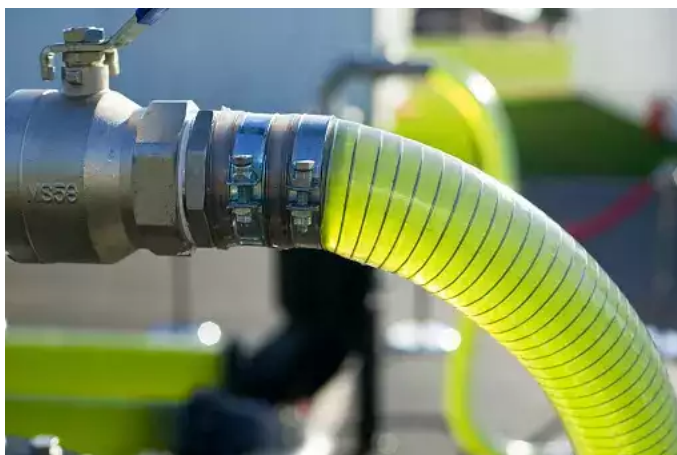


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# Oil marketing firms discouraging ethanol made from sugarcane, molasses: ISMA

*Addressing its 87th Annual General Meeting, Indian Sugar Mills Association (ISMA) President Niraj Shirgaokar said that it has also written to the Prime Minister in this regard.*

PTI December 18, 2021, 07:57 IST



New Delhi: Oil marketing companies (OMCs) are discouraging ethanol produced from sugarcane as well as molasses while promoting grain-based ethanol projects, industry body ISMA on Friday said, and demanded that immediate corrective measures should be taken to ensure that blending programme is not derailed.

Addressing its 87th Annual General Meeting, [Indian Sugar Mills Association](#) (ISMA) President [Niraj Shirgaokar](#) said that it has also written to the Prime Minister in this regard.

"We in the sugar industry are highly aggrieved by some recent decisions taken by

molasses, as also discouraging investments in ethanol production capacities in the sugarcane and sugar producing regions of the country," he said.

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Shirgaokar said the ISMA has made a representation to the Prime Minister as well as to the ministers and the secretaries of the government on how the EOI (expression of interest) floated by the OMCs on August 27, 2021, is highly discouraging to the sugar industry.

"If the disparity and the consequent discouragement is not rectified immediately, we seriously fear that the [ethanol blending](#) programme, which has been developed so beautifully in the last 5-6 years, will get derailed and production capacities, as desired, will not be set up for meeting the 20 per cent ethanol blending target set by the Prime Minister for 2025," he added.

Ethanol blending with petrol reached 8.1 per cent in 2020-21 supply year (December-November) and is expected to touch 10 per cent in the current year.

The ISMA President highlighted that the [food ministry](#) had given in principle approval to 800-900 ethanol projects across the country, under interest subvention scheme.

"However, the OMCs invited another set of bidders to create ethanol production capacity, and have shortlisted around 135 ethanol projects. These are mostly grain based. However, the worry is that only half of those 135 projects are approved by the Food Ministry," he said.

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Shirgaokar said banks, for lending to ethanol projects, requires both the approval of the Food Ministry as well as shortlisting by the OMCs for long-term bipartite agreement.

"Therefore, currently there would not be more than 65-70 ethanol projects which would be approved by both. The problem would worsen if some of them are not found credit worthy by the banks and therefore will not get bank loans. Capacity creation for ethanol production in the country will be seriously harmed," he said.

The ISMA president said that oil companies are not signing long-term bipartite contracts with the existing ethanol producers and sugar mills.

"They (OMCs) are putting us at a lower priority to the new ethanol plants which have been shortlisted by the OMCs for long-term supply contracts," he said.

To address this problem, Shirgaokar said the OMCs should issue another EOI, which should also allow the existing ethanol manufacturers and sugar mills to participate for long-term purchase agreements.

"Similarly, the Food Ministry may also like to consider reviewing those proponents amongst the 800-900 ethanol projects approved by them, who have not achieved any major milestone and therefore are only blocking the space without creating capacities," he said.

The ISMA president said this should be done immediately to ensure the ethanol programme does not get derailed.

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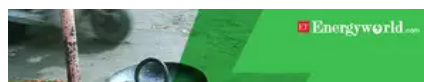
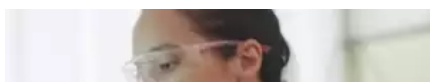
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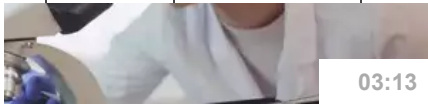
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