



PRESIDENTIAL ADDRESS

BY

**SHRI ADITYA JHUNJHUNWALA**

AT

88<sup>th</sup> ANNUAL GENERAL MEETING OF THE

**INDIAN SUGAR MILLS ASSOCIATION**

ON

15<sup>th</sup> DECEMBER, 2022, NEW DELHI

**Respected Shri Sanjeev Chopra ji, Secretary, Department of Food & Public Distribution, Ministry of Food, Public Distribution and Consumer Affairs, Government of India,**

**Shri Subodh Singh, Additional Secretary (Sugar), Ministry of Food, Public Distribution and Consumer Affairs, Government of India,**

**Senior Officials from the Government,**

**My fellow members of the Indian Sugar Mills Association,**

**Friends from National Federation of Cooperative Sugar Factories Ltd. and other Associations,**

**Associate members representatives from OMCs and Friends from the embassies and media.**

**Ladies and Gentlemen,**

1. On behalf of the Indian Sugar Mills Association, it is my pleasure and honour to welcome you all to the 88<sup>th</sup> Annual General Meeting of our Association.
2. It is an honour for us to have amongst us Secretary, Department of Food and Public Distribution, Shri Sanjeev Chopra ji. Your support and encouragement are precious to the industry. Sir, we thank you for being here with us today.
3. We are indeed grateful to Hon'ble Minister of Food, Public Distribution and Consumer Affairs, Commerce & Industry and Textiles- Shri Piyush Goyal, for the support that we have received in all these years. We are grateful to Shri Subodh Kumar Singh- Additional Secretary (Sugar) for all the help and support. Several sugar mills were under a lot of financial constraints and meeting financial obligations was proving to be an uphill task. There were severe liquidity concerns, and mills were struggling to make timely cane payments.
4. Thanks to the several positive and growth-oriented measures

taken by the Government over the past few years, like- sugar exports and ethanol blending programme, which have helped the industry to overcome the hurdles.

5. I am delighted to say that sugar season 2021-22 was a remarkable year for us. For the very first time, the country achieved 10% ethanol blending, and sugar export have crossed 111 lakh tons. This is significant considering that just a couple of years back both ethanol blending and sugar exports were minimal and sugar industry found itself facing 'problem of plenty' i.e. surplus sugar stocks, which led to glut in domestic sugar supplies and unremunerative domestic price of sugar.
6. Sir, we are happy to be a part of the dream of the Hon'ble Prime Minister to make the country self-reliant in meeting energy requirements, save precious foreign exchange, and most importantly ensure that we and our next generation can breathe in pollution free environment.
7. Sir, you are aware that when we had started on the ethanol mission, the cumulative ethanol production in the country was a meagre 280 cr ltrs. Today, the overall ethanol production capacity in the country has touched about 618 cr ltrs. This is possible due to the joint effort of the Government and sugar industry.
8. The interest subvention scheme that was given to us by the Government in 2018, is being availed by the industry widely. As on date, about 1131 total projects have got in-principal approval from the Government, and going forward we are hopeful that many more projects will get the nod of the Government.

#### **A). ISMA'S VISION DOCUMENT**

9. I would like to take this opportunity today, to present before you a Vision document curated by ISMA, which we feel will carve out the future of the Sugar industry and our stake-

holders.

10. As per the estimates of Niti Aayog, in order to achieve 20% ethanol blending in the country by 2025-26, about 1016 cr litres of ethanol would be required. We know that this is just the beginning. The sugar industry has set itself a goal of diverting 100 lakh tons of sugar for achieving production of 1000 crore litres. However, this would require higher ethanol production capacity, more distilleries, and conducive Government policies to boost sugarcane and sugar production in the country.
11. The sugar industry is ramping up investments in improvement of cane variety. We believe that sugarcane yields can go up substantially based on available products and data collected by ISMA. ISMA is working closely with cane research institutes to develop higher cane yield varieties, which are drought resistant, pest resistant, and can withstand any vagaries of monsoon. Some remarkable progress is being made in identifying certain crop varieties for South India which can give promising yield with less water as well. Besides, ISMA is evaluating certain products and methods which are being developed to improve cane yields and reduce water consumption.
12. Higher cane yields will further increase sugar production, wherein more sugar could be diverted towards ethanol production which will help us achieve 20% ethanol blending and beyond.
13. Sir, in June this year, a team from ISMA which had representatives from Government, sugar industry & OMCs, SIAM had travelled to Brazil for understanding their ethanol blending journey. We learnt how Brazil has turned around the ethanol programme, which had remarkably improved their environment and people breath in clean pollution free air. About 90% of the vehicles there are FFVs and average blending is 56%.
14. Many of our cities including the Capital are top-ranking

cities as far as pollution index is concerned. This is a huge health hazard and if correct measures are not taken, we will incur huge expenses in health care. I believe the time has come to explore FFVs. In October this year, Toyota India has launched the first ever FFV in the country and ISMA has signed an MOU with them to promote the same.

15. Sir, we believe that the time has come for a clear roadmap on FFVs. We would request the Government to support the same, which will not only give ethanol suppliers some visibility about the future of ethanol run vehicles, but I am sure OMCs and automobile manufacturers will also be benefitted which will help them get a direction regarding the future of FFVs.
16. Sir, as was mentioned earlier, the way forward is moving towards E100 which will make our country independent of any import bill on account of petrol, which will be made possible with important contribution from sugar industry. I would request the Government to develop a national policy to promote E100. We would like to request the Government to levy the same GST to the manufacturers of hybrid FFVs as is levied on the EV manufacturers.

## **B). GREEN ENERGY HUB**

17. The sugar industry is at the throes of a revolution. Our efforts are towards transforming ourselves to being Green Energy Hub in the country. As we move ahead from 10% ethanol blending, our next stop is 20% ethanol blending with petrol, which we are confident of achieving. For 12% blending, around 651 cr litres of ethanol would be required and would be diverting 45 lakh tons of sugar towards ethanol production in the current season.
18. As we know India has attained Presidency of G20. This is a big opportunity for us, to share with the world the Charter of clean and green energy.
19. The Hon'ble Minister of Petroleum and Natural Gas Shri Hardip Singh Puri has talked about a global alliance on biofuels, much on the lines of the highly-

successful international solar alliance. Sir, we at ISMA have started working on the same I promise you today, that the sugar industry will do everything in its capacity to help Government achieve the same.

20. ISMA is actively contemplating setting up of green energy hub which constitute of Ethanol, Bio CNG, Bio Energy Charging Stations. To begin with, this could be set up in the factory zone, and later could be expanded to other areas as well. We feel such hub will be one-stop for all green energy and has the potential to gradually transform fuel choices from fossil to green fuel.

21. Sugar mills are working on projects and evaluating measure by which the waste that is generated from spent wash boilers and also press mud could be used for production of Bio-CNG as well as manure for crop. In addition to that, granulated potash which is derived from molasses is also being used as a crop manure.

### **C). WAY FORWARD**

22. We are seeing for us several opportunities as we move ahead. There are several challenges as well, which I am sure that with the correct help and support of the Government, we would be able to convert them into advantages for us.

23. Sir, there is an undeniable truth that industry needs cash generation to run its operations. Being an agro-industry wherein 50 million cane farmers and their family are dependent on us, it becomes even more important that we have enough money to run our operations and to make timely cane payment to farmers.

24. However, there are still few policies which needs the support of the Government. We feel that these policies should be relooked at and amended as per the global dynamics which are challenging and demand course correction. The domestic sugar industry has to co-exist with global competition, and therefore policies should be protective to help domestic sugar

mills sustain itself in a fast-changing global atmosphere.

25. As you all know, the pet peeve of the sugar industry is the lack of a rationalized and scientific formula to determine the price of cane. Lack of linkage between cane price and sugar price is making cane price unaffordable. Since 2019, the Government has been increasing the cane FRP, which has gone up by almost Rs.30 / quintal. Moreover, there are few States which fix price of cane above the FRP. Such an arbitrary determination of cane price burdens the sugar mills.
26. Sir, in 2018, the Government introduced Minimum Sugar Price, wherein a price of Rs.29 per kilo was fixed by the Government, and the policy was enormously beneficial for the sugar industry as at that time, domestic prices were at multi-level low. Further the MSP was revised upwards in 2019 and was fixed at Rs.31 per kilo. However, ever since then and it has been almost 3 years that the MSP is static at that rate.
27. The Government has increased the cane price FRP. But there has been no corresponding increase in price of sugar. Sir, currently, the average all India ex-mill prices are around Rs. 34 – 35 per kg, which is below the cost of production. Clearly there is a gap, which should be bridged to ensure that there is enough liquidity for the sugar mills, and we are able to make timely payment to farmers.
28. We feel that in order to make sugar industry future ready, and take on global competition, the time has come to make cane price determination based on market forces. We feel that Government should adopt the Revenue Sharing Formula (RSF), along with Price Stabilisation Fund (PSF) to protect interests of farmers.
29. In previous sugar season, we exported more than 111 lakh tons of sugar, which is highest and unprecedented. On account of robust sugar exports in 2021-22 SS, we earned

about Rs.40,000 cr in foreign exchange, which helped us make timely cane price payment to farmers and plan our operations smoothly.

30. As per ISMA's 1<sup>st</sup> advance estimate issued in mid-October, the total sugar production is expected to be the highest ever at 410 lakh tons (before diversion). Sugar diversion towards production of ethanol is estimated to be at 45 lakh tons. Hence the net sugar production after factoring in the diversion is expected to be at 365 lakh tons.
31. Sir, you have allowed sugar export of 60 lakh tons. We are grateful that exports are allowed with the option provided to sugar mills to exchange their export quota with domestic sugar sale quota. This is much on the lines of the request made by ISMA and equitable to all sugar mills
32. Sir, we are confident that you will allow additional sugar export in the current season, after duly evaluating the sugar production early next year. This additional sugar export, will help us effectively utilize the surplus sugar production in the season and generate revenue from the same.
33. Sir, we are grateful to the Government that since 2018, differential rate is fixed for ethanol procured from different sources of molasses. However, due to the increase of capex and input costs, the price of ethanol produced from sugarcane juice/syrup fixed by the Government is not sufficient enough. We feel that the Government should revisit determining the price of ethanol produced from cane juice/syrup, and should be fixed to cover the ROI of the new projects which will be an incentive for the sugar mills to produce more ethanol from cane juice/syrup.
34. Sir, I would like to bring your attention towards another important point. We need to harvest Cane by Mechanical Harvesters. A subtitle deduction is required to be allowed. As you are aware that the Sugarcane (Control) Order 1966 empowers the Government to fix the cane price FRP. It also gives power to the Government to fix the rate of rebate that



can be deducted from FRP under various reasons. However, the Order doesn't currently provide for rebate in case of sugarcane harvested through mechanical harvesters, wherein along with sugarcane, extra quantities of cane trash also get included in the supplies made by the sugar mill due to limited availability of farm labour.

35. Sir, it is a humble request that a provision may be included in Sugarcane (Control) Order 1966, to provide a rebate that can be deducted for FRP/agreed price of sugarcane to be paid by the mill, in case of sugar mills where Mechanical Harvesters are used, as non-cane material gets included in mechanically harvested cane. Also, currently rebate for binding material is 1% which is too low as compared to actuals. We would also request that the Transport rebate for 'purchase centre' procurement be revised every year by CACP.

36. Sir, I would like to inform you that the Association is undertaking a study on water conservation, and it will be our earnest effort to study the same, and put in place checks and balances to save this precious gift of nature.

37. In this context, Sir, I would like to inform you and everyone present here, that for the very first time there would be a pavilion at the Auto Expo dedicated to ethanol. ISMA is partnering in the pavilion to educate and create awareness amongst auto enthusiasts and people for ethanol blended petrol. I would request you all, and especially the media who is present here, to come and be part of the history in the making. The Auto Expo dates are from 13<sup>th</sup> to 18<sup>th</sup> January 2023, at India Expo Mart, Greater Noida.

38. I would like to share that we are creating a joint platform, called 'India- Future Roadmap of Ethanol Energy- i-Free' wherein all the stakeholders of ethanol- ISMA, OMCs, AIDA, SIAM, IIT Delhi, Praj and ARAI would be coming on a singular platform to outline the roadmap for E10 to E20 and beyond. The platform will work with the Government and part of the

journey of transition from E10 to E20 in one voice. The logo and the platform will be unveiled in January 2023.

39. Sir, International Sugar Organisation (ISO) organizes a seminar on sugar, every year in London. I am delighted to mention that on the request of ISMA ISO has agreed to hold sugar seminar in India in September 2023.

#### **E). ACKNOWLEDGEMENTS**

40. Before I end my Presidential Address, I wish to acknowledge with a deep sense of gratitude the positive policy decisions and financial assistance that the sugar sector has received continuously from the Hon'ble Prime Minister Shri Narendra Modi. His efforts in driving the Ethanol Blended Program has helped in the structural change in the Indian sugar industry.
41. I wish to thank the Hon'ble Cabinet Ministers of the Government –Shri Piyush Goyal, Shri Nitin Gadkari, Shri Hardeep Singh Puri, Smt. Nirmala Sitharaman, Dr. Mahendra Nath Pandey and Shri Bhupendra Yadav for their continued support.
42. I would like to thank, Shri Sanjeev Chopra for all the encouragement, patience and positive attitude towards our problems and demands. I would like to thank Shri Sudhanshu Pandey, former Food Secretary. Under his tenure, the sugar industry got immense support and guidance.
43. I would like to extend my gratitude to Secretary (Petroleum and Natural Gas) Shri Pankaj Jain. He is extremely positive and is guiding us continuously in this national mission of ethanol blending programme. I would also like to thank the former Secretary (Petroleum & Natural Gas), Shri Tarun Kapoor, for his guidance during his tenure.
44. I am also thankful to Shri Subodh Kumar Singh, Additional Secretary (Sugar) and his team including Shri Vivek Shukla, Shri Sangeet Singla and Shri Jitendra Juyal in the Department of Food and PD and other officials of the Ministry and Sugar

Directorate for their help and assistance.

45. I am thankful to Shri Sunil Kumar, the Joint Secretary (Petroleum) and his team including Shri Peeyush Agarwal and Shri Manish Sarda for their help and guidance.
46. I would thank the CMDs and senior officers of the Oil Marketing Companies viz. IOC, BPCL and HPCL for their cooperation, smooth procurement and assistance in the ethanol blending program.
47. I wish to record my appreciation of our Past Presidents, including Chairpersons of various Sub-Committees and the Regional Associations for their continued guidance. I would like to make a special mention of my colleagues on the Committee, especially the Vice-President Dr. Palani G. Periasamy who has always been available for consultation and advice.
48. I wish to record my appreciation for the hard and dedicated work put in by the officers and staff of ISMA. They are indeed very efficient and are always willing to put in their best efforts. I would specially like to thank Shri Sonjoy Mohanty, our Director General for his dedication and putting the above in order.
49. A very special thanks to our friends from the Media for giving the industry positive recognition and support during the entire year. I thank the distinguished guests who have so kindly responded to our invitation and are here today at the ISMA AGM.

**JAI HIND.**