

Cabinet set to approve 25% hike in price of ethanol from cane

New Delhi: The Cabinet is set to approve 25% increase in the price for ethanol produced directly from sugarcane juice on Wednesday — from Rs 47.5 per litre to Rs 59.5 — in its bid to encourage sugar mills to divert production of the sweetener to the vehicle fuel to reduce the piling up of sugar. The government also aims to cut down crude oil import, which is on the rise, by increasing the blending of ethanol in petrol by 10%.

According to sources, the Cabinet is also likely to approve the increase in prices of ethanol produced from B-heavy molasses from present Rs 47.5 per litre to Rs 52.43. Diverting sugarcane juice for directly making ethanol is common across the major sugar producing nations world. Brazil leads

the list where all the ethanol produced is directly made from sugarcane juice.

Officials and industry insiders said government push to produce more ethanol from sugarcane juice would also help the millers for quick release of farmers' cane arrears. At present, the arrears across India is over Rs 13,000 crore during the current season and over 40% of this due is only in the case of UP.

Sugar industry is staring at a bigger crisis next year when the peak arrears could be to the tune of around Rs 30,000 crore during March and April because of the likelihood of another bumper crop.

Moreover, it is estimated that there would be an excess stock of about 10.5 million tonnes of sugar at the end of the current sugar season.
