

Oil firms require 40% more ethanol than sugar mills' installed capacity

Gap may be met by non-sugarcane sources such as wheat and corn

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The quantity of ethanol sugar companies offered in the first tender for the 2019-20 marketing season was lower than what oil marketing companies (OMCs) had sought, because of a drop in production and prospects of better prices from other sources.

But, even if they had offered their full capacity, they would not have met the need, as OMCs' original requirement itself exceeded the installed capacity of sugar mills by 40 per cent. While the oil companies placed tenders for 5.11 billion litres of ethanol in 2019-20, sugar mills have a total installed capacity, from all sources, of only 3.55 billion litres.

In the first tender for 2019-20, sugar companies offered 1.63 billion litres of ethanol, 13.29 per cent less than in 2018-19 season, as sugarcane output dropped and portable alcohol manufacturers offered better prices. Ethanol delivery season starts from December and ends in November.

According to sources, OMCs are expecting a surge in ethanol production from non-sugarcane sources in the coming season, so their ethanol require-

ment exceeds the sugar firms' entire installed capacity to produce ethanol. They are also confident that their doping target for the year won't have to be cut drastically due to lower ethanol availability from sugarcane-based sources.

"Apart from molasses, sugarcane juice, rotten and surplus grains are also allowed to be converted into ethanol. Enhanced capacity utilisation and creation of licensed new facilities are given additional thrust. Substantial quantities of Ethanol will come from this," said Y B Ramakrishna, chairman, working group on biofuels of the ministry of petroleum and natural gas.

State-run Indian Oil Corporation (IOC) is the country's top buyer of ethanol from all sources with 45 per cent market share, followed by Hindustan Petroleum Corporation (HPCL) and Bharat Petroleum Corporation (BPCL).

So far, bulk of the ethanol, that is, over 90 per cent, is being produced from sugarcane-based molasses.

However, the government, in the coming year, expects significant quantities of it to come from non-sugarcane sources like wheat and corn.

Uttar Pradesh, Maharashtra

IN NUMBERS



5.11 bn litres Ethanol required from all sources by OMCs in 2019-20	3.55 bn litres Installed capacity of sugar firms for ethanol production in 2019-20	3.3 bn litres Ethanol required by OMCs in 2018-19	2.45 bn litres Ethanol contracted by OMCs from all sources in '18-19	1.88 bn litres Ethanol supplied in 2018-19 so far
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and Karnataka account for bulk of the sugarcane-based ethanol produced in India.

However, experts say the transition from molasses-based ethanol to non-molasses based one could be easier said than done.

This is because in the 2018-19 marketing season, out of the 2.45 billion litres of ethanol contracted, less than 10 per cent or just around 0.17 billion litres was from non-sugarcane sources.

The rest are all from sugarcane-based molasses.

In 2019-20, the situation is slightly better because officials said out of the total requirement of 5.11 billion litres, OMCs have already floated the first tender for 1.63 billion litres.

Of this, 0.40 billion (around 26 per cent) is from non-sugarcane sources such as wheat and corn while the rest is from molasses.

"OMCs may also be shoring up their ethanol capacities from 15 days to 30 days which is why they require such huge quantities of the same. They may be planning to advance

the 10 per cent blending target from 2022," said a senior industry official.

To increase their ethanol producing capacities from non-sugarcane based sources, OMCs have already lined up plans to set up 12 second generation ethanol bio-refineries in 11 states.

Of this, five locations, namely Dahej (Gujarat), Panipat (Haryana), Bargarh (Odisha), Bina (Madhya Pradesh) and Bathinda (Punjab) are expected to be the first in line.

The Centre, in March 2019,

had cleared a soft-loan package of ₹15,000 crore with an interest subsidy of ₹3,355 crore to companies that are setting up distilleries for producing additional capacities as a part of the ethanol blending programme.

This was in addition to the ₹1,332 crore interest subvention on soft loans by sugar mills that was announced in June 2018.

However, agency reports said that the soft loan programme is moving at a very slow pace as banks have so far disbursed only about ₹800 crore.

According to industry experts, only 5-6 per cent of the total soft loan amount of ₹15,000 crore, announced under the scheme, has been disbursed so far by banks.

Meanwhile, domestic sugar production in the ongoing 2019-20 crushing season (October to November) dropped by nearly 65 per cent to 485,000 tonnes as on November 15.

The mills in Maharashtra are yet to start crushing because of inundation due to floods this year. Last year, 149 mills in the state were already operating and had produced 631,000 tonnes by this time. Now, the Maharashtra government has decided to start crushing from November 22.

With inputs from Virendra Singh Rawat in Lucknow

Not privatising Railways: Govt

'Only outsourcing some services'

PRESS TRUST OF INDIA
New Delhi, 22 November

The railway ministry informed Parliament on Friday that there is a proposal to outsource commercial and onboard services of a few trains, but no large-scale privatisation plans are underway.

While private players will be allowed to run trains, the responsibility of its safety lay with the Railways, it said.

IRCTC, the Railway tourism and catering arm, has started running the first "private" train, Tejas Express from Lucknow to Delhi. "There is no plan for large-scale privatisation of routes. There is a proposal to outsource the commercial and onboard services of a few trains and also to permit private players to induct modern rakes to run trains on select routes with an objective to provide improved service delivery to passengers.

However, the responsibility of train operations and safety rests with the Indian Railways," Railway Minister Piyush Goyal informed the Rajya Sabha.

PTI

Piyush Goyal, railway and commerce minister

DPIIT got complaints on e-com firms

The Department for Promotion of Industry and Internal Trade (DPIIT) has received complaints that e-commerce firms are offering deep discounts, indulging in predatory pricing, exercising control over inventory and influencing the prices of goods sold on the platform, said Commerce and Industry Minister Piyush Goyal in Parliament on Friday **PTI**

Govt to work with jewellery industry

Piyush Goyal said he will work with gems and jewellery industry on their demand to cut import duty on gold and bring back businesses, which have shifted from the country. He also asked the industry to follow legal practices such as doing digital transactions to enhance the integrity of the sector. **PTI**

