SWEET DEAL

# Maha may consider diverting 25% cane output for ethanol

**Of India's total ethanol output, 30 crore litre is consumed by potable alcohol sector and 60 crore litre by chemical industries, leaving about 110 crore litre for blending with petrol**

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**SUGAR MILLS IN** Maharashtra have been in distress due to low prices of the sweetener, surplus stocks and piling cane arrears. To tackle this, the state government is seriously considering framing a policy on diverting 25% of the state's cane to ethanol.

Maharashtra sugar commissioner Shekhar Gaikwad has furnished a proposal to chief minister Devendra Fadnavis, proposing assistance of promotion of ethanol production from sugarcane juice in the state and has sought assistance from the government.

The state sugar commissioner, along with Maharashtra minister for cooperation Subhash Deshmukh, met Fadnavis.

The proposal recommends subsidy for ethanol production from sugarcane, sugar beet, sweet sorghum juice as well as loans for new co-operative ethanol plants and government subsidy for existing sugar factories.

It also seeks subsidy for those sugar mills which divert sugarcane to B heavy molasses or divert up to 25% of their crushed sugarcane for manufacture of ethanol.

According to the commissionerate, sugar mills are likely to be saddled with huge cane arrears. Sugar production for the last couple of seasons has exceeded 320 lakh tonne. The domestic consumption of the country is around 260 lakh tonne. The carryover stocks in 2017-18 and 2018-19 have been in the range of 120 lakh tonne.

Millers have been struggling to sell sugar in an environment where the sentiment is weak. The Minimum Support Price (MSP) of sugar is ₹3,100 per quintal after a directive issued by the Centre a few months ago. Prices of raw sugar in the international market are in the range of ₹1,900 per quintal and ₹2,000 per quintal for whites.

Over 85% of the millers revenue comes from sugar production while cogen and by-products account for 15-20% earning. The increase in cane acreage, improvement in sugar recovery and modern technology has resulted in excess production which in turn is causing losses to millers, he said.

The commissioner has suggested funding measures to boost ethanol production. He said 40% should come from own funding and 60% financial institution term loan for cogen projects. Due to difficulty in obtaining 40% finance from farmer members, it is recommended that out of 40%, 10% should come from mill shareholders, and 30% from government shareholders. The repayment for government shareholders could be for a period of 15 years, he said.

The commissioner put forth the estimated expenditure figures as follows. For ethanol project capacity of 500 tonne per day crushing capacity and projects estimated cost expenditure of the project plus GST, the total project cost comes up to ₹48.49 crore. The estimated cost is ₹76.11 crore for a project capacity of 1,000 tonne per day, ₹99. 88 crore for a 1,500 tonne crushing capacity project and ₹126.85 crore for a crushing capacity of 2,000 tonne per day. The first milestone of 10% ethanol blending with petrol is likely to be achieved next year and 5% blending target has already been accomplished this year.