

Ram Naik welcomes re-introduction of Ethanol blended petrol

Mumbai, Sunday: Shri Ram Naik, former Petroleum Minister has welcomed the Congress Government decision to reintroduce supply of ethanol blended petrol (EBP). "However, Prime Minister Dr Manmohan Singh owes an explanation to the nation as to why the EBP initiated by the Vajpayee Government in the national interest was suddenly discontinued after coming to power in 2004. I am happy that the deep slumber of eight years is over", stated Shri Ram Naik in a statement issued today in response to the decision of the Cabinet Committee on Economic Affairs(CCEA) to introduce EBP.

Giving further details Shri Ram Naik said, "As a Petroleum Minister I had introduced supply of 5% EBP from 1st January 2003 in eight sugar-cane growing states in a first phase. The decision was to cover the entire country in the second phase and to increase the percentage of ethanol blending to ten in the third phase. It was a revolutionary decision for petroleum sector as well as for sugar-cane growing farmers. However, the liquor lobby was disappointed as they were not getting molasses at peanut price as earlier. We did not succumb to their pressure and implemented the decision. However, no sooner Dr Manmohan Singh became Prime Minister in 2004 the ethanol project was abandoned. The farmers as well as those entrepreneurs who had started ethanol projects suffered heavy losses."

"The price of ethanol has been the key issue in the scheme. Though the CCEA has said that the procurement price will be decided between oil marketing companies (OMCs) and suppliers of ethanol, a formula needs to be revised under which the ethanol supplier would get fair price which may be little less than the petrol production cost. This will encourage the sugar-cane growing farmers to sale their molasses to OMCs. It is also necessary to decide that the blending of ethanol is increased to 10% in a phased manner", added Shri Naik at the end.

(Office Secretary)