

Maha sugar mills to supply 33 cr litres of ethanol to OMCs

Nanda Kasabe

Pune, Feb 2: Around 32.88 crore litres of ethanol has been approved for sugar mills in Maharashtra in a recent tender floated by oil marketing companies (OMCs). This is perhaps the first time that 53 sugar factories that have ethanol plants in the state have come forward to bid for ethanol, top officials of the Maharashtra State Cooperative Sugar Factories Federation (MSCSFF) said.

While some 42 crore litres has been allocated for Maharashtra, some 53 sugar mills have bid for 37.6 crore litres of ethanol which means sugar mills can earn a revenue of some ₹1,692 crore, Sanjeev Babar, MD of the federation said. Of



the finalised 37.6 crore litres, around 5 mills have contracted the bids outside of Maharashtra to the tune of some 5.8 lakh litres, which leaves 32.88 crore litres as the ethanol to be provided by mills in Maharashtra, he said. This is the third tender that has been floated by oil marketing companies. Dismissing speculation that the state perhaps could not meet the targets because of the drought situation in some parts, Babar said that this time, mills have been active on the ethanol front.

Ethanol rates have been fixed at ₹47.6 per litre and after taxes mills should get at least ₹45 per litre, he said. In the first tender which was floated in September 2015, some 2.64 crore litres

of ethanol was contracted from Maharashtra. In October, some 24.66 crore litres was Maharashtra's share of the national supply. Maharashtra contributes 50% of the country's ethanol requirements. Last season, OMCs had floated an expression of interest (EoI) with a demand for 21 crore litres of ethanol from Maharashtra. However, then it was distilleries in the state that supplied the required ethanol, since the cane crushing season had almost come to an end. This time, however, the mills have been active in participating in the ethanol programme, he said. The funds coming from ethanol should leave more finances in hand for mills to make farmer payments.

In September last year, the food department had asked Uttar Pradesh, the country's biggest producer of cane and ethanol, to supply 56 crore litres of ethanol a year. UP, however, has the capacity to produce only 35 crore litres of ethanol annually. Similarly, Maharashtra has been asked to supply 53 crore litres and Karnataka 25 crore litres of ethanol a year, whereas their capacities to produce this bio-fuel stand at 20 crore litres and 23 crore litres, respectively. Currently, while the country has the capacity to produce 224 crore litres of ethanol a year, OMCs have floated expression of interests seeking supplies of 266 crore litres for implementing the 10% blending plan across the country.

Last year, OMCs had sought 155.95 crore litres of ethanol from sugar mills in 2014-15. This year, OMCs have sought some 262 crore litres. Maharashtra has 68 ethanol manufacturing plants with a total production capacity of 72 crore litres. According to recent Union petroleum ministry data, in 2015, UP produced 56 crore litres of ethanol against Maharashtra's 52 crore litres. The two states together accounted for nearly 67% of country's total ethanol production of around 161 crore litres a year.