

Say no to sugar lobby

Requiring ethanol in petrol is unsustainable

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The government's programme to blend ethanol with petrol under its overall plan to promote the use of environment-friendly biofuels has failed to make much headway despite repeated bids to get it going. It's not just the coveted target of 10 per cent ethanol doping that seems totally out of reach; even the initial goal of five per cent admixing seems hard to attain in view of the difficulties faced by oil marketing companies (OMCs) in securing enough ethanol for this purpose. The sugar industry, which is the prime producer of ethanol (from its by-product, molasses), nevertheless continues to claim that it can comfortably supply the required 1,000 to 1,100 million litres of ethanol for five per cent blending with petrol. But the fact is that it cannot do so without hitting the other ethanol-using industries, including the potable spirits and alcohol (liquor) sector. These industries are already crying foul about the price-distorting effect of bulk purchasing of ethanol by the OMCs through joint orders with the government's tacit backing by way of cues to the sugar industry to supply the material to the oil marketers. The sugar mills' response to the joint tendering by the oil marketers, too, does not seem wholly above board. They quoted similar and, in some cases, identical prices in their bids. This smacks of cartelisation by both buyers and sellers. Little wonder that the Competition Commission of India has taken notice and is looking into the matter. Meanwhile, importing ethanol has been found to be too expensive — a recent tender was, in fact, rejected for that reason.

The reality is that the very concept of mandatory admixing of biofuel with other vehicular fuels, notably petrol and diesel, is a terrible idea. Conceived originally by the National Democratic Alliance government and pursued ardently by the United Progressive Alliance government, this programme has, unsurprisingly, been riddled with insurmountable hurdles right from the outset. In 2010, the chemicals and fertilisers ministry called for putting it on hold. Doping of diesel with biofuel derived from jatropha has, in any case, been a non-starter. Commercial cultivation of jatropha has been unsuccessful in India. Most of those who invested in jatropha plantations and the plants to process their oil into biodiesel have abandoned their projects or are staring at losses.

There is a growing realisation that, given the acute scarcity of land and water, the use of any biofuel derived from field crops is unworkable in India. A recent policy paper issued by the **Delhi-based National Centre for Agricultural Economics and Policy Research** categorically demonstrates that the production of ethanol from sugarcane is "absolutely unsustainable in India". To sustain the doping programme, and also to simultaneously meet the growing sugar-ethanol demand from other industries, the area under this water-gulping crop would need to be stretched substantially — which the country can ill afford, regardless of the sugarcane lobby's desires. Given such an unpromising scenario, it seems advisable for the government to drop this dangerous requirement.