

Title: Shri Annasaheb called the attention of the Minister of Petroleum and Natural Gas to the situation arising out of the withdrawal of mandatory order regarding mixing of 5% of ethanol in petrol and subsidy of 30 paise per litre given to the ethanol.

15.10 hrs.

SHRI ANNASAHEB M.K. PATIL (ERANDOL): Sir, I call the attention of the Minister of Petroleum and Natural Gas to the following matter of urgent public importance and request that he may make a statement thereon:

"The situation arising out of the withdrawal of mandatory order regarding mixing of 5 per cent of ethanol in petrol and the subsidy of 30 paise per litre given to ethanol."

THE MINISTER OF PETROLEUM AND NATURAL GAS AND MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR): Mr. Chairman, Sir, a statement has been circulated. Keeping in mind that the hon. Prime Minister is going to be here by 4 o' clock to make a statement, I seek your permission to briefly read appropriate extracts from the statement rather than the whole statement.

Sir, the Government is committed to promoting alternative fuels, particularly those that are renewable in nature and can substitute fossil fuels to some extent. We are implementing a policy of part substitution of fossil fuels by bio-fuels in a phased manner.

Based on the success of pilot projects undertaken in 2001, the Ministry of Petroleum and Natural Gas introduced an ethanol blended petrol (EBP) Programme with effect from 1.1.2003, which envisaged the supply of five per cent ethanol blended petrol in identified States and Union Territories in the first phase. This EBP programme continued to be mandatory, in terms of Gazette notification No. 705(E) dated the 27th October, 2004. It may please be noted that this continues to be mandatory.

With regard to the withdrawal of the subsidy of 30 paise, when this programme was introduced, it was noted that the delivery cost of ethanol blended petrol was likely to be higher than the delivery cost of petrol. The oil marketing companies were required to lift ethanol through public tenders, blend the ethanol with petrol at blending depots located across the States and then supply this to retail outlets.

Therefore, Government decided to grant fiscal incentives by way of reduction in additional excise duty on petrol meant for blending with ethanol. Accordingly, the additional excise duty of Rs. 6 per litre leviable on petrol was reduced by the Government of India by 30 paise per litre in the case of petrol intended for use in ethanol blended petrol. This exemption was valid only upto the 30th of June, 2004.

Subsequently, we have approached the Ministry of Finance to ask whether this exemption could be continued. The Ministry of Finance have felt that we should not extend this as a matter of routine. The five per cent ethanol blended petrol was also exempted from the payment of additional excise duty. This dispensation continued although exemption from additional excise duty was not extended beyond 30th June, 2004.

The statement I have circulated lists the States and areas in which the programme is operational. I would now like to draw the attention of the House to the question of ethanol availability. The ethanol requirement in 2003-2004 was about 363 million litres per annum. But only a 196 million litres was made available for purchase by oil refining companies. In 2003 and again in 2004, difficulties about the sourcing of ethanol have been reported from Maharashtra, Goa, Gujarat, Andhra Pradesh and Karnataka. The regular supply of ethanol has been affected due to the non-availability of molasses resulting from lower production of sugar owing to low sugarcane crop and drought conditions.

Therefore, on the expiry of the contract for ethanol procurement, fresh public tenders were invited by our oil marketing companies. During the year 2004-05, oil marketing companies issued tenders from time to time for a total quantity of 353.547 kilolitres of ethanol for the States of Uttar Pradesh, Uttaranchal, Andhra Pradesh, Karnataka, Maharashtra, Gujarat, Tamil Nadu, Daman & Diu, and Dadra & Nagar Haveli. Despite these tenders, owing to the acute difficulties faced in sourcing ethanol in the Western and Southern regions, the oil marketing companies requested the Government to suspend the programme for eight months with effect from 1st August, 2004 and to take a fresh decision during the coming sugar season October 2004 - September 2005.

Faced with this situation, faced with the fact that there was simply not enough ethanol available to be able to implement a five per cent EBP, I was left with no alternative but to modify the provisions in the original Gazette Notification. But I did so in such a manner that Government did not suspend the mandatory order requiring blending. The Government stands committed to the ethanol blended programme, especially as it is supposed to support indigenous sugarcane farmers. We also recognise that there have been genuine difficulties faced by

alcohol based chemical industry. Therefore, what we have said in the new notification dated 27th October, 2004 is that as long as the prices of ethanol are competitive and reasonable, and the supply of ethanol is adequate, the oil marketing companies will continue to be statutorily required to lift the ethanol and supply ethanol blended petrol in the notified area.

What we need to ensure is that (a) the indigenous price of ethanol offered for the EBP is comparable to that offered by the indigenous ethanol industry for alternative uses; (b) the indigenous delivery price of ethanol offered at a particular location is comparable to the import parity price of petrol at that location; and (c) there is an adequate supply of ethanol.

In the light of this new notification, the oil marketing companies have decided to float fresh tenders for ethanol procurement in conformity with the present guidelines. The oil marketing companies would be able to take a fair commercial decision based on market prices. They have to do this because under Government direction they are frequently required to absorb under recoveries from the non-revision of the prices of petroleum products when these become due.

In view of the importance of giving the utmost attention to this issue, I held a meeting only yesterday. At this meeting, I decided to establish an Inter-Ministerial Task Force with representatives of the Ministry of Agriculture, the Department of Food, the Ministry of Chemicals and Petrochemicals, and the Ministry of Panchayati Raj, to look into all aspects of this matter so as to ensure the smooth implementation of the ethanol blended petrol programme.

SHRI ANNASAHEB M.K. PATIL : Sir, the Government is aware how important this programme is. Because of its importance, the Government of India has taken a very constructive step to establish this programme in India.

As you know, there are more than 35 countries in the world which are implementing this programme to a great extent, not necessarily five per cent mixing of ethanol but even to the extent of 25 per cent ethanol in petrol. Therefore, it is very important from the point of view of three aspects. One is, we are importing substantial crude from abroad, paying almost Rs.90,000 crore; second is, there is a lot of hazardous problem of pollution by other fuels, which is not compared with the ethanol because ethanol is an eco-friendly and eliminates pollution; and the third is, it is a farmers' product and because of that, this is the most important programme in the country.

Further, with this importance, the Government of India, from the 1st of January, 2003, started implementing this programme. There were a lot of meetings and lot of hurdles, hurdles not only from the Government but also from the oil companies which always feel that there is some competition among themselves if such indigenous production is started in our country. You may be aware that there were a lot of committee meetings and other discussions to know whether it will be viable or not, whether it will be well implemented or not, and all these doubts were created by the oil companies and some of the Government officers. Somehow, the NDA Government could overcome all these difficulties and started this programme almost in eight States and three Union Territories. It was very well begun. As the Minister has very rightly mentioned, three pilot projects which were not required had somehow been initiated and then it started in ten States.

Against the requirement of almost 363 million litres of ethanol, 190 or 200 million litres have already been produced from 2003 to 2004. That is almost 55 per cent of the capacity utilisation of the requirement of the country was established from 2003 to 2004. But what happened in 2004 when the UPA Government took over? From day one, this programme has been hampered seriously. Not only that, it has started taking steps to slow down and to let it die down automatically.

As far as the availability of ethanol is concerned, there is no problem. Thirteen billion litres of ethanol is produced in this country, and out of that, 65 per cent is going only for the chemical and fertilizer industries and 15 to 20 per cent is going for the potable use. Today also, more than 20 per cent of the ethanol is available in all the godowns of the sugar mills of the country. It is still there. There is no problem of availability. The problem is only with the coordination from the Government, bureaucracy and public sector oil companies. Therefore, it is very necessary for the Government to coordinate, and I am happy that the Minister has said that he has taken up the review meeting yesterday only in which he has decided to monitor the programme every 15 days. I feel that it would be a very successful step at least to implement the programme.

Sir, with this programme, I am very sure, the investment that had been brought by the various organisations including the sugar industry - not only sugar industry but also some other unconventional material of the farmers like potato, *sorga* and maize, all these starchy material which can produce ethanol - have been brought into utilisation to ensure that this industry should come up in a very big way as compared to the foreign countries.

The Department of Petroleum had sent a team to visit various countries in the world to inspect this programme. They were quite satisfied and happy with that. Why should we not do it? India had tried this ethanol programme

during the time of the Second World War. We are lagging behind compared to other countries of the world. Therefore, when we are depending on oil to the tune of 78 per cent from abroad, when we are having good crops compared to sugarcane and others which can yield ethanol, this programme has to be taken up very seriously.

The Minister has given his statement about the availability of ethanol. I have already explained that there is no problem of ethanol. As far as revised Gazette Notification brought on 27th October, 2004 is concerned, I feel, all the modifications and all the amendments are not required. These modifications would certainly give room to the bureaucrats and others to see how this programme can be avoided. Therefore, I have some doubt in my mind whether this programme is certainly going to be implemented because from the day this Government has come there is no utilisation or implementation of this programme till today. We feel that all these modifications in the notification would certainly divert the whole attention. Therefore, I feel there is no need for this. Why should we compare it with the imported petrol or imported ethanol when we are producing ourselves in our fields with the help of our farmers and others? I think, it is not necessary. I would request the Minister to look into it and see that it should not be compared with others. There is a scheme even in the United States. They are giving subsidy to ethanol. While we are not expecting subsidy, but a reasonable price should be there. It may not be Rs. 17.5 but it can be to the extent of Rs.22 or Rs.23 compared to the existing price of petrol. Therefore, I think, this should be done.

Finally, I say that there the *status quo* at least to be maintained about this programme. I request the hon. Minister to implement it in true sense and give a room not only to save the foreign exchange, not only to eliminate pollution but also to boost farmers' morality and society's working.

15.28 hrs. (MR. DEPUTY SPEAKER in the Chair)

श्री संतोष गंगवार (बरेली) : उपाध्यक्ष महोदय, आपने मुझे बोलने का अवसर दिया, इसके लिए मैं आपको धन्यवाद देता हूँ। माननीय मंत्री जी ने जिस ढंग से अपनी बात रखी, उससे लगता है कि उन्हें बहुत चिंता है और पूरी रुचि के साथ वह इस काम में लगे हुए हैं, परंतु ऐसा नहीं है। आजादी के बाद से लगातार इस दिशा में प्रयास होता रहा है और जब एन.डी.ए. की सरकार आई तब उसे लगा कि इसकी आवश्यकता है और इस आवश्यकता को ध्यान में रखते हुए जो प्रयास किये गये, उसके परिणाम सामने आए। तब तत्काल हम लोगों ने फैंसला लिया और उस फैंसले के हिसाब से काम करना शुरू किया। परंतु दुर्भाग्य यह रहा कि सरकार बदलने के बाद फिर इसमें उल्टी दिशा चलने लगी। मैं माननीय मंत्री जी से कोई लम्बी बात नहीं कहना चाहूंगा। मेरा उनसे केवल इतना निवेदन है कि जो वक्तव्य आपने दिया है, इसी रुचि के हिसाब से आप इसमें लगे। क्योंकि खाली गन्ना, गन्ने का रस या शीरे से ही इथनोल नहीं बनता है, इसके अलावा मक्का, अनाज, गेहूँ, जौ, आलू, शकरकंद और बायोमास इन सबसे भी इथनोल बनता है, यह आप सबकी जानकारी में है।

इसलिए यह कहने की आवश्यकता नहीं है कि इथेनॉल हमें नहीं मिल रहा है। मैं चीनी उत्पादक क्षेत्र से आता हूँ। मुझे खुद चीनी मिल के लोग कहते हैं कि सरकार की नीयत नहीं है कि इथेनॉल की ब्लैन्डिंग पेट्रोल में की जाए। मेरा आग्रह है कि अगर ऐसी कोई बात सामने आ रही है तो उसे दूर करने का प्रयास करें और सही दिशा में काम करें। हम लोगों ने फेज्ड मैनर में काम करना शुरू किया था। जिस समय पिछली सरकार ने काम करना प्रारंभ किया, उस समय भी समस्याएँ थीं। उस समय बहुत सी ऐसी बातें सामने आ रही थीं जो संदेह व्यक्त कर रही थीं, पर फैंसला लिया गया कि चरणों में काम होगा। आज उस फेज्ड मैनर के हिसाब से 2005 तक 10 प्रतिशत इथेनॉल की ब्लैन्डिंग पेट्रोल में होनी चाहिए थी, परंतु दुर्भाग्य की बात है, जैसा आपने कहा कि 5 प्रतिशत भी मिल नहीं रहा है, इसलिए नहीं मिलाया जा रहा है। मैं समझता हूँ कि ऐसी बात नहीं है। मंत्री जी सरकारी अधिकारी भी रहे हैं, राजनैतिक रूप से एक अच्छे मंत्रालय को देख रहे हैं और उन्हें पूरी जानकारी है। मेरा उनसे आग्रह है कि सरकारी अधिकारियों के कहने में न आएँ। आप खुद फैंसला लें।

मैं अधिक न कहते हुए इतना ही कहना चाहूंगा कि जो बात मंत्री जी ने बताई कि इस समय नहीं मिल रहा है, इसलिए उसको रोका जा रहा है, ऐसा नहीं है। इस दिशा में सही दृष्टिकोण अपनाते हुए काम करें। मुझे नहीं लगता कि अब क्रूड आइल का भाव 25 डालर प्रति बैरल से कम होगा और इससे उमर जाने पर इथेनॉल आपको महंगा नहीं पड़ेगा। मेरा निवेदन है कि इसे गंभीरता से लेकर आप फैंसला कीजिए। चरणबद्ध तरीके से इसको करना कोई राजनीतिक फैंसला नहीं था। यह फैंसला देश के हित में था और तब जब 80-90 हजार करोड़ रुपये से ज्यादा हर्वा हमारा विदेशी मुद्रा में व्यय होगा तो कैसे हमारी अर्थव्यवस्था ठीक रहेगी? अभी तो बात भी आ रही थी कि इथेनॉल की ब्लैन्डिंग हम डीजल में भी कर सकते हैं। मैं ऐसा मानता हूँ कि सरकार जो कर रही है, उसके इस फैंसले से हर दिशा में फर्क पड़ेगा और जो प्रयास हमने शुरू किये थे, वे रुक जाएंगे। मेरा निवेदन है कि मंत्री जी इस ओर विशेष ध्यान दें और अपनी इच्छाशक्ति को ध्यान में रखकर महत्वपूर्ण फैंसला लें कि जो पिछली सरकार ने फैंसला लिया था, उसके हिसाब से अगले वर्ष की 1 तारीख से 10 प्रतिशत इथेनॉल की ब्लैन्डिंग पेट्रोल में करें।

आज चीनी मिल के लोग इथेनॉल के बारे में संशय कर रहे हैं, क्योंकि इसमें दूसरा आरोप लग रहा है। कुछ ऐसे निहित स्वार्थ हैं जो नहीं चाहते कि यह काम हो और इसलिए इसमें अवरोध पैदा कर रहे हैं। मैं ऐसा मानता हूँ कि अगर आप चीनी मिल मालिकों को बुलाकर बात करेंगे तो आपको जितनी भी क्वांटिटी इथेनॉल की चाहिए, उसमें कमी नहीं आएगी। इसके आल्टरनेटिव सोर्सज़ भी आप पैदा कर सकते हैं।

मैं अधिक न कहते हुए इसी आग्रह के साथ अपनी बात खत्म करूंगा कि हम इस पर कोई भाण नहीं सुनना चाहते हैं, आपसे कैटेगोरिकल उत्तर चाहते हैं कि आप इसके प्रति प्रतिबद्ध हैं कि कैसे विदेशी मुद्रा बचे और कैसे देश के अंदर किसान की स्थिति मज़बूत हो। आप किसान की स्थिति से परिचित हैं। दिक्कत यह है कि जब किसान को गन्ने का मूल्य कम मिलता है तो वह अगले साल गन्ने की पैदावार कम कर देता है। अगर यह सुनिश्चित हो जाए कि इतना गन्ना हर हालत में बिकेगा तो किसान की हालत में भी सुधार होगा। मैं चाहूंगा कि इसके लिए एक सम्यबद्ध कार्यक्रम बनाते हुए आप घोषणा करें कि हमने यह प्लान बनाया है और उसके हिसाब से हम काम कर रहे हैं।

MR. DEPUTY-SPEAKER: Hon. Members, I have received requests from four hon. Members to put questions on this Calling Attention. So, I request them not to make a speech. They should put a question each only for clarification purpose.

First, I call Shri Ramji Lal Suman. I request you to please put only question.

श्री रामजीलाल सुमन (फ़िरोज़ाबाद) : उपाध्यक्ष महोदय, जब अटल जी की सरकार थी तो सरकार ने फैंसला लिया कि पेट्रोल में पाँच प्रतिशत इथेनॉल का

मिश्रण किया जाए और उसे कानूनी रूप दे दिया। अभी कहा गया और यह बात सही है कि न सिर्फ हिन्दुस्तान में यह काम शुरू हुआ बल्कि दुनिया के तमाम देश पेट्रोल में इथेनॉल मिलाकर बेचने का काम कर रहे हैं। 35-36 देश इस तरह के हैं, खास तौर से ब्राजील जैसे देश में पिछले 70 वर्षों से पेट्रोल में 20 प्रतिशत इथेनॉल मिलाने का सफल प्रयोग चल रहा है। (व्यवधान)

MR. DEPUTY-SPEAKER: I have already requested the hon. Members to put only a question and not to make a speech.

श्री रामजीलाल सुमन : मैं एक सैकिंड में समाप्त कर रहा हूँ।

उपाध्यक्ष महोदय, जब सरकार ने फैसला लिया तो उसके बाद पूरे हिन्दुस्तान में 122 उद्योग लगे और उत्तर प्रदेश में भी इसके 14 प्लांट लगाए गए। सबसे महत्वपूर्ण सवाल यह है कि जिन लोगों ने इथेनॉल बनाने के उद्योग लगाए, उनका क्या होगा। इसमें पांच हजार से ज्यादा लोगों को रोजगार मिलता था। यह किसानों के हित का काम था। जैसे मंत्री जी ने कहा कि संकट है, लेकिन उत्तर प्रदेश में गन्ने का, चीनी का कोई संकट नहीं है। सबसे महत्वपूर्ण सवाल है कि इससे हमारी विदेशी मुद्रा बचती, किसानों को राहत मिलती और जो लोग बेरोजगार थे, उनको काम मिलता। यह बहुत महत्वपूर्ण मामला है और मैं समझता हूँ कि इसे स्वैच्छिक बनाना किसी भी कीमत पर सरकार का न्यायसंगत कदम नहीं है।

मैं आपके मार्फत मंत्री जी से दरखास्त करना चाहूंगा कि सरकार ने जो अव्यावहारिक निर्णय लिया है, उस पर वह पुनः विचार करे और इस काम को यथावत चलने दे।

SHRI VARKALA RADHAKRISHNAN (CHIRAYINKIL): I am speaking for the consumers. I am concerned with the consumers and they are concerned with the farmers. I do agree with them. But now-a-days instead of mixing ethanol in petrol, it is being adulterated with something else. There are pumps at every 100 metres on the National Highways. Even though they are not economically viable, yet indiscriminately new pumps are coming up on the highways. Earlier, there used to be petrol pumps every four kilometres or five kilometres but now you will find petrol pumps every 100 metres. I do not know where from they are getting the petrol. The same thing is going on where new stations are being opened.

Therefore, I would request the hon. Minister to see that ethanol is added to petrol and not something else.

श्री अनंत गंगाराम गीते (रत्नागिरि) : उपाध्यक्ष जी, सारे नेशनल हाईवेज पर पेट्रोलियम मंत्रालय द्वारा, विशेषकर कम्पनियों के बड़े-बड़े होर्डिंग्स लगे हुए हैं। इस प्रकार का प्रचार किया जाता है कि यदि आप एक बूंद भी तेल का निर्माण नहीं करते तो आपको उसे वेस्ट करने का अधिकार नहीं है। आप उसे बचाइए। तेल बचाना ही निर्माण के बराबर है। इस प्रकार सारी पेट्रोलियम कम्पनियों के ऐडवर्टाइजमेंट सारे नेशनल हाईवेज पर हमें पढ़ने को मिलते हैं। जब यह फैसला एनडीए की सरकार ने किया, तब इसमें दो महत्वपूर्ण मुद्दे थे - एक, आज पेट्रोल की खपत में यदि 5 प्रतिशत इथेनॉल मिलाते हैं तो इससे 5 प्रतिशत पेट्रोल की बचत होती है। इससे महत्वपूर्ण उद्देश्य यह था कि जो इथेनॉल का निर्माण करने वाले हैं, वह गन्ने के, चीनी के कारखाने में होता है। चीनी मिल का सीधा संबंध किसानों से है। आज चीनी उद्योग भी मुसीबत में है। महाराष्ट्र में बड़ी मात्रा में पूरा उद्योग कोआपरेटिव में है और उसमें 50 प्रतिशत से अधिक किसान गन्ने का उत्पादन करते हैं।

इसलिए इथेनॉल को यूज करने से चीनी उद्योग की हालत सुधरेगी। इसके साथ-साथ चीनी उद्योग की सहायता करने वाले जो किसान हैं, उन्हें भी इससे लाभ मिलेगा। आज सारी दुनिया में इसे लेकर चिंता है। अमेरिका जैसा विकसित देश भी अब पेट्रोल और डीजल के ऑल्टरनेटिव्स की तलाश में है। इसके लिए जांच की जा रही है, ऑल्टरनेटिव्स ढूंढे जा रहे हैं। मुझे इस बात का आश्चर्य हुआ कि पिछली सरकार ने एक अच्छे उद्देश्य से पेट्रोल में पांच परसेंट इथेनॉल मिक्स करने का निर्णय किया, जिससे पेट्रोल की बचत होगी तथा वह किसानों के लिए भी लाभदायक होगा। अब सरकार बदलने से क्या हुआ, यह मुझे पता नहीं लेकिन मैं आपके माध्यम से सरकार से विशेषकर मंत्री जी से प्रार्थना करना चाहता हूँ कि केवल सरकार बदलने से जो नीतियां बदलती हैं, उसके बुरे परिणाम जनता को भुगतने पड़ते हैं जिसका उदाहरण श्री

राम जी लाल सुमन ने यहां दिया है। मैं कहना चाहता हूँ कि इथेनॉल मिक्स करने का निर्णय होने पर जिन कम्पनियों ने इथेनॉल का उद्योग लगाया, उनका क्या कसूर है? उन्होंने उसमें निवेश किया है। आप उन्हें राहत देने के लिए मिनिस्टीरियल कमेटी की बात कर रहे हैं। मैं सदन के माध्यम से मंत्री जी से जानना चाहूंगा कि क्या पूर्व की सरकार ने जो निर्णय किया था, उसी निर्णय को कायम करते हुए, आप इथेनॉल के लिए जो हमने 5 परसेंट निर्धारित किया था, उसे क्या 10 परसेंट बढ़ाने की कार्रवाई तुरंत करेंगे?

SHRIMATI D. PURANDESWARI (BAPATLA): Sir, at the outset, I would like to thank you for giving me this opportunity to speak on the subject. I would like to request the hon. Minister to kindly review his decision about withdrawal of mixing of five per cent ethanol in petrol.

My State has been affected with drought-like conditions for the past four to five years. We are trying to educate our farmers to go in for alternate methods of farming. One of them is that we are trying to propagate the growth of sweet maize which is a very good source of ethanol. We are also trying to propagate the method of using bio-diesel like in Jatropha and Pongamia which are very good bio-diesel plants.

Sir, my sincere request to the hon. Minister is that he should re-consider his decision and by encouraging the mixing of five per cent ethanol with petrol we are supporting the cause of the farmers who have been very badly hit. We should take examples from African countries where bio-diesel is widely in use. In fact, they picked up seeds from here, grew it in their country with sewage water. So, we can take such examples and implement them in our country. I would once again like to request the hon. Minister to re-consider his decision in this matter.

SHRI VIJAYENDRA PAL SINGH (BHILWARA): Sir, basically the issue is that if ethanol mix is harmful, then it should be withdrawn. But studies have revealed -- even the previous Government had worked on it -- that it is not harmful to the engines. Then, why should it be withdrawn? Does it not help the farmers also? The hon. lady Member from

the other side was also saying that such mixing of ethanol would help the farmers to earn more money. Then why is it that it has been withdrawn? Is it just for political reasons? If it is for political reasons, then let it be so. If the hon. Minister is driven by the fact that since it was implemented by the previous Government, so it should be withdrawn now, then let the hon. Minister say that to us here.

SHRI SURESH PRABHAKAR PRABHU (RAJAPUR): Sir, this particular ethanol blending with petrol is going to result in low gas emission. There is a protocol which actually encourages this. Therefore, there is a clean development mechanism which could be resorted to. Is the Government contemplating to do that?

Secondly, the problem is that there is not enough supply. Now, in the economy if you create demand, then supply will follow. If you enforce it by a law and make it mandatory, then automatically the farmers would be able to supply it. Is the Government thinking of making it mandatory?

Thirdly, the sugar industry is being supported by the Government through various means. In fact, there was a big package for the sugar industry. The hon. Minister of Rural Development is also going to introduce a Bill in this regard to guarantee employment. Some amount of money from the Sugar Development Fund can be utilised for the purpose of creating employment and also encouraging the use of ethanol.

THE MINISTER OF PETROLEUM & NATURAL GAS AND MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR): Mr. Chairman Sir, may I begin first by thanking Mr. Suresh Prabhu for having put his finger on the nub of the problem. He said that the problem is that there is not enough supply. That is the basic fundamental truth. The hon. Members from his side of the House have been telling us that there is plenty of ethanol available and it is because we were not asking for this ethanol or we were changing notifications for political purposes that we were not procuring it. No. The fact is that Mr. Suresh Prabhu is absolutely right. The nub of the problem is, there is not enough supply. There is no politics in this. It is the question of whether the previous Government, when it issued this notification(Interruptions)

SHRI SURESH PRABHAKAR PRABHU (RAJAPUR): I should thank the hon. Minister for what he has said. But he has not heard my second statement. I said that if you make it mandatory, then supply will follow.

SHRI MANI SHANKAR AIYAR: I will come to that. The fact of the matter is this. I am not accusing the previous Government of having taken this decision for political purposes. But I am hinting at it. It took a decision that they were going to have this five per cent blending in the year in which sugarcane, and therefore sugar, and therefore molasses, and therefore ethanol, production had reached an all-time high.

15.46 hrs (Mr. Speaker *in the Chair*)

I do not wish to be held responsible for talking about what falls in the area of the Ministry of Agriculture and the Department of Food. So, I would like to quote to you from a Report of the Committee on Revitalisation of Sugar Industry set up by the Department of Food, which has become available only in this month. So, based on the information of this Committee, I read the following:

"Maharashtra is the largest producer of sugar in the country and Tamil Nadu, Andhra Pradesh and Karnataka are some of the other producers of sugar. These States are of crucial importance to national production of sugar. Droughts in 2002-03 and 2003-04 and Woolly Aphid infestation have seriously affected sugarcane production in these States. It is estimated that the availability of sugarcane would reduce from 165 lakh tonnes in 2002-03 to 121 lakh tonnes in 2003-04 in Tamil Nadu, from 120 lakh tonnes to 86 lakh tonnes in Andhra Pradesh, from 172 lakh tonnes to 100 lakh tonnes in Karnataka and from 535 lakh tonnes in 2002-03 to a mere 290 lakh tonnes in 2003-04 in Maharashtra. On the other hand, because of regular flood, sugarcane production in Bihar has been consistently falling since the last four years. The sugar production in the country, as a result, fell from 201 lakh metric tonnes in 2002-03 to 140 lakh metric tonnes in 2003-04."

Mr. Speaker Sir, it is easy to put in Gazette notifications, it is more difficult to observe them. In a situation of continuously declining availability of sugar, and therefore of ethanol, we have been faced with a situation of either facing up with the truth or continuing to hide behind Gazette notifications. I decided, because my guru is Mahatma Gandhi, to take the path of truth. I told the honest truth. On the 27th of October, 2004, when we issued a notification which categorically stated that while the use of ethanol in blending with petrol shall continue to be mandatory, the extent to which we would reach the five per cent target would depend on two crucial factors. One is availability and the second is reasonable prices. With regard to availability, there is a simple challenge that I place before Mr. Annasaheb Patil, Mr. Santosh Gangwar and others.

श्री संतो गंगवार (बरेली) : अध्यक्ष जी, माननीय कृषि मंत्री जी ने कहा है कि गन्ने की पैदावार बहुत हुई है और शुगर की कोई कमी नहीं है। (व्यवधान)

माननीय मंत्री जी, सच नहीं कह रहे हैं।

MR. SPEAKER: The hon. Minister has not yielded. Unless he yields, you cannot speak.

Mr. Chandrapan, Please take your seat.

...(Interruptions)

SHRI MANI SHANKAR AIYAR: I have just read some of the extracts from the Report of the Committee on the vitalisation of the sugarcane industry presented only this month. That Report contains the following sentence, which I did not read earlier and I would like to read it now. It says, at paragraph 5.1.4:

"The problem of low availability of sugarcane and low capacity utilisation is expected to continue in 2004-05 sugar season also. "

Now, I am not concerned with whether it will become available or whether it will not become available. I am concerned with whether the tender that we are going to be floating, that the entire oil industry is going to be floating by the end of December or by the first week of January for 3,67,000 kilolitres will be met or not. Our past experience, as I already told you in the statement, was that we would not be able to procure the quantities which we wanted. Now, we are floating it. If, in fact, there is availability, we would be only too happy to purchase it. But in purchasing it, we have to recognize that it has to be at reasonable prices. What do I mean by reasonable prices? I am very pleased to learn from Shri Annasaheb Patil that he thinks a reasonable price is Rs. 22 to Rs. 23 a litre. If it becomes available at Rs. 22 or Rs. 23 a litre, I do not think we will have any difficulty in procuring it.

SHRI ANNASAHEB M.K. PATIL (ERANDOL): You are purchasing it at Rs. 17.40. Therefore, if you give it at Rs. 22 or Rs. 23, certainly the industry will welcome your proposal. They will welcome your proposal.

SHRI MANI SHANKAR AIYAR: I have no problem at all in their presenting prices in the tender. After all, we are floating the tender to procure the quantities at what I called the reasonable prices. Now, I want to explain what is meant by reasonable price. It is not based on some fanciful price of crude oil. I am now taking the figures on the date of 16th December, 2004. It is the latest figure that I have. In terms of this, the refinery transfer price which would give us neither under-recoveries nor over-recoveries, for ethanol blended petrol per kilolitre which vary slightly from State to State would be from a low of Rs. 24,072.80 per kilolitre in Vasco, which is the lowest, to Rs. 25804.71 in Uttar Pradesh which is the average highest. Shri Patil well knows that the delivery points also affect the price. But this is the approximate range within which we would be able to deliver the ethanol blended petrol at a reasonable price. Now, this being so, we are attempting to reach this figure. But there is no point in turning around and asking as to why we are taking import parity price. There is only one reason for undertaking import parity price. It is because a Minister elected from Maharashtra, on the 1st of April 2002, decided that our Administered Pricing Mechanism would be dismantled and that we would price it on import parity. When it was done by your own Government, moreover when it was done by a Minister from your own State, please do not pose this question to me, please pose the question to yourselves. We are not bringing politics into this. I would plead with my friend, Shri Ramji Lal Suman, not to refer to this as अत्याहारिक निर्णय. These are decisions taken in the face of hard reality.

I would plead with Shri Anant Geete also not to make politics of this as they came to make politics of many other things. The fact of the matter is that if you are able to supply 367,000 kilolitres from Maharashtra and other States where there is an availability and it is at a price that is reasonable, there is no difficulty whatsoever in our procuring it. But, for future, it is absolutely essential that the State Governments take appropriate steps.

Please remember, Sir, that sugarcane is a very water-intensive crop. But only three per cent of the land in which sugarcane is grown in our country is irrigated. So, we are totally dependent upon nature. Moreover, 60 per cent of the sugar factories are in the cooperative sector. This being so, whether we can get the ethanol in required quantities at reasonable prices would depend entirely on the State Governments being more pro-active and announcing State-level remunerative sugarcane prices as also making assurances of the availability of water for this purpose in advance of the sowing season so that the ethanol manufacture receives the encouragement required for sustaining the ethanol-blended petrol programme.

We are sincere in this regard. We wish to continue the programme. We are willing to continue the programme if it is technologically feasible well beyond even five per cent but there is no point in quoting the example of the United States or some other foreign country. We have to take our ground realities into account and the ground reality is that when you, my friends, took this decision back in the year 2001, you did not, either in the case of the APM dismantling or in this case, take into account the possibility that there would be a drop in production. So, do not take decisions which are taken in an abnormal boom situation, treat that abnormal boom situation as normal and then turn around to us in a situation of deep scarcity and say we are trying to make politics out of it.

Reasonable decisions require a proper understanding of this country. This lack of understanding of this country resulted in India Shining. It is the UPA Government that properly understands the true nature of this country. Therefore, our decisions are based on ground realities.
