



# INDIAN SUGAR & ETHANOL SECTOR

Aditya Jhunjhunwala  
President,  
Indian Sugar Mills Association (ISMA)



# Sugar balance sheet last 3 years

(in million tons)

Sugar season	2021-22 ( E )	2020-21	2019-20
Opening balance (as on 1 <sup>st</sup> Oct)	8.3	10.7	14.6
Estimated sugar production	35.0	31.2	27.4
Sugar availability during the season	43.3	41.9	42
Estimated sugar consumption	27.2	26.5	25.3
Estimated exports	9.0	7.1	5.95
<b>Closing balance (as on 30<sup>th</sup> Sept)</b>	<b>7.1</b>	<b>8.3</b>	<b>10.7</b>

# India's sugar scenario

- **Reduction in carry over stocks by 7.5 million tons in 3 years**

- 14.6 mn tons on 1.10.2019 to an estimated 7.1 mn tons on 1.10.2022
- An OB of 7 million tons of sugar on 1<sup>st</sup> Oct. is ideal for India

- **Consistent sugar exports in last 3 seasons**

- Achieving new levels every year

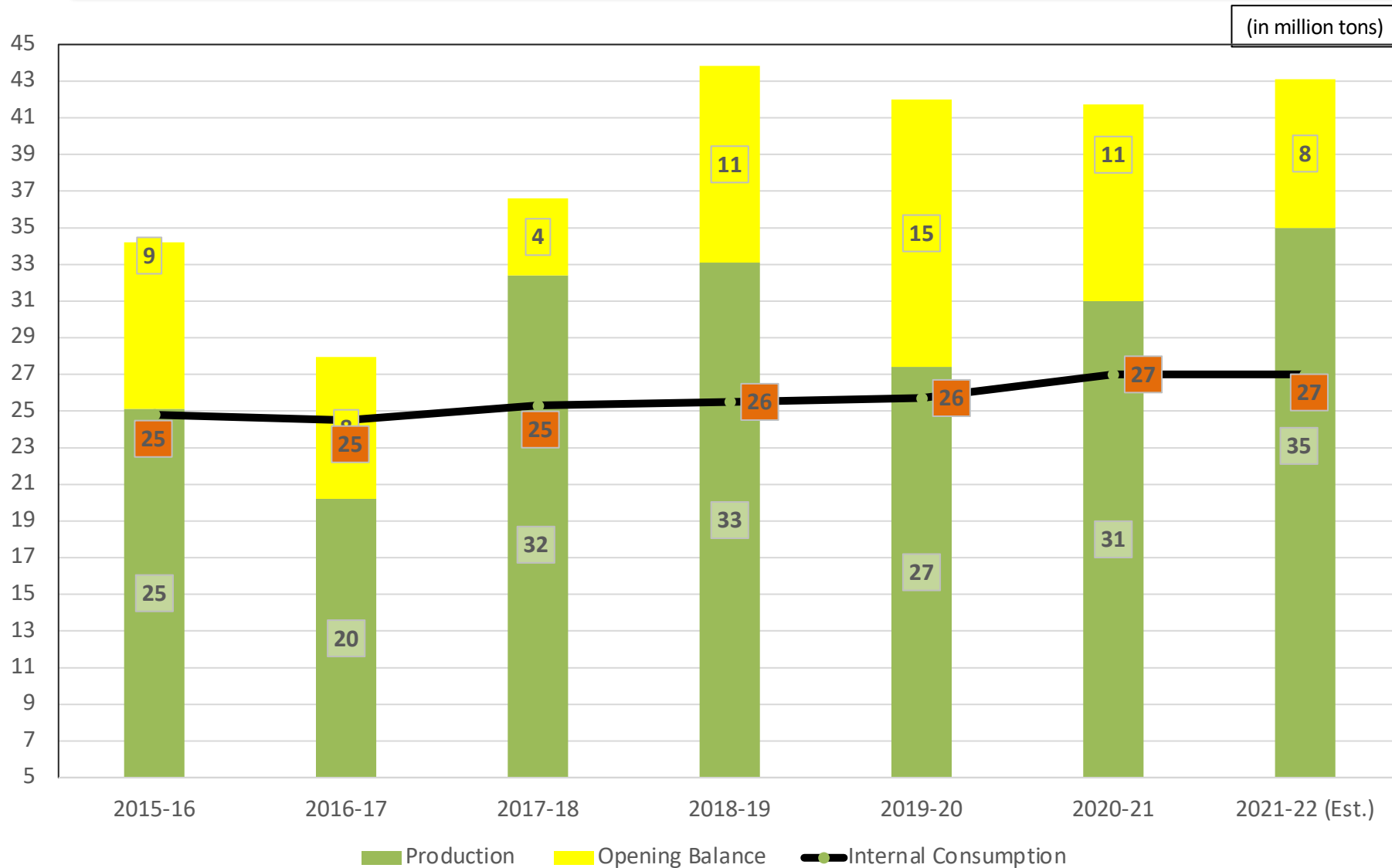
- | Sugar Season      | 2019-20 | 2020-21 | 2021-22 (E) |
|-------------------|---------|---------|-------------|
| Export (mn. tons) | 5.95    | 7.10    | 9.00+       |

- In current season, export contracts for 8.5 mn tons are signed and around 7.7 million tons shipped out till 7<sup>th</sup> April, 2022

- Domestic consumption of sugar has been increasing too

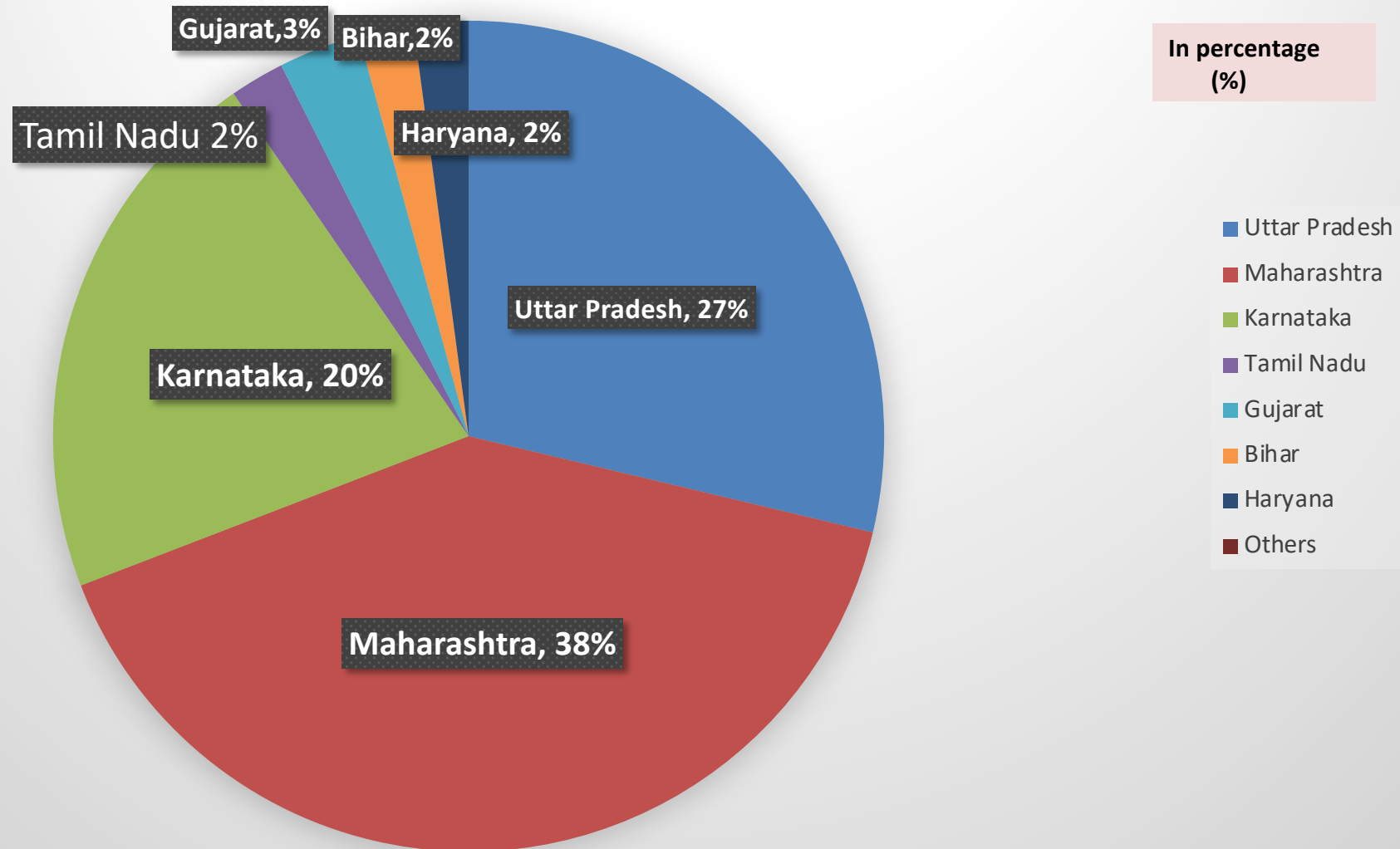
- 25.3 million tons in 2019-20 to an estimated 27.2 mn tons in 2021-22

# India: structural surplus sugar producer



# Over 80% cane production from 3 States

ESTIMATED SUGAR PRODUCTION OF 35 MILLION TONS IN 2021-22 SUGAR SEASON



# The ethanol programme in India

- For the 10% ethanol blending target in 2022, there is need of around 4.5 billion litres
- Supplies in first 5 months has been about 1.7 billion litres
  - Have achieved 9.8% average blending with gasoline across the country as of 25<sup>th</sup> April, 2022
  - In some places, the blending has touched 11% too
- To achieve the target of 20% ethanol blending with gasoline in 2025 .....
  - 10.2 billion litres of ethanol is estimated to be required

## Diversion of sugar equivalent into ethanol

- Encouragement to divert sugarcane juice/syrup and B-heavy molasses to ethanol, instead of more sugar

	2019-20	2020-21	2021-22 (P)	2022-23 (E)
Ethanol procured /targeted (in billion litres)	1.73	2.96	4.5	5.50
All-India average blending	5%	8.1%	10%	12%
Sugar equivalent diverted (in million tons)	0.8	2.1	3.4	5.0

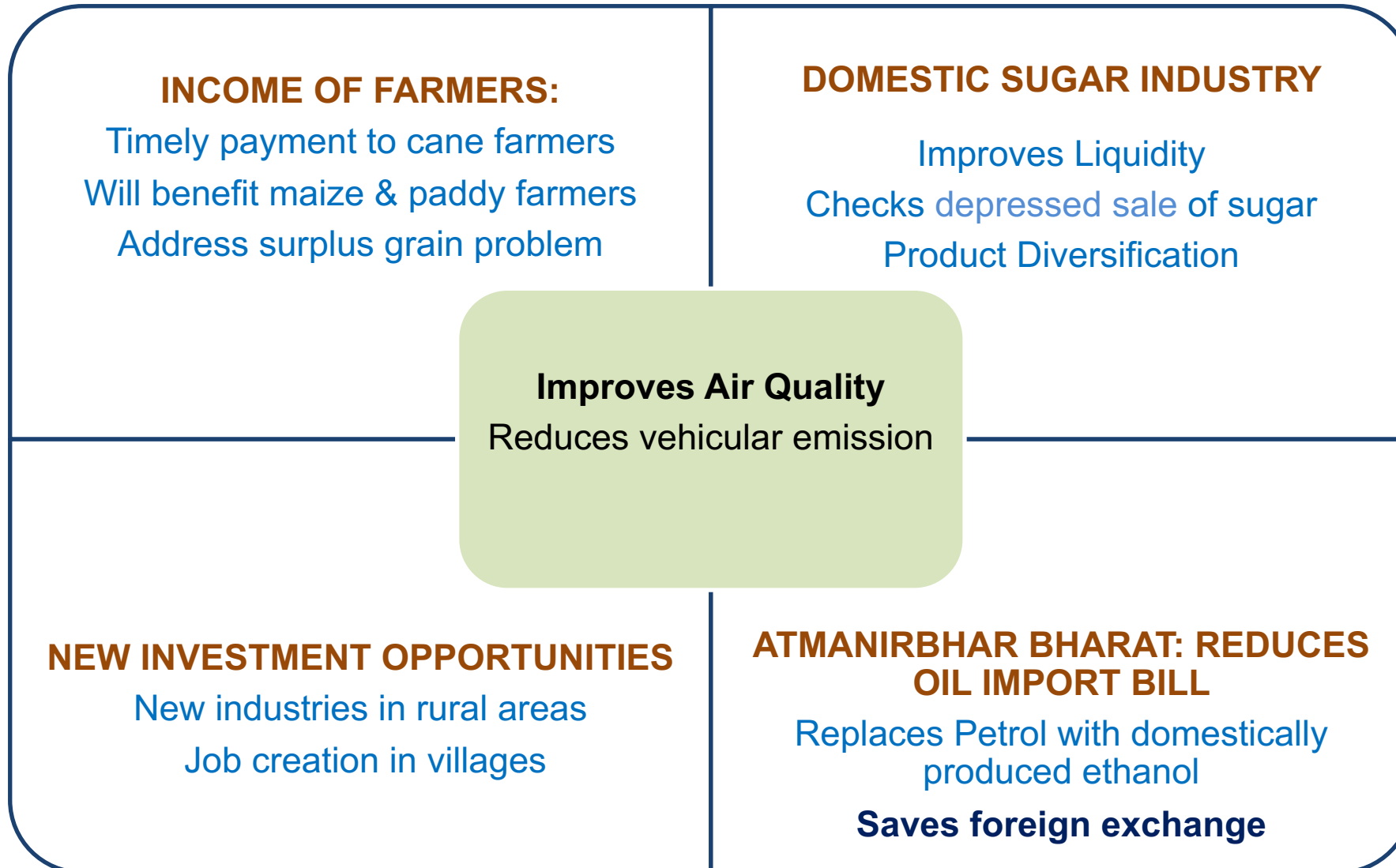
- The target is to create enough capacities to divert all the surplus sugarcane into ethanol

## Road map to achieve the 20% blending level by 2025

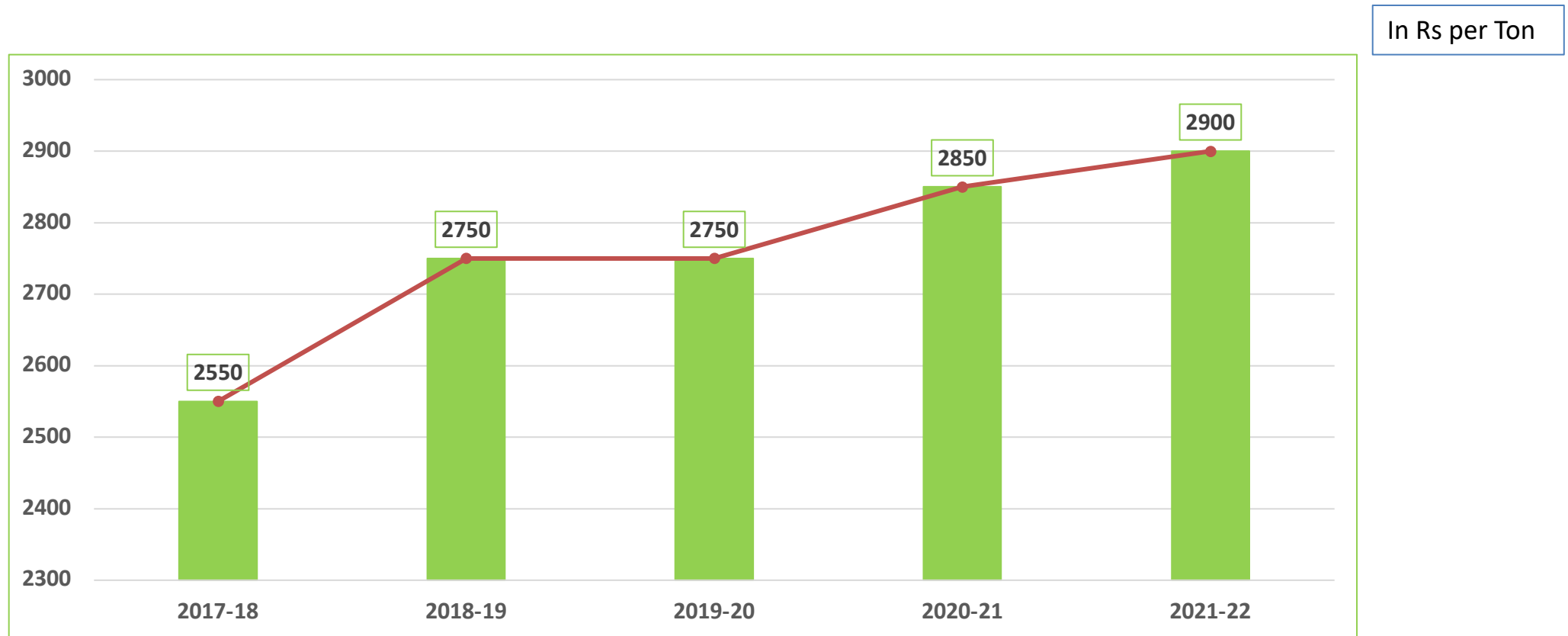
- Ethanol production capacities in the country will need to double
- Infrastructural development
  - Storage capacities with OMCs to double up too
  - Need to develop movement by railways and pipelines
  - Dispensers at retail outlets for E10, E20 and pure ethanol
- Gradual progression from 10% blending in 2022 to 20% in 2025
  - Different blend levels between 2022 and 2025
- For enough demand, auto makers need to respond with .....
  - E20 vehicles from April 2023
  - Flex fuel and hybrid vehicles



# Projected benefits from 20% ethanol blending in 2025

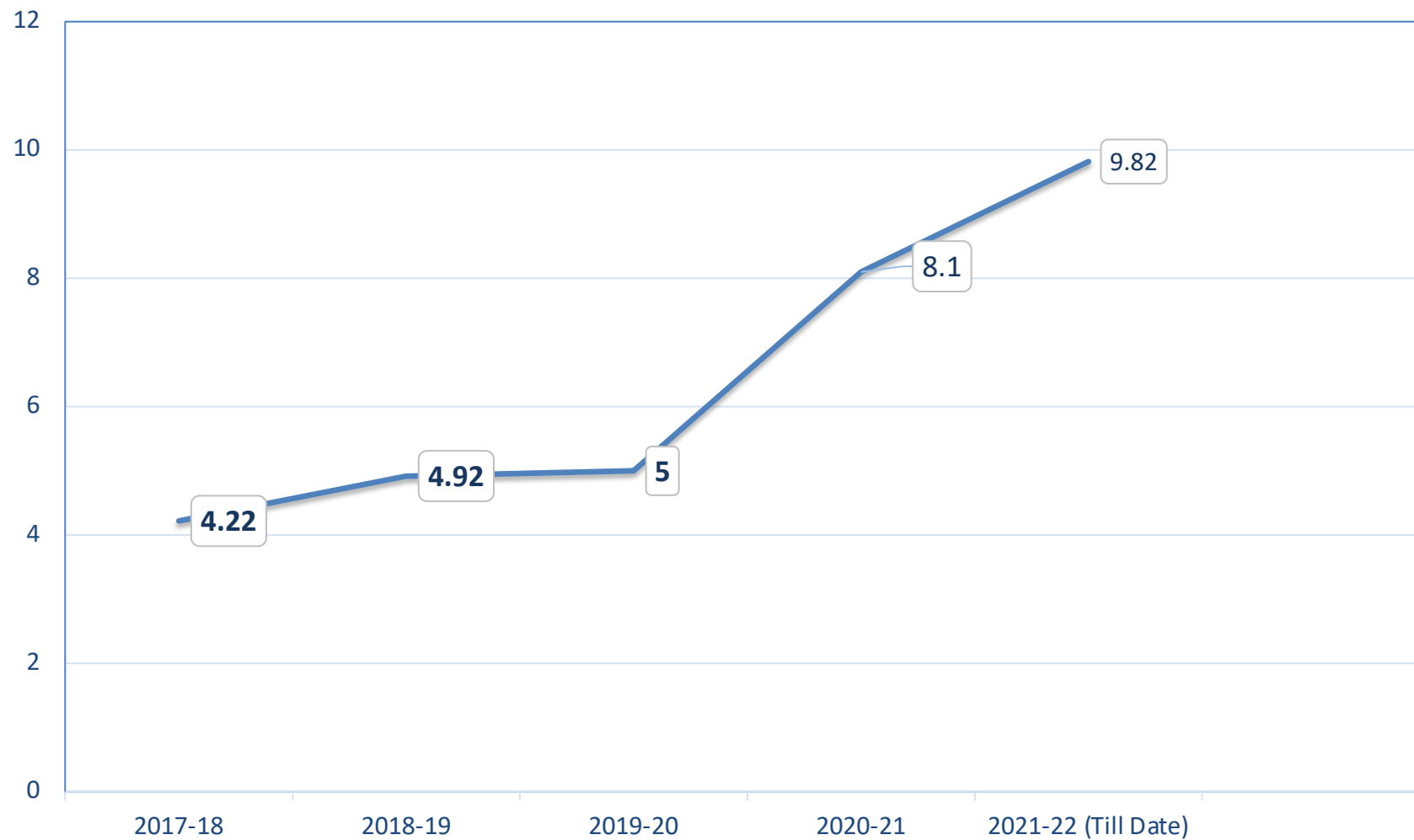


# FRP of sugarcane in last 5 years



- Fair & Remunerative Price (FRP) of sugarcane is fixed by the government.
- Ethanol blending helps the sugar mills to maintain their cash flows.
- Due to this they are able to make timely payment of FRP to sugarcane farmers.
- Simultaneously it will benefit the farmers of Paddy & Maize also.

# Blending Achievement in past 5 years



## Year-wise estimation of capacity expansion

Ethanol Supply Year	Blending level	Ethanol Requirement (in Million litres)			Capacity Requirement (in Million litres)		
		For blending	For other uses	Total Requirement	Grain	Molasses	Total
2019-20	5%	1730	2500	4230	2580	4260	6840
2020-21	8.5%	3250	2600	5850	2600	4500	7100
2021-22	10%	4370	2700	7070	3000	5190	8190
2022-23	12%	5420	2800	8220	3500	6250	9750
2023-24	15%	6980	2900	9880	4500	7250	11750
2024-25	20%	9880	3000	12880	7000	7300	14300

# Ethanol Capacity Requirement to achieve 20%

Year	Capacity Requirement (in million litres)		
	Grain	Molasses	Total
2019-20	2580	4260	6840
2020-21	2600	4500	7100
2021-22	3000	5190	8190
2022-23	3500	6250	9750
2023-24	4500	7250	11750
2024-25	7000	7300	14300

# Initiatives taken to achieve 20% blending

- Two Wheelers & four wheelers compatible with 10% blending are being manufactured since 2008 and are in use
- In all probability 10% blending across the country shall be achieved by end of the ongoing ESY 2021-22, ending on 30<sup>th</sup> November, 2022
- Once the above target is achieved the blending may be switched over to higher blending percentages for which standards have been prescribed
- Government of India has mandated to start blending at 20% from April, 2023.
- With the above change in blending rate, 20% blending may be achieved by 2025, across the country
- Between 2025-2030 E20 compliant two wheelers and four wheelers shall be manufactured.

**THANK YOU**