

# For Want of Proper Licences, Maharashtra Mills May Lose Out on Ethanol Opportunity

Sugar mills need at least a year to meet necessary requirements like building storage tanks

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**Pune:** Maharashtra sugar mills could be missing out on the opportunity to supply ethanol to oil companies, which would collectively embark on their biggest fuel blending programme from Dec 1, as factories making the sweetener in the state lack the necessary clearances.

To supply ethanol, mills must have licences from PESO (petroleum and explosives safety organisation) as mandated by the National Green Tribunal.

In October, Indian oil marketing companies had floated the biggest tender ever to procure 3.13 billion litres of ethanol between December 2018 and November 2019. Sugar mills also



have responded well as the government has increased ethanol price substantially. BB Thombre, president, Western India Sugar Mills, said: "As the order of the NGT regarding PESO came just a few months ago, we will need at least one year to

meet the requirements, like construction of storage tanks and other provisions. If we do not get provisional permission to supply ethanol, it will lead to a collapse of the ethanol blending programme." Sanjay Khatal, managing director of the Maharashtra Co-operative Sugar Factories Federation, said: "We are willing to comply with the PESO requirements. However, we seek some grace period."

At a meeting of oil companies with sugar mills held in Mumbai last week, the oil companies have asked sugar mills to provide PESO licence.

"As only 6 distilleries from Maharashtra have PESO licences, they will be able to meet only 11% of the ethanol requirement of the state," said a Federation source. Presently, 57 distilleries

from the country have obtained PESO licences. Of the 149 distilleries that had applied for licences, 100 have been given provisional licences, while 49 distilleries have been asked to comply with the provisions.

To limit sugar production and reduce India's import dependence on ethanol, the government has increased the price of ethanol produced directly from sugarcane juice from ₹47.13/litre to ₹59.13/litre. Price of ethanol produced from B-heavy molasses has been increased from ₹47.13 to ₹52.43/litre.

According to government estimates, compared to ethanol derived from C heavy molasses route, diversion of B heavy molasses reduces sugar by about 20% and almost doubles ethanol availability.

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