	4.18	37.41	0.56	42.15	0.00	39.06	0.00	0.25	0.00	39.31
2008-09	Lakh MT	2.84	22.59	0.00	25.43	0.00	21.28	0.09	0.16	0.00	21.53
Uttaranchal											
2004-05	Lakh MT	2.65	1.80	1.51	5.96	0.00	0.93	2.35	0.46	0.00	3.74
2005-06	Lakh MT	2.17	2.08	3.53	7.78	0.00	1.03	3.64	0.69	0.00	5.36
2006-07	Lakh MT	2.01	2.16	4.11	8.28	0.00	1.22	3.60	0.77	0.00	5.59
2007-08	Lakh MT	2.33	2.40	4.01	8.74	0.00	1.33	5.49	0.53	0.00	7.35
2008-09	Lakh MT	2.10	1.18	1.60	4.88	0.00	1.69	2.36	0.30	0.00	4.35
Total 10 Major States											
2004-05	Lakh MT	16.05	55.56	3.06	74.67	3.18	46.91	4.38	2.13	0.00	56.60
2005-06	Lakh MT	15.09	84.42	4.46	103.97	3.39	67.57	6.87	6.40	1.43	85.66
2006-07	Lakh MT	20.34	125.49	6.07	151.90	5.43	90.12	10.39	11.30	8.95	126.19
2007-08	Lakh MT	28.98	124.18	7.21	160.37	8.04	91.89	14.13	11.04	11.08	136.18
2008-09	Lakh MT	28.89	80.34	4.00	113.23	6.15	70.04	5.02	4.55	0.78	86.54

**STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS
(2009-10)**

**ELEVENTH SITTING
(19.01.2010)**

The Committee sat from 1500 hours to 1630 hours.

Shri Ananth Kumar - in the Chair

Members

Lok Sabha

2.	Shri Ganeshrao Nagorao Dudhgaonkar
3.	Shri Baidyanath Prasad Mahato
4.	Shri T.K.S. Elangovan
<i>Rajya Sabha</i>	
5.	Shri J.D. Seelam
6.	Shri Raghunandan Sharma
7.	Dr. C.P. Thakur
8.	Shri Brijlal Khabri

Secretariat

- | | | | |
|----|----------------------|---|----------------------|
| 1. | Shri N. K. Sapra | - | Additional Secretary |
| 2. | Shri C. S. Joon | - | Director |
| 3. | Shri A.K. Srivastava | - | Deputy Secretary |

**I. REPRESENTATIVES OF THE MINISTRY OF CHEMICALS AND FERTILIZERS
(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)**

1.	Shri Bijoy Chatterjee	Secretary (C&PC)
2.	Smt. Neel Kamal Darbari	Joint Secretary
3.	Shri S.C. Gupta	Joint Secretary
4.	Dr. Ashok Vishandas	Deputy Director General

II. REPRESENTATIVES OF THE MINISTRY OF PETROLEUM & NATURAL GAS

1.	Shri Apurva Chandra	Joint Secretary
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**III. REPRESENTATIVES OF THE MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE & COOPERATION)**

1.	Dr. H.C. Gautam	Additional Commissioner (Crops)
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IV. REPRESENTATIVE OF THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION

1.	Sh. D.E. Richards	Deputy Secretary
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2. At the outset, the Chairman apprised the members about the sad demise of Shri Jyoti Basu, veteran leader of CPI (M). The Committee placed on record their appreciation of the valuable contribution made by Shri Basu for the welfare of masses. The Committee then passed a condolence resolution (Annexure) and stood in silence for a while in the memory of the departed soul.

3. Thereafter, he called the officials of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals), Ministry of Petroleum and Natural Gas, the Department of Agriculture & Cooperation and the Department of Industrial Policy & Promotions and invited their attention to the provisions contained in Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the Committee's proceedings.

4. Then the officials of the Department of Chemicals & Petrochemicals briefed the Committee about the subject 'Production, Pricing and Distribution of Molasses'.

5. During the briefing, the following issues were discussed:-

- (i) Production and utilization of Molasses
- (ii) Pricing and Distribution of Molasses.
- (iii) Review of policy of Decontrol of Molasses.
- (iv) Molasses policy in States
- (v) Excise Duty (CENVAT) on molasses.
- (vi) Licensing policy for Alcohol.

6. After the briefing, the Chairman and members of the Committee raised some queries which were replied to by the Secretary (Chemicals & Petrochemicals) and other senior officials of the Department of Agriculture and Cooperation and Department of Industrial Policy and Promotion. They also assured the Committee to send the requisite information in writing which was not readily available with them.

7. The Committee decided to hold their next sitting on 27 January 2010 to have a briefing by the representatives of the Department of Fertilizers in connection with examination of the subject 'Fertilizer Education Projects'.

8. A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

Annexure-III**STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS
(2009-10)****THIRTEENTH SITTING
(04.02.2010)**

The Committee sat from 1600 hours to 1700 hours.

Shri Ananth Kumar - in the Chair

Members**Lok Sabha**

2.	Smt. Sushmita Bauri
3.	Shri Baidyanath Prasad Mahato
4.	Shri Ponnamm Prabhakar
5.	Shri Ashok Kumar Rawat
6.	Shri Suresh Kumar Shetkar
7.	Shri Ajit Singh
8.	Shri T.K.S. Elangovan
<i>Rajya Sabha</i>	
9.	Shri J.D. Seelam
10.	Shri Raghunandan Sharma
11.	Dr. C.P. Thakur

Secretariat

4.	Shri N. K. Sapra	-	Additional Secretary
5.	Shri. A.K. Sarin	-	Joint Secretary
6.	Shri C. S. Joon	-	Director

**I. MINISTRY OF CHEMICALS AND FERTILIZERS
(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)**

5.	Shri Bijoy Chatterjee	Secretary (C&PC)
6.	Smt. Neel Kamal Darbari	Joint Secretary
7.	Dr. Ashok Vishandas	Deputy Director General

III. DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION

1.	Shri Gopal Krishna	Joint Secretary
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IV. MINISTRY OF PETROLEUM & NATURAL GAS

2.	Smt. Rashmi Aggarwal	Director
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**V. MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE & COOPERATION)**

1.	Dr. H.C.Gautam	Additional Commissioner (Crops)
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2. At the outset, the Chairman welcomed the Members of the Committee.
3. Thereafter, he called the officials of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals), Ministry of Petroleum and Natural Gas, Department of Agriculture & Cooperation and Department of Industrial Policy & Promotion and invited their attention to the provisions contained in Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the Committee's proceedings.
4. The Committee then took oral evidence of the representatives of the Department of Chemicals & Petrochemicals, Department of Agriculture and Cooperation, Department of Industrial Policy and Promotion and Ministry of Petroleum and Natural Gas in connection with examination of the subject 'Production, Pricing and Distribution of Molasses'.
5. During the course of evidence, the following issues were discussed:-
 - (vii) Incentives for units producing byproducts in sugar production.
 - (viii) Ethanol blending in petrol (EBP) programme.
 - (ix) Government policy on pricing and distribution of molasses.
 - (x) Molasses policy in States.
 - (xi) Licensing policy for alcohol.
6. The Chairman and members of the Committee raised some queries which were replied to by the Secretary, Chemicals & Petrochemicals and other senior officials of the Department of Agriculture and Cooperation, Department of Industrial Policy and Promotion and Ministry of Petroleum and Natural Gas. They also assured the Committee to send the requisite information in writing which was not readily available with them.
7. A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2010-11)

The Committee sat on Monday, the 29 November, 2010 from 1500 hrs. to 1600 hrs. in Committee Room D, Parliament House Annexe, New Delhi.

Present

Shri Gopinath Munde - Chairman

Members

Lok Sabha

2.	Smt. Sushmita Bauri
3.	Shri Ganeshrao Nagorao Dudhgaonkar
4.	Shri N. Peethambara Kurup
5.	Shri Baidyanath Prasad Mahato
6.	Shri Ponnamm Prabhakar
7.	Shri Suresh Kumar Shetkar
8.	Shri N. Cheluvaraya Swamy
9.	Dr. Manda Jagannath
	<i>Rajya Sabha</i>
10.	Shrimati Naznin Faruque
11.	Shri A.A. Jinnah
12.	Prof. Anil Kumar Sahani
13.	Shri Parshottam Khodabhai Rupala
14.	Shri Abni Roy

Secretariat

- | | | | |
|----|----------------------|---|----------------------|
| 1. | Shri N. K. Sapra | - | Additional Secretary |
| 2. | Shri Ashok Sarin | - | Joint Secretary |
| 3. | Shri C. S. Joon | - | Director |
| 4. | Shri A.K. Srivastava | - | Deputy Secretary |

2. At the outset, the Hon'ble Chairman welcomed the members of the Committee. The Committee, thereafter took up for consideration draft Report on the subject "Production, Pricing and Availability of Molasses". The draft Report was considered and adopted by the Committee with some minor amendments. The Committee also authorized the Chairman to make consequential changes, if any, arising of the factual verification of the draft Report by the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) and present the same to both the Houses of Parliament.

3. x x x x x x

The Committee then adjourned.

**STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS
(2009-10)**

**ELEVENTH SITTING
(19.01.2010)**

The Committee sat from 1500 hours to 1630 hours.

Shri Ananth Kumar - in the Chair

Members

Lok Sabha

2.	Shri Ganeshrao Nagorao Dudhgaonkar
3.	Shri Baidyanath Prasad Mahato
4.	Shri T.K.S. Elangovan
<i>Rajya Sabha</i>	
5.	Shri J.D. Seelam
6.	Shri Raghunandan Sharma
7.	Dr. C.P. Thakur
8.	Shri Brijlal Khabri

Secretariat

7.	Shri N. K. Sapra	-	Additional Secretary
8.	Shri C. S. Joon	-	Director
9.	Shri A.K. Srivastava	-	Deputy Secretary

**I. REPRESENTATIVES OF THE MINISTRY OF CHEMICALS AND FERTILIZERS
(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)**

8.	Shri Bijoy Chatterjee	Secretary (C&PC)
9.	Smt. Neel Kamal Darbari	Joint Secretary
10.	Shri S.C. Gupta	Joint Secretary
11.	Dr. Ashok Vishandas	Deputy Director General

II. REPRESENTATIVES OF THE MINISTRY OF PETROLEUM & NATURAL GAS

3.	Shri Apurva Chandra	Joint Secretary
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**III. REPRESENTATIVES OF THE MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE & COOPERATION)**

2.	Dr. H.C. Gautam	Additional Commissioner (Crops)
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**IV. REPRESENTATIVE OF THE DEPARTMENT OF INDUSTRIAL POLICY
AND PROMOTION**

1.	Sh. D.E. Richards	Deputy Secretary
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2. At the outset, the Chairman apprised the members about the sad demise of Shri Jyoti Basu, veteran leader of CPI (M). The Committee placed on record their appreciation of the valuable contribution made by Shri Basu for the welfare of masses. The Committee then passed a condolence resolution (Annexure) and stood in silence for a while in the memory of the departed soul.

3. Thereafter, he called the officials of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals), Ministry of Petroleum and Natural Gas, the Department of Agriculture & Cooperation and the Department of Industrial Policy & Promotions and invited their attention to the provisions contained in Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the Committee's proceedings.

4. Then the officials of the Department of Chemicals & Petrochemicals briefed the Committee about the subject 'Production, Pricing and Distribution of Molasses'.

5. During the briefing, the following issues were discussed:-

- (i) Production and utilization of Molasses
- (ii) Pricing and Distribution of Molasses.
- (iii) Review of policy of Decontrol of Molasses.
- (iv) Molasses policy in States
- (v) Excise Duty (CENVAT) on molasses.
- (vi) Licensing policy for Alcohol.

6. After the briefing, the Chairman and members of the Committee raised some queries which were replied to by the Secretary (Chemicals & Petrochemicals) and other senior officials of the Department of Agriculture and Cooperation and Department of Industrial Policy and Promotion. They also assured the Committee to send the requisite information in writing which was not readily available with them.

7. The Committee decided to hold their next sitting on 27 January 2010 to have a briefing by the representatives of the Department of Fertilizers in connection with examination of the subject 'Fertilizer Education Projects'.
8. A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2009-10)

THIRTEENTH SITTING (04.02.2010)

The Committee sat from 1600 hours to 1700 hours.

Shri Ananth Kumar - in the Chair

Members

Lok Sabha

2.	Smt. Sushmita Bauri
3.	Shri Baidyanath Prasad Mahato
4.	Shri Ponnamm Prabhakar
5.	Shri Ashok Kumar Rawat
6.	Shri Suresh Kumar Shetkar
7.	Shri Ajit Singh
8.	Shri T.K.S. Elangovan
<i>Rajya Sabha</i>	
9.	Shri J.D. Seelam
10.	Shri Raghunandan Sharma
11.	Dr. C.P. Thakur

Secretariat

10.	Shri N. K. Sapra	-	Additional Secretary
11.	Shri. A.K. Sarin	-	Joint Secretary
12.	Shri C. S. Joon	-	Director

I. MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF CHEMICALS & PETROCHEMICALS)

12.	Shri Bijoy Chatterjee	Secretary (C&PC)
13.	Smt. Neel Kamal Darbari	Joint Secretary
14.	Dr. Ashok Vishandas	Deputy Director General

III. DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION

2.	Shri Gopal Krishna	Joint Secretary
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IV. MINISTRY OF PETROLEUM & NATURAL GAS

4.	Smt. Rashmi Aggarwal	Director
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**V. MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE & COOPERATION)**

2.	Dr. H.C.Gautam	Additional Commissioner (Crops)
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2. At the outset, the Chairman welcomed the Members of the Committee.
3. Thereafter, he called the officials of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals), Ministry of Petroleum and Natural Gas, Department of Agriculture & Cooperation and Department of Industrial Policy & Promotion and invited their attention to the provisions contained in Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the Committee's proceedings.
4. The Committee then took oral evidence of the representatives of the Department of Chemicals & Petrochemicals, Department of Agriculture and Cooperation, Department of Industrial Policy and Promotion and Ministry of Petroleum and Natural Gas in connection with examination of the subject 'Production, Pricing and Distribution of Molasses'.
5. During the course of evidence, the following issues were discussed:-
 - (i) Incentives for units producing byproducts in sugar production.
 - (ii) Ethanol blending in petrol (EBP) programme.
 - (iii) Government policy on pricing and distribution of molasses.
 - (iv) Molasses policy in States.
 - (v) Licensing policy for alcohol.
6. The Chairman and members of the Committee raised some queries which were replied to by the Secretary, Chemicals & Petrochemicals and other senior officials of the Department of Agriculture and Cooperation, Department of Industrial Policy and Promotion and Ministry of Petroleum and Natural Gas. They also assured the Committee to send the requisite information in writing which was not readily available with them.
- 7 A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.