

Department of Food and Public Distribution (GoI) in association with ISMA and NFCSF organized 5 webinars to look into ways to increase State-wise ethanol production

The increasing use of renewable energy has become an important mission of Government's development agenda. The Government is serious about exploring various types of renewable energy to be used as a viable alternative over the traditional non-renewable energy, like coal and other fossil fuels, which are not only costing the exchequer but is also hazardous to the environment.

Along with electricity generation with the help of wind and solar energy, bio-fuels derived from agri-products like sugarcane molasses etc., is showing promising signs of addressing the concerns of environment and limiting carbon discharge into the environment, along with proving to be cost effective as compared to petrol and diesel.

In 2018, Government unveiled the National Bio-fuel Policy, and set a target of 10% blending of ethanol with petrol by 2022, and 20% blending by 2030. For 2020-21 ESY, Government has set an all-India target of 362 crore litre of ethanol, and it has asked sugar mills to produce and supply more ethanol to OMCs.

With a view to improve revenue realisation of sugar mills by increasing ethanol production and to enhance the supply of ethanol to OMCs in the current Ethanol Supply Year (ESY) 2019-20 and ensuing ESY 2020-21, the Department of Food & PD (DFPD), in association with ISMA and NFCSF organised 5 webinars, for sugar mills and standalone distilleries of sugarcane producing States of the country- Uttar Pradesh, Karnataka, Maharashtra, Tamil Nadu, Bihar, Haryana, Uttarakhand, Punjab, Madhya Pradesh, Rajasthan, Odisha, Puducherry, Telangana, Andhra Pradesh, Goa, Gujarat and Chattisgarh.

The webinars were chaired by the Joint Secretary (Sugar), DFPD. Senior officials from DFPD, Ministry of Petroleum, Officials of State Government, State Pollution Control Boards, Excise Departments and OMCs, besides the senior officials from ISMA and NFCSF, were also present at the webinars.

The 5 webinars were held over one week, the schedule is given below-

Date	States
22nd September, 2020	Karnataka (2:30 pm to 4:30 pm)
24th September, 2020	Uttar Pradesh (10:30 am to 12:30 pm)
25th September, 2020	Maharashtra (10:30 am to 12:30 pm) Bihar, Odisha, MP, Rajasthan, Punjab, Haryana & Uttarakhand (2:30 pm to 4:30 pm)
29th September 2020	Tamil Nadu, Puducherry, Telangana, Andhra Pradesh, Goa, Gujarat & Chattisgarh (10:30 am to 12:30 pm)

The important point that was taken up for discussion in the webinars was ways to increase ethanol production in the sugarcane producing States of the country, so that mills can fulfill annual ethanol requirement of the OMCs. It was highlighted that the domestic sugar industry is a structural surplus sugar producer, and it would be safe to assume that going forward India will continue to produce surplus sugarcane, much more than sugar consumption requirement of the country.

Government has extended soft loans of about Rs.19,000 cr through banks to about 368 projects (351 sugar mills and 17 molasses based standalone distilleries) for augmentation and enhancement of ethanol production capacity. Out of 351 sugar mills which have got approval from DFPD, loans have been sanctioned to 68 projects. Completion of these projects would increase ethanol generation capacity by 189 cr ltr in another 2 years, which will increase country's total ethanol generation capacity from 426 cr ltrs per annum to 615 cr ltrs.

However, to achieve 20% blending target, the country would need 800 cr ltrs more ethanol distillation capacity. This would be possible only if maximum sugar mills go in for ethanol capacity augmentation.

It was pointed out that WTO has allowed India sugar export subsidies only till December 2023. Hence, Indian industry has to plan on how to divert the surplus of 60-70 lakh tons of sugar into ethanol in next 2-3 years. There is a need for molasses/cane juice ethanol production capacity of 400-450 crore litres (at all India level).

There have been many recent policy initiatives taken by the Government to increase ethanol capacity and supply. To incentivize sugar mills to produce more ethanol, the Government had announced in 2018, for the first time, three different prices of ethanol depending on the raw material used viz. B-heavy molasses, C-heavy molasses and direct sugarcane juice. Government also allowed sugar mills to avail loans under interest subvention scheme to set up distillery units in the sugar mills, and expand ethanol generation.

It was also discussed that the Government has decided to help sugar mills with weak balance sheets. Accordingly, such mills with weak financial condition can approach the banks again, along with proposal to enter into tripartite agreements (TPAs) with banks and OMCs for sanction of loans. A draft TPA has been circulated by the Government, and would be available with banks, and can also be obtained from DFPD or offices of sugar industry associations too.

In nutshell, and after detailed discussions over one week, it was felt that all the States are on board and the production and supply would be maximized from the ensuing ethanol supply year 2020-21 onwards. The State Governments will discuss with all sugar mills, who have been given in-principle approval for loans for ethanol projects, and help them to apply for the loans and set up ethanol production capacities as quickly as possible.

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Under the chairmanship of JS(sugar) a Webinar was organized today to explore the ways to improve revenue realization of sugar mills by increasing ethanol production capacity of the sugar mills of Karnataka.



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DG,ISMA made a presentation on the ethanol production capacity of Distilleries of Karnataka and the potential available for increase in production.

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. JS(sugar) exhorted all the mills/ distilleries who could not earlier avail the benefit of interest subvention of DFPD to come forward and avail the benefits of the scheme in the recently opened window of the scheme and to become part of EBP program.

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JS(sugar) apprised the participants of the recent initiatives taken by the GoI as well as benefits of diversion from sugar to ethanol. He said that Karnataka mills have potential of supplying 66 crore litre ethanol in ESY 2020-21

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As a part of the series of webinars on maximising revenue from sugar mills and promoting ethanol, 3rd and 4th webinars with the states of Maharashtra, Bihar, Punjab, Uttarakhand, MP, Haryana and Rajasthan were organised today under the chairmanship of JS(sugar)

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JS(sugar) apprised all the participants of the recent initiatives taken by the Central Government and requested all the sugar mills and distilleries to come forward and grab this opportunity of making sugar sector more viable and profitable.

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Today's webinars were attended by more than 160 participants including the senior officers from central government and state governments, OMCs, sugar millers/distillers and associations of sugar mills ISMA & NFCSE.

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Rs 115.09 crore released to State Government of Madhya Pradesh as Central Assistance for intra-State transportation and FPS dealers commission for basic and additional margin for distribution of foodgrains under National Food Security Act, 2013.



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.He informed all the participants about the recently opened window of interest subvention scheme and requested them to avail this opportunity offered by the central government with Tripartite agreement between Sugar Mill, OMCs and Banks.



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State wise targets of ethanol supply in 2020-21 were discussed in the webinar. All sugar mills and state govts assured to achieve targets including 108 crore litre from Maharashtra.



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