



**ETHANOL IN Tamil Nadu, Andhra Pradesh,
Telangana, Gujarat, Chhattisgarh, & Goa
**TO IMPROVE REVENUE: REDUCE SURPLUS
SUGAR & INCREASE ETHANOL****



State-wise mills and sugar production

	All – India	Tamil Nadu	Andhra Pradesh	Telengana	Gujarat	Chhattisgarh	Goa
No. of operating mills	532	35	18	7	16	4	1
Private	328	18	13	7	2		
Cooperative	195	15	5		14	4	1
PSU	9	2					
Sugar Production 2018-19 (lakh tons)	331.61	9.56	5.09	2.57	11.23	1.16	0.04
Private	232.78	6.69	4.39	2.57	0.33		
Cooperative	98.83	2.54	0.70		10.90	1.16	0.04
PSU		0.33					

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	Public Sector	Coop.	Stand-alone	Total	Private	Public Sector	Coop.	Stand-alone	Total	
All-India	124	2	59	46	231	298	3	55	71	427	206.34
Tamil Nadu	9 (18)	0 (2)	2 (15)	1	12 (35)	16.41	0	1.71	2.22	20.34	1.25
Andhra Pradesh	8 (13)		0 (5)		8 (18)	8.05				8.05	2.37
Telangana	3 (7)				3 (7)	4.63				4.63	1.17
Gujarat	0 (2)		9 (14)	3	12 (16)			7.03	4.14	11.17	4.07
Chhattisgarh			0 (4)		0 (4)						
Goa			0 (1)		0 (1)						

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)
Tamil Nadu	9.56	2.39	14
Andhra Pradesh	5.09	1.27	8
Telangana	2.57	0.64	4
Gujarat	11.23	2.81	17
Chhattisgarh	1.16	0.29	2
Goa	0.04	0.01	0

- Based on molasses/cane juice

Status under interest subvention scheme

Status under interest subvention scheme	Tamil Nadu		Andhra Pradesh		Telangana		Gujarat	
	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)
In principle approval by DFPD	3	154	7	595	2	75	7	207
Sanctioned and Disbursed			1	0	1	30		
Sanctioned but not disbursed								
Approached to Banks but pending			1	30			1	30
Postponed by project proponent	1	45					1	
Information Not Recd.	2	109	5	565	1	45	5	177

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)

States	Ethanol capacity (based on C- molasses)	15% increase in capacity (use of B- molasses/juice) *	Target for ethanol supplies by GOI for 2020-21
Tamil Nadu	20	23	17.29
Andhra Pradesh	8	9	6.84
Telangana	5	6	3.94
Gujarat	11	12	9.50

* 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

States	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)
Tamil Nadu	108.54	10.99	25.18	17.29
Andhra Pradesh	54.08	5.48	12.55	6.84
Telangana	24.14	2.44	5.60	3.94
Gujarat	103.81	10.51	24.08	9.50
Chhattisgarh	12.06	1.22	2.80	
Goa	0.53	0.06	0.12	

* 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 28.75 crore litres of ethanol (as per target given by GOI) in these States, mills will get Rs.1580 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: Tamil Nadu, Andhra Pradesh, Telangana, Gujarat, Chhattisgarh and Goa

Department/ Authority	Issue	Recommendation
State Excise	<ul style="list-style-type: none"> • Permission to make ethanol in Tamil Nadu • Permission for use of cane juice/BHM • Tamil Nadu is levying Re. 0.50 /litre Administrative Charges on intra-State movement • Goa is levying Re. 0.25/litre on Urban Development Cess on import of ethanol • Permission required for movement in TN & AP 	<ul style="list-style-type: none"> • Blanket permission be given • Freedom to use cane juice / BHM • Should be withdrawn • 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	Tamil Nadu		Andhra Pradesh		Telangana		Gujarat	
	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	0.53	1	0.45		0.87	0	0
BHM (B-Heavy Molasses)	1	0.57	3	1.57	1	0.30	1	0.06
CHM (C-Heavy Molasses)	2	0.15	1	0.40	0	0	9	4.01
Total		1.25		2.37		1.17		4.07

- 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				
ANDHRA PRADESH							
1	E.I.D-Parry(l) Ltd	17.33	17.33	17.33	Incineration of Boiler		Approached To Bank and Loan Disbursed
2	Natems Sugar Pvt Ltd	50			Proposals for New distillery	45	
3	SNJ Sugars and Products Ltd	51.38			Expansion of Existing Distillery	40	Approached To Bank
4	Sri Sarvaraya Sugars Ltd	15.5			Expansion of Existing Distillery	30	
5	Sudalagunta Sugars Ltd	107.1			Proposals for New distillery	120	Approached To Bank
6	Sudalagunta Sugars Ltd	107.1			Proposals for New distillery	120	
7	NCS Sugars Ltd	195.36			Proposals for New Distillery	240	Approached To Bank
GUJARAT							
8	Coper Co-Operative Sugar Ltd	43.5			Proposals for New distillery	30	Approached To Bank
9	Shree Ganesh Khand Udyog Sahakari Mandli Ltd,	15			Expansion of Existing Distillery	27	
10	Shree Ganesh Khand Udyog Sahakari Mandli Ltd,	23			Incineration of Boiler		Approached To Bank
11	Shree Govardhan Sugar Industries	40.5			Proposals for New distillery	30	
12	Shree Kantha Vibhag Sahakari Khand Udyog Mandli Ltd	55			Proposals for New distillery	45	Approached To Bank
13	Shree Khedut Sahakari Khand Udyog Mandli	78.19			Expansion of Existing Distillery	75	
14	Shree Mahuva Pradesh Sahakari K.U.M. Ltd	17.7			Incineration of Boiler		Postponed

TAMIL NADU

15	Bannari Amman Sugars Ltd	72.66			Proposals for New distillery	64	
16	E.I.D-Parry(l) Ltd	57.8			Expansion of Existing Distillery	45	Postponed
17	Ponni Sugars(Erode) Limited	57.8			Proposals for New distillery	45	Yet not Approached

TELENGANA

18	Ganpati Sugar Industries Ltd,	25	26.50	8.80	Proposals for New distillery	30	Approached To Bank and Loan Disbursed
19	Trident Sugars Ltd	45			Proposals for New distillery	45	
	Total	1074.92	43.83	26.13		1031.00	