

Ethanol Blending: Transforming the Sugar Industry's Path



The Indian sugar industry is a massive part of the country's agriculture-based economy. Sugarcane is the main ingredient for making sugar in India. In this industry, both the prices of the raw materials and the prices of the final products are often controlled by the state or central government. This government control has made things a bit challenging for the sugar industry.

However, there have been some positive changes in the industry, thanks to ethanol blending. This is helping the industry overcome some of its difficulties and move in a more positive direction.

What's Happening?

The global commodity markets have seen a notable increase in sugar prices over the last nine months, drawing attention to the sugar sector. However, in India, the sugar sector is undergoing a significant transformation. It has evolved from merely being a sugar producer to becoming a vital part of the clean energy supply chain, specifically through ethanol blending.

Benefits of Ethanol Mix to Sugar Industry

Sugar companies, traditionally involved in sugar production, are now diversifying into ethanol production. This diversification safeguards against the unpredictable swings in sugar prices, reducing their reliance on the volatile sugar market.

Ethanol production has introduced an additional revenue stream for these sugar companies. Selling ethanol allows them to generate extra income, increasing the financial stability of their operations.

Important Steps of Indian Government

As per a report from Business Insider, the government of India is taking significant steps to increase the ethanol mix in petrol from the

current 10% to 20% nationwide over the next two years. This process is planned in two phases. Initially, 15 cities will be included in the first phase, and then the program will be expanded to encompass the entire country within the next two years. In addition, Union Minister Piyush Goyal has expressed confidence that the government will achieve this target by 2025.

Sugar Sector From the Perspective of Economy

The sugar industry in India plays a vital role in the livelihoods of many people in rural areas. Government data shows that it directly impacts approximately 50 million sugarcane farmers and around 5 lakh workers employed in sugar mills. According to Statista's report, the sugarcane and sugar sector in India is the second most significant among the country's agro-based industries, trailing only behind the cotton industry. Remarkably, India holds the top position globally in sugar production, and it's projected to produce about 37 million metric tonnes of sugar in 2022.

What's Next?

According to a report by Business Insider, NITI Aayog (the National Institution for Transforming India) estimates that India will require a staggering 1,400 crore litres of ethanol to achieve its ambitious goal of achieving a 20% blending rate in petrol by the year 2025. This highlights the substantial demand for ethanol as a biofuel in India as the country strives to reduce its reliance on fossil fuels and promote cleaner and more sustainable energy options.