

Sugar mills ready to ramp up ethanol capacity

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India has the potential to produce as much as 1,000 crore litres of ethanol from the current level of sugarcane production against the requirement of 1,200 crore litres to achieve 20 per cent ethanol blending with petrol (EBP) target by 2025-26.

However, sugar mills need to ramp up their capacity from the current 700 crore litres to at least 1,100 crore litres.

The EBP has reached 11.76 per cent for the current ethanol supply year (December-October) as of August 31, whereas the target is 12 per cent for the whole year and officials are hopeful of achieving it.

Speaking to the media,

Indian Sugar Mills Association (ISMA) President Aditya Jhunjhunwala said sugar mills had contracted to supply about 450 crore litres of ethanol in current Ethanol Supply Year (ESY) ending October 31.

“Had there been no export (of 6.1 million tonnes), there could have been 500 crore litres more ethanol.

“But, sugar mills do not have the capacity and that needs to be raised urgently as only two years are left to meet the 20 per cent ethanol blending with petrol (EBP) target,” he said.

Demanding a long-term ethanol pricing policy for the sugar sector instead of any interest subsidy scheme amid a requirement of over ₹17,000 crore investment to raise capacity, Jhunjhunwala said the



industry has been simultaneously working with Indian Council of Agricultural Research (ICAR) to raise productivity and recovery level of sugarcane so that there is no need to increase acreage under the crop.

The government should devise some formula for fixing ethanol price, he

said, adding that ISMA has requested the rate of ethanol (when produced from sugarcane juice/syrup) be increased to ₹69.85/litre from the current ₹65.61/litre.

He said ISMA has collaborated with ICAR's Coimbatore-based Sugarcane Breeding Institute on a five-year project by granting ₹7.5 crore for research to develop higher-yielding varieties.

SUGAR OUTPUT

On next year's sugar production outlook, he said ISMA still believes in its preliminary estimate of 31.7 million tonnes (mt), excluding 4.5 mt diversions towards ethanol during the 2023-24 sugar season (October-September).

However, the industry will come out with a fresh

estimate during November after analysing the satellite image of sugarcane area across major producing States as there was rainfall deficiency in July-August and revival of monsoon rains in September.

The sugar production for the current season is 32.8 mt, excluding diversion of 4.2 mt for ethanol, he said.

Jhunjhunwala demanded that the minimum selling price (MSP) of sugar should be hiked to ₹38/kg from the current ₹31 in view of increase in production cost and should be linked with the fair and remunerative price (FRP) of sugarcane.

Admitting that the current ex-mill price is higher than the MSP, he said the benchmark should be based on cost of production and not market rate.