



ETHANOL IN Bihar, Punjab, Haryana,
Rajasthan, Madhya Pradesh, Uttarakhand
IMPROVE REVENUE: REDUCE SURPLUS
SUGAR & INCREASE ETHANOL



State-wise mills and sugar production

	All – India	Bihar	Madhya Pradesh	Rajasthan	Punjab	Haryana	Uttarakhand
No. of operating mills	532	11	20	1	16	14	8
Private	328	9	18		7	3	3
Cooperative	195		2		9	11	2
PSU	9	2		1			2
Sugar Production 2018-19 (lakh tons)	331.61	8.41	4.47	0.11	7.87	7.02	4.01
Private	232.78	7.72	3.98		5.68	3.09	2.58
Cooperative	98.83		0.49		2.19	3.93	0.71
PSU		0.69		0.11			0.72

State-wise distillery capacity for ethanol & LOI

Ethanol Supply Year (ESY)	No. of distilleries				Ethanol production capacity (crore litres/year)				LOI for ethanol supply
	Private	Coop.	Stand-alone	Total	Private	Coop.	Stand-alone	Total	
All-India	126	59	46	231	301	55	71	427	
Bihar	6 (11)	(2)	1	7 (11)	11		1	12	8.60
MP	2 (18)	(2)		2 (20)	3			3	2.02
Rajasthan		(1)		(1)					-
Punjab	3 (7)	(9)		3 (16)	5			5	5.27
Haryana	1 (3)	1 (11)		2 (14)	1	1		2	0.25
Uttarakhand	1 (3)	(2)	1 (2)	2 (7)	2		2	4	3.52

Reduce 25% all-India surplus sugar: 2-3 years

- 320-330 lakh tons of all India sugar production
 - 60-70 lakh tons surplus over domestic requirement of around 260 lakh tons
- Currently, that surplus of 60 lakh tons is getting exported
 - Requires export subsidy
- **WTO allows export subsidies only till Dec 2023**
 - Hence, Indian industry has to plan to divert the surplus of 60-70 lakh tons of sugar into ethanol in next 2-3 years
 - Sugar export reduction by 20 lakh tons every year till 2023, and increased diversion of equivalent sugar into ethanol every year over next 3 years
- Need additional molasses/cane juice ethanol production capacity of 400-450 crore litres (at all India level)

State-wise reduction of sugar by 25% and consequent need to create additional ethanol capacity

	Sugar production (lakh tons)	25% reduction in production (lakh tons)	Addl. ethanol capacity required * (crore litres)
Bihar	8	2	12
MP	4.5	1.1	6.6
Punjab	8	2	12
Haryana	7	2	12
Uttarakhand	4	1	6

- Based on molasses/cane juice

Status under interest subvention scheme

Status under interest subvention scheme	Bihar		Punjab		Haryana		M.P.		Uttarakhand	
	No. of projects	Addl. capacity (KLPD)	No. of projects	Addl. Capacity (KLPD)	No. of projects	Addl. Capacity (KLPD)	No. of projects	Addl. Capacity (cr. litres)	No. of projects	Addl. Capacity (cr. litres)
In principle approval by DFPD	6	330	8	465	5	265	7	310	10	355
Sanctioned and Disbursed	3	170					1	45	3	115
Sanctioned but not disbursed										
Approached to Banks but pending							1	30		
Rejected										
Information Not Recd.	3	160	8	465	5	265	5	235	7	240
Rejected										

GOI will cancel approvals if significant progress not made/ no information given

Ethanol supply target for 2020-21:

Current capacity is adequate

Individual targets for each distillery in these States have also been calculated and advisory issued by DFPD, GOI to State Governments on 13th Aug, 2020

(in crore litres)

	Ethanol capacity (based on C- molasses)	15% increase in capacity (use of B- molasses/juice) *	Target for ethanol supplies by GOI for 2020-21
Bihar	12	14	10.44
MP	3	3.5	2.80
Punjab	5	6	4.36
Haryana	2	2.5	1.72
Uttarakhand	4	5	3.44

* Use of B-molasses and cane juice will increase capacity by 25%.

However, some distilleries will use C-molasses, hence capacity increase considered @15%

A part of the higher capacity will also be used to make alcohol

Ethanol supply target for 2020-21: Current feedstock is adequate

Individual targets for each distillery in these States have also been calculated and advisory issued by DFPD, GOI to State Governments on 13th Aug, 2020

	Cane crushed in 2018-19 SS (in lakh tons)	Ethanol from C-molasses = @4.5% of cane & 225 litres per ton of molasses (in crore litres)	Ethanol from B-molasses = @7.25% of cane & 320 litres per ton of molasses (in crore litres) *	Target for ethanol supplies by GOI for 2020-21 (in crore litres)
Bihar	81	8.2	18.8	10.44
MP	57	5.8	13.2	2.80
Punjab	78	7.9	18.1	4.36
Haryana	68	6.9	15.8	1.72
Uttarakhand	37	3.75	8.6	3.44

* Practically, there will be a combination of diversion of cane juice, B- and C-molasses use for making ethanol. Hence, supplies could be higher than C-molasses and lower than B-molasses.

So, from both capacity and feedstock point, achieving the target not difficult at all.

Benefits of Conversion of Cane Juice to Ethanol

- Improves cash flows of sugar mills
 - For every 10 lakh tons of sugar diverted, 60 crore litres of ethanol produced
 - 60 crore litres from B-molasses will give around Rs.3300 crore
 - For the additional 3 crore litres of ethanol (as per target given by GOI) in these States, mills will get Rs.165 crore of cash flows
 - Otherwise Rs.165 crore will be blocked in sugar for almost 15 months
- Timely and expeditious payment of cane price to sugarcane farmers, as compared to surplus sugar production

Recent policy initiatives to increase capacity & supplies

- Approved suppliers list for 5 years from 2020-21 ESY
 - Reduces paperwork, resubmission of licenses etc. and thereby reduces delays
- EOIs only for supplies on monthly basis, and every year
- OMCs have reduced security deposit and penalty amounts from 5% to 1%
- Transport rates for ethanol expected to be as per actuals/ as for petrol
- Interest subvention scheme re-introduced by DFPD on 15th Sept. 2020
 - Sugar mills/standalone distilleries can apply afresh in next one month
- Banks & OMCs willing to sign TPAs and loan recovery thru' escrow accounts
 - Gives comfort to banks: will allow mills with weak balance sheets to get loans

More policy initiatives (contd.)

- Government considering
 - 12% ethanol blending (at least in UP, Mah & Karn. and neighbouring States)
 - Considering inclusion of 'Dual Feed' distilleries under interest subvention scheme
- Industry requesting
 - To include storage for feedstock and ethanol under interest subvention scheme

State Govt. policies: Bihar, Punjab, Haryana, Rajasthan, M.P. and Uttarakhand

Department/ Authority	Issue	Recommendation
State Excise	<ul style="list-style-type: none"> • Permission for use of cane juice in all these States • Rajasthan is levying Re. 1 /litre import fee • Permission for import of ethanol in Rajasthan is time taking 	<ul style="list-style-type: none"> • Freedom to use cane juice • Should be withdrawn • Should be eased
State Pollution Control Board	<ul style="list-style-type: none"> • Quick approvals for ECs • No need of CTE if EC issued • No change in EC for use of B-molasses & cane juice increasing production 	<ul style="list-style-type: none"> • Process should be fast, to give ECs in 8-10 months • Environment Ministry, GOI, has directed CTE not required if EC issued • Once approved Ch. Engr. gives 'no increase in pollution load' certificate, 15 days max. be taken

Current year's contracts and supplies

(figures in cr. litres)

Raw Material	BIHAR		HARYANA		MADHYA PRADESH		PUNJAB		UTTARAKHAND	
	No. of Sugar Mills	Quantity (2019-20)	No. of Sugar Mills	Quantity (2019-20)	No. of Sugar Mills	Quantity (2019-20)	No. of Sugar Mills	Quantity (2019-20)	No. of Sugar Mills	Quantity (2019-20)
SCJ (100% Sugarcane Juice)							1	1.16		
BHM (B-Heavy Molasses)	1	0.99	1	0.05	2	0.20	2	1.52		
CHM (C-Heavy Molasses)	5	7.61	1	0.20	2	1.82	4	2.59		3.52
Total		8.60		0.25		2.02		5.27		3.52

- One more tender/EOI for 2019-20 ESY expected in next week
- Mill-wise supplies vis-à-vis contracts monitored at highest level, and other penal actions being planned, beyond financial penalties
- Everyone has to honour the contract

THANK YOU

Sl. No.	Name of the applicant Sugar Mill / distillery	Amount of loan (crore Rs.)			Purpose of sanction	Proposed additional capacity (KLPD)	Status
		Sanctioned by		Disbursal			
		DFPD	Bank				
BIHAR							
1	Harinagar Sugar Mills Ltd	31	31	14.00	Expansion of Existing Distillery	75	Approached To Bank and Loan Disbursed
2	HPCL Biofuels Ltd	20			Incineration of Boiler		No Response
3	HPCL Biofuels Ltd	20			Incineration of Boiler		No Response
4	Magadh Sugar & Energy Ltd., (Bharat Sugar)	64.22			Proposals for New distillery	50	Commissioned
5	Majhaulia Sugar Industries Pvt. Ltd.,	57.8			Proposals for New distillery	45	Commissioned
6	Tirupati Sugars Ltd	130.24			Proposals for New distillery	160	No Response
HARYANA							
7	Piccadily Agro Industries Ltd	20			Incineration of Boiler		No Response
8	Saraswati Sugar Mills Ltd	96.6			Proposals for New distillery	100	No Response
9	The Haryana Co-op Sugar Mills Ltd	68.12			Proposals for New distillery	60	Yet not Approached
10	The Panipat Coop. Sugar Mills Ltd,	57.8			Proposals for New distillery	45	No Response
11	The Shahabad Co-op Sugar Mills Ltd,	58.92			Proposals for New distillery	60	No Response

MADHYA PRADESH							
13	Kareli Sugar Mills Ltd	40			Proposals for New distillery	30	No Response
14	Mahakaushal Sugar & Power Industries Ltd	45			Proposals for New distillery	60	No Response
15	Narmada Sugars Pvt Ltd	45			Proposals for New distillery	60	No Response
16	Olam Agro India Pvt. Ltd	57.8			Proposals for New distillery	45	No Response
17	Parvati Sweetners and Power Ltd,	51.38			Proposals for New distillery	40	No Response
18	Shri Durga Khandsari (Sugar) Mill	33	20.00	20.00	Proposals for New distillery	45	Approached To Bank and Loan Disbursed
19	Shrijee Sugar & Power Ltd	33			Proposals for New distillery	30	Approached To Bank
PUNJAB							
20	Ajnala Co-operative Sugar Mills Ltd	43.5			Proposals for New distillery	30	No Response
21	Chadha Sugars & Industries Pvt Ltd	24.5			Expansion of Existing Distillery	30	No Response
22	Chadha Sugars & Industries Pvt Ltd.	23			Incineration of Boiler		No Response
23	Indian Sucrose Limited	107.1			Proposals for New distillery	120	No Response
24	Nahar Industrial Enterprises Ltd.	80			Proposals for New distillery	85	No Response
25	Piccadily Sugar & Allied Industries Ltd	20			Incineration of Boiler		No Response
26	The Gurdaspur Co-Op. Sugar Mills Ltd	96.6			Expansion of Existing Distillery	100	No Response

UTTARAKHAND

28	Dhanashree Agro Products (P) Ltd	44			Proposals for New distillery	45	No Response
29	Doiwala Sugar Co. Ltd.	52.99			Expansion of Existing Distillery	45	No Response
30	Kichha Sugar Co. Ltd	52.99			Proposals for New distillery	45	No Response
31	Rai Bahadur Narain Singh Sugar Mills Ltd	26			Incineration of Boiler		No Response
32	Rai Bahadur Narain Singh Sugar Mills Ltd,	45.12			Expansion of Existing Distillery	60	No Response
33	The Bazpur Co-operative Sugar Factory Ltd	21.67			Incineration of Boiler		No Response
34	The Kisan Sahakari Chini Mills Ltd	52.99			Proposals for New distillery	45	No Response
35	Uttam Sugar Mills Ltd	28	32.00	32.00	Incineration of Boiler		Approached To Bank and Loan Disbursed
36	Uttam Sugar Mills Ltd	25	23.00	23.00	Expansion of Existing Distillery	75	Approached To Bank and Loan Disbursed
37	Uttam Sugar Mills Ltd	45.50	45.50	32.45	Proposals for New distillery	40	Approached To Bank and Loan Disbursed
	Total	1815.44	151.50	121.45		1725.00	