



Maharashtra mills favour less sugar, more ethanol

Mills in the State seen producing 104 crore litres of ethanol this season

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Maharashtra sugar mills start crushing on Thursday. They have a target to fulfil — not produce excess sugar but produce 104 crore litres of ethanol.

According to the Indian Sugar Mills Association (ISMA), the country's sugar industry plans to divert surplus 60 lakh tonnes of sugar into ethanol in the next 2-3 years, reduce sugar export by 20 lakh tonnes every year till 2023, and increase diversion of equivalent sugar into ethanol every year over the next three years. "The future of the Indian sugar sector depends on less sugar production and turning

to ethanol, which will be its saviour. Maharashtra mills are no exception. Maharashtra mills have decided to produce 104 crore litres of ethanol this season," Prakash Naiknavare, Managing Director, National Federation of Cooperative Sugar Factories Ltd. (NFCSF) told *BusinessLine*.

He added that infrastructure and capacity building to produce ethanol was one of the major issues in Maharashtra. The balance sheets of many Maharashtra sugar mills are not healthy and hence banks have refused to provide loans under the Central government scheme to enhance capacity to produce ethanol.

"NFCSF played a role to have a



The government insists that ethanol production will help curtail import of crude oil and support the economy

tri-party agreement (TPA) where marketing companies agreed to buy ethanol produced by mills at a fixed price, sugar mills will provide ethanol as per the agreement, and banks will recover their loan and interest from the revenue earned by mills. As of now, Maharashtra mills have the capacity to produce 125 crore litres

of ethanol annually," Naiknavare added.

The government is insisting that ethanol production will help curtail the import of crude oil and support the economy reeling under pressure due to the Covid-19 pandemic and the subsequent lockdowns. It will help improve liquidity of sugar mills facing a financial crisis,

and many mills are not even able to pay FRP (Fair and Remunerative Price) to farmers.

Pressed for time

Ganpatrao Sawant, director Sangli based Vasantdada Sugarcane Cooperative, said sugar mills are willing to go for ethanol production but the government must give time to achieve the target. "Not all mills have the infrastructure to start ethanol production. Mills need time to shift gears," he said.

The Centre is targeting ethanol production and support target of 300-350 crore litres in 2020-21, and achieving 7.5-8 per cent ethanol blend levels with petrol. As per the National Policy on Biofuels, 2018, the government intends to achieve ethanol with petrol blend level of 10 per cent by 2022 and 15 per cent by 2030.