

In a move to ease the liquidity position of sugar mills which in turn might enable them to make faster payment to farmers, the government today increased the price of ethanol, used for doping in petrol, by almost Rs 3 per litre to Rs 43.70.

The increase will push up liquidity position of sugar mills by around Rs 5 billion in the next sugar season starting from October 2018 assuming that around 1.6 bn litres of [ethanol](#) will be required for 5 per cent blending in 2018-19, but also help in clearing sugarcane dues.

That apart, the [Cabinet Committee on Economic Affairs](#) (CCEA) has also for the first time fixed a price of Rs 47.49 per litre for [ethanol](#) produced from intermediary or B-molasses and also directly from sugarcane juice -- a move that would help mills divert cane juice for [ethanol](#) manufacturing during surplus years.

So far, the price was only fixed for ethanol produced from C-molasses or final molasses.

Molasses is a viscous product resulting from refining sugarcane or sugar beets into sugar.

In case of ethanol produced from sugarcane juice, officials said that fixing a price of the same won't have much of an impact as currently no Indian sugar mill has the technology to make ethanol directly from sugarcane juice.

The higher price for this grade of ethanol produced from C-molasses will be for sugar marketing year starting December 2018, Finance Minister [Piyush Goyal](#) told reporters after a meeting of the Union Cabinet headed by Prime Minister [Narendra Modi](#).

To bail out the [sugar industry](#) and help them clear about Rs 200 bn cane arrears, the government had recently announced relief measures of Rs 85 bn for the sugar sector, including a soft loan of Rs 45 bn for adding ethanol capacity, the creation of buffer stock of sweetener and production-linked subsidy to cane growers.

The [Cabinet Committee on Economic Affairs](#) (CCEA) has approved the mechanism for procurement of ethanol by [public sector oil marketing](#) companies (OMCs) to carry out the

Ethanol Blended Petrol (EBP) Programme with respect to price revision, an official statement said.

Industry body ISMA's Director General Abinash Verma said that prices are attractive to boost ethanol production.

“This innovative step to encourage diversion of ‘B’ heavy molasses and sugarcane juice away from surplus production of sugar into ethanol, will go a long way in balancing surplus sugarcane availability in future,” Verma said.

Goyal said ethanol supply has increased to 1.4 bn litre in 2017-18 marketing year from 38 crore litre in 2013-14.

The [sugar industry](#) and even NCP supremo Sharad Pawar had demanded a higher [ethanol price](#) to improve the liquidity of cash-starved mills and enable them clear cane arrears.

OMCs procure ethanol from sugar mills for blending with petrol.

Mills are expecting revenue realisation of over Rs 50 bn from sale of ethanol to OMCs during the 2017-18 sugar season (October-September).

Doping petrol with 5 per cent ethanol was launched in 2003 to promote the use of alternative and environment-friendly fuels as also cut import dependence. Now the government intends to achieve 10 per cent blending of ethanol with petrol, for which 3.13 bn litre of ethanol is required, according to industry body ISMA.