

Maha sugar mills submit bids to supply 111 cr litres of ethanol in current supply year

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SUGAR MILLS IN Maharashtra have filed bids to supply 111 crore litres of ethanol to oil marketing companies (OMC) for the ethanol supply year (December-November) 2021-22. This is expected to divert over 12 lakh tonne of sugar in the state with most of the ethanol being produced either from B heavy, C heavy molasses or directly from cane syrup.

According to officials at the Maharashtra State Cooperative Sugar Factories Federation (MSCSFF), 84 units including 34 cooperative sugar mills, 33 private sugar mills, 12 independent ethanol plants and five standalone molasses distilleries will be participating in the production and supply of ethanol in the 2021-22 marketing season. Maharashtra had supplied around 79.04 crore litres of ethanol in the 2020-21 marketing season.

For the ethanol supply year 2021-22, OMCs have floated national tenders for supply of 465 crore litres. Till February-end, the OMCs have finalised supplies of 416 crore litres and letters of intent (LOIs) for 401 crore litres have been issued. In Maharashtra, 84 units including 67 sugar mills have started producing ethanol and in line with the national trend, majority of the mills are producing the fuel additive from B heavy molasses.

At present, Maharashtra has around 127 plants with a production capacity of 303.27 crore litres of ethanol. Officials said that applications have been placed for 336 new projects of which 93 projects are in the cooperative sector, 103 projects in the private sector, 69 applications have been placed for standalone molasses distil-



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leries, 38 applications have been made for grain-based and molasses distilleries and 34 applications have been made for standalone grain-based distilleries. These may take at least a couple of years for installation.

The Centre has fixed premium rates for ethanol produced from cane juice/syrup at ₹63.45 per litre, ₹59.08 per litre for B heavy molasses, ₹46.66 per litre for C heavy molasses and ₹52.92 per litre for grain-based ethanol. This is to ensure maximum reduction of sugar, which would reduce the carry over burden for mills. A bumper back-to-back production had led sugar mills both in Uttar Pradesh

and Maharashtra failing to pay their farmers. Officials of the Sugar Commissionerate estimate that 112 lakh tonne of sugar will be produced during the present season. However, industry sources say the final figure could be around 120 lakh tonne.

In a move to support the ethanol-blending programme, the Centre has kept a provision of ₹160 crore in the revised estimate for 2021-2022 and another ₹300 crore in the budget estimate for 2022-23 for extending financial assistance to sugar mills for augmentation of ethanol production capacity. This will boost setting up of more ethanol distilleries in the country. The ethanol blending target for ESY 2021-22 is 10%. The Department of Economic Affairs said that in the past, for four sugar seasons ending 2020-2021, sugar mills/distilleries generated revenue of about ₹35,000 crore from the sale of ethanol to oil marketing firms, which helped in clearing the sugar cane price arrears owed to farmers.

