

Ethanol purchase price may increase by up to ₹2 next yr

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The Centre may raise the purchase price of ethanol across all categories by up to ₹2 per litre for the 2022-23 season (December-November).

On the contrary, the ethanol manufacturing industry is bullish on a steeper increase in the price at which oil marketing companies (OMCs) would purchase ethanol from them next year.

"Based on internal discussions, it was understood that the purchase price of ethanol could be hiked by up to ₹2. That is the upper limit with which we are comfortable," an official from the petroleum ministry said.

He said details have been sent to the minister and the final decision will rest with him and the Cabinet.

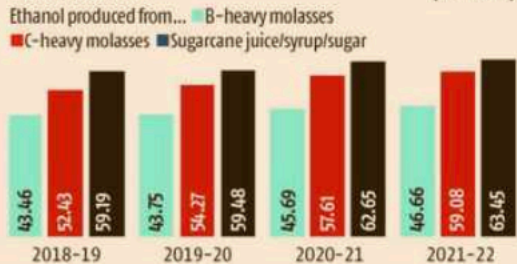
Unlike other countries, ethanol procurement price in India is linked to the fair and remunerative price (FRP) of sugarcane. This has been raised from ₹290 per quintal in 2021-22 (October to September) to ₹305 for 2022-23 (for basic recovery of 10.25 per cent).

During the current ethanol supply year of 2021-22 (December to November), the government has increased the procurement price of all three categories of ethanol produced from different sources by 1.27 to 2.55 per cent.

The purchase rate for ethanol produced from C-heavy molasses was increased to ₹46.66 per litre from ₹45.69. And, that of B-heavy ethanol, it was to ₹59.08 per litre from ₹57.61 per litre (see chart).

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Ethanol procurement price for the season starting from December 1 (in ₹/litre)



Note: Ethanol supply year is from December to November

Source: Government

'Will announce sugar export quota for next marketing yr'

The government will soon announce export quota of sugar for next marketing year starting October, Food Secretary Sudhanshu Pandey said on Monday. He however did not disclose the quantity of sugar that will be allowed for export in 2022-23 marketing year. "We will soon announce the sugar export policy for next season," Pandey said. PTI

"Though, the industry expects a higher procurement price for ethanol next year, but given that it is linked to FRP, the increase could be moderate," a senior industry official said. He, too, said a final call on this could be taken in the next few months.

India has plans to increase

the blending to 20 per cent by 2025. The Centre is of the view that a higher blending of ethanol in petrol will help India cut its oil import bill. It will also benefit sugarcane farmers and mills.

Officials from the oil ministry said they are not under pressure to raise ethanol purchase volumes by significant amounts. This is because the proposed timeline to achieve the optimum level of ethanol blending is on track.

According to data from the petroleum and natural gas ministry, the government has achieved 10.3 per cent ethanol blending in petrol as of June. This is well ahead of the November 2022 deadline of achieving 10 per cent.

The government's overall control on the ethanol pricing mechanism is also set to reduce going forward, officials added. Already, the government has allowed oil public sector undertakings (PSUs) the freedom to decide the pricing for 2G (second generation) ethanol.