



ETHANOL IN UTTAR PRADESH IMPROVE REVENUE: REDUCE SURPLUS SUGAR & INCREASE ETHANOL



Sugar mills and production in UTTAR PRADESH

	All-India	UTTAR PRADESH
No. of operating mills	532	119
Private	328	92
Cooperative	195	24
PSU	9	3
Sugar Production 2018-19 (lakh tons)	331.61	118.2
Private	232.78	109.29
Cooperative	98.83	8.91
Sugar Production 2019-20 (lakh tons)	273.34	126.37
Private	196.69	115.01
Cooperative	76.65	11.36

Distilleries and capacity to manufacture ethanol

Ethanol Supply Year (ESY)	No. of distilleries				Ethanol (crore litres/year)			
	Private	Coop.	Stand-alone	Total	Private	Coop.	Stand-alone	Total
All-India 2019-20 capacity	126	59	46	231	301	55	71	427
Uttar Pradesh (2019-20) capacity	36* (95)	8 (13)	11	55	120	6	23	150
Uttar Pradesh Supply LOIs for 2019-20					NA	NA	NA	105.69

* Some Sugar Companies aggregate their molasses of 2-3 sugar mills to 1 distillery.

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 based ethanol production capacity of 400-450 crore litres (at all India level)

Reduction in sugar for Uttar Pradesh in 2-3 years

- UP sugar production in 2019-20 is around 125 lakh tons
 - 25% reduction = 30-31 lakh tons of surplus sugar
- Need creation of approx. 180 crore litres of additional molasses/cane juice based ethanol capacity

Status under interest subvention scheme	No. of projects	Addl. Capacity (KL/Day)
In principle approval by DFPD	60	4300
Sanctioned and Disbursed	20*	890
Sanctioned but not disbursed	0	
Approached to Banks but pending	3	400
Not Approached Banks	7	940
Information Not Recd.	30	1750

* Includes one distillery commissioned of under 60 KLDP

- GOI plans to cancel approvals if significant progress not made/ no information

Ethanol supply target for 20-21 for UTTAR PRADESH

- Ethanol capacity of 150 crore litres is based on C- molasses
 - Use of B-molasses and cane juice increases capacity by 25%
 - But some may continue C-molasses use, hence capacity increase taken at 15% more
 - Some part of the capacity of about 170 cr litres will be used for alcohol etc.
- Hence, ethanol supply target for 2020-21, fixed by GOI for UP, at 127.18 cr. litres
 - Individual targets for each distillery in UP has also been calculated and advisory issued by DFPD, GOI to State Governments on 13th Aug, 2020

Feedstock-wise ethanol in UTTAR PRADESH

- Considering 126 lakh tons of sugar and 1115 lakh tons of cane crushing
 - At 4.5% of cane crushed, 50 lakh tons of C-molasses will be produced
 - At 235 litre per ton of C-molasses, 117 crore litres of ethanol can be produced
- If all mills only produce and use/sell B-molasses
 - At 7.25% of cane crushed, 80 lakh tons of B-molasses will be produced
 - At 320 litres per ton of B-molasses, 250 crore litres of alcohol/ethanol can be produced
 - This will reduce 40 lakh tons of sugar production from UP
- However, practically there will be a combination of diversion of cane juice, B-molasses and C-molasses use for making ethanol
- So, from both capacity and feedstock point, UP can achieve target of 127.18 crore litres of ethanol in 2020-21

Benefits of Conversion of Cane Juice to Ethanol

- Improves cash flows of sugar mills in UP
 - 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 20 crore litres of ethanol (as per target given by GOI), mills will get Rs.1100 crore of cash flows
 - Otherwise Rs.1100 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: UTTAR PRADESH

Department/ Authority	Issue	Recommendation
State Excise	<ul style="list-style-type: none"> • Permission for use of cane juice • Re.0.15 per litre is levied on license fee on intra- state movement • Denaturant fee @ 0.15 paise per litre is levied on inter and intra state movement 	<ul style="list-style-type: none"> • Freedom to use cane juice • Should be withdrawn since not reimbursed by OMCs • Should be withdrawn since not reimbursed by OMCs
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)

	2019-20	
Raw Material	No. of Sugar Mills	Quantity allocated
SCJ (Sugarcane Juice)	1	0.25
BHM (B-Heavy Molasses)	20	48.23
CHM (C-Heavy Molasses)	43	57.19
Total	---	105.69

- 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				
1	Avadh Sugar & Energy Ltd	34.50			Incineration of Boiler		No Response
2	Avadh Sugar and Energy Ltd	68.12			Expansion of Existing Distillery	60	No Response
3	Avadh Sugar and Energy Ltd	68.12			Proposals for New distillery	60	No Response
4	Dalmia Chini Mills- Nigohi	38.00	38.00	38.00	Incineration of Boiler	120	Approached To Bank and Loan Disbursed
5	Dalmia Chini Mills- Nigohi	80.00			Proposals for New distillery	120	No Response
6	Dalmia Chini Mills- Nigohi	50.00	50.00	50.00	Proposals for New distillery	60	Approached To Bank and Loan Disbursed
7	Dalmia Chini Mills- Nigohi	30.00	14.00	10.08	Expansion of Existing Distillery	40	Approached To Bank and Loan Disbursed
8	DCM Shriram Industries Ltd	20.00	24.50	24.50	Incineration of Boiler		Approached To Bank and Loan Disbursed
9	Dhampur Sugar Mills Ltd	31.50	31.50	31.50	Expansion of Existing Distillery	50	Approached To Bank and Loan Disbursed
10	DCM Shriram Ltd	162.80			Proposals for New distillery	200	Approached to Bank
11	DSM Sugar	15.00	15.00	15.00	Expansion of Existing Distillery	50	Approached To Bank and Loan Disbursed
12	DSM Sugar	125.00			Proposals for New distillery	200	Approached to Bank

13	Dwarikesh Sugar Industries Ltd	72.98	116.88	116.88	Expansion of Existing Distillery	70	Approached To Bank and Loan Disbursed
14	Gobind Sugar Mills Ltd,	96.60			Proposals for New distillery	100	No Response
15	Gularia Chini Mills	80.00			Proposals for New distillery	160	Commissioned
16	Indian Potash Ltd	57.80			Expansion of Existing Distillery	45	No Response
17	Indian Potash Ltd	68.12			Expansion of Existing Distillery	60	No Response
18	Kesar Enterprises Ltd	21.66			Incineration of Boiler		Not Aailed
19	Kisan Sahakari Chini Mills Ltd	96.60			Proposals for New distillery	100	Approached To Bank and Loan Disbursed
20	Kisan Sahkari Chini Mills Ltd	15.00			Incineration of Boiler		Approached To Bank and Loan Disbursed
21	Kisan Sahkari Chini Mills Ltd	9.00			Incineration of Boiler		Approached To Bank and Loan Disbursed
22	Kisan Sahkari Chini Mills Ltd, Nauta	6.00	6.00	6.00	Incineration of Boiler		Approached To Bank and Loan Disbursed
23	L.H Sugar Factories Ltd	107.10	60.00	36.52	Expansion of Existing Distillery	120	Approached To Bank and Loan Disbursed
24	Mawana Sugar Complex	80.00			Proposals for New distillery	120	Yet not Approached
25	N R Infracon Private Limited	96.60			Proposals for New distillery	100	No Response
26	Nanglamal Sugar Complex	22.50			Expansion of Existing Distillery	30	Approached To Bank and Loan Disbursed
27	Nanglamal Sugar Complex	35.02	30.00	30.00	Incineration of Boiler		Approached To Bank and Loan Disbursed
28	Oswal Overseas Ltd	68.12			Proposals for New distillery	60	No Response
29	Parle Biscuits Pvt Ltd	68.12	68.00	68.00	Proposals for New distillery	60	Approached To Bank and Loan Disbursed
30	SBEC Sugar Ltd	68.12			New Distillery of 60	60	No Response

31	Shakumbari Sugar and Allied Industries Ltd.	23.00			Incineration of Boiler		No Response
32	Shravasti Kisan Sahkari Chini Mills Ltd.	9.00			Incineration of Boiler		No Response
33	Simbhaoli Sugars Ltd, Hapur	10.48			Expansion of Existing Distillery	15	No Response
34	Simbhaoli Sugars Ltd, Brijnathpur	23.00			Incineration of Boiler		No Response
35	Simbhaoli Sugars Ltd, Simbhaoli	29.58			Incineration of Boiler		No Response
36	Simbholi Sugars Ltd., Bahirach	36.68			Expansion of Existing Distillery	60	No Response
37	Simbholi Sugars Ltd., Chilwaira,	30.52			Incineration of Boiler		No Response
38	Sir Shadi Lal Enterprises Ltd, Shamli	49.86			Incineration of Boiler	170	No Response
39	Sir Shadi Lal Enterprises Ltd., Shamli	62.10			Expansion of Existing Distillery	100	No Response
40	The Baghpat Cooperative Sugar Mills Ltd,	96.60			Proposals for New distillery	100	No Response
41	The Kisan Sahkari Chini Mills Ltd, Farukabad	17.28			Incineration of Boiler		Approached To Bank
42	The Kisan Sahkari Chini Mills Ltd, Bulandshahr	6.00	6.00	6.00	Incineration of Boiler		Approached To Bank and Loan Disbursed
43	The Seksaria Biswan Sugar Factory Ltd.,	21.42	21.42	10.00	Incineration of Boiler		Approached To Bank and Loan Disbursed
44	The United Provinces Sugar Company Ltd	83.40			Proposals for New distillery	80	Yet not Approached
45	Tikaula Sugar Mills Ltd, Muzaffarnagar	27.34	21.80	10.09	Expansion of Existing Distillery	30	Approached To Bank and Loan Disbursed
46	Tikaula Sugar Mills Ltd, Muzaffarnagar	19.50	19.50	14.62	Incineration of Boiler		Approached To Bank and Loan Disbursed
47	Triveni Engineering & Industries Ltd, Muzaffarnagar	83.40	21.00		Proposals for New distillery	160	Party availed Rs.50.00 Crore from our bank for both units and rest from other banks
48	Triveni Engineering & Industries Ltd, Rampur	130.00	54.00		Proposals for New distillery	160	
49	Triveni Engineering & Industries Ltd	130.00			Proposals for New distillery	160	Yet not Approached

50	Triveni Engineering & Industries Ltd, Khurja	130.00			Proposals for New distillery	160	Yet not Approached
51	Triveni Engineering & Industries Ltd, Hasanpur	130.00			Proposals for New distillery	160	Yet not Approached
52	Triveni Engineering & Industries Ltd, , Khatauli	46.93			Incineration of Boiler	160	Yet not Approached
53	U P State Sugar Corporation Ltd, Pipraich	68.12			Proposals for New distillery	60	No Response
54	UP State Sugar Corporation Ltd, Moinuddnpur	107.10			Proposals for New distillery	120	No Response
55	Venus Sugar Ltd	68.12			Proposals for New distillery	60	No Response
56	Wave Industries Pvt. Ltd	107.10			Proposals for New distillery	120	No Response
57	Yadu Sugar Limited	107.10			Proposals for New distillery	120	No Response
58	Jubliant Life Sciences Pvt Ltd	29.00			Expansion of Existing Distillery/ Incineration of Boiler	20	No Response
59	Shadilal Distillery & Chemical Works Ltd	60.00			Expansion of Existing Distillery/ Incineration of Boiler	140	No Response
60	Saw Research & Development Pvt Ltd	96.60			Proposals for New Distillery/ Incineration of Boiler	100	Yet not Approached
	Total	3631.61	597.60	467.19		4300.00	