

+ Oil companies to pay more to procure ethanol; 12% blending seen in 2022-23

Our Bureau

New Delhi

The Cabinet Committee on Economic Affairs (CCEA) on Wednesday approved raising the price of ethanol made from various sugarcane-based raw materials in the range of 2.8 to 5.9 per cent for the upcoming 2022-23 sugar season.

For Ethanol Supply Year (ESY) 2022-23 (December 2022 to October 2023), oil marketing companies' procurement price of ethanol from C-heavy molasses has been raised to ₹49.41 a litre from ₹46.66.

Ethanol made from B-heavy molasses will fetch ₹60.73 per litre, up from ₹59.08, and the fuel made from sugarcane juice or sugar syrup will be purchased at ₹65.61 a litre (₹63.45).

CHANGE IN ESY

The government also changed the ESY from November to October, against December to November earlier. Around 452 crore litres of ethanol were blended in ESY 2021-22, which ends in November



SWEET NEWS. Oil marketing companies' procurement price of ethanol from C-heavy molasses has been raised to ₹49.41 a litre

2022. For the next season, the Centre is targeting a procurement of 540 crore litres. Oil Minister Hardeep Singh Puri told media, "We are not going to stop at 20 per cent. We will try to achieve 20 per cent ethanol blending before 2024-25. India will accelerate its ethanol blending programme. Not announcing anything yet, but sharing a perspective."

INDUSTRY MIXED

The Indian Sugar Mills Association said the revised prices of ethanol made from C-heavy and B-heavy molasses will encourage mills to divert more

sugar for fuel production. ESY 2022-23 is a crucial year, as India is expected to achieve 12 per cent blending.

ISMA Director-General Sonjoy Mohanty said the price revision of ethanol from sugarcane juice or sugar syrup is not enough to drive additional investments in new capacity building. The industry has recommended many times to the government that this price should be based on the return on equity with a payback period of five years. The derived price based on RoE works out to ₹69.85 a litre.

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