ONGC News, 31.12.2020 Print

Auto fuel marketing margins to slip below ₹1/L; Add on IOC

ICICI SECURITIES

IN NOVEMBER 2020, petroleum product consumption was down 3.7% YoY. Diesel consumption too fell 6.9% YoY during the same month and 5% YoY in 1-15 December '20, but petrol was up 5.1% YoY in November and 9.5% YoY in 1-15 December. Refinery utilisation surged to 101% in Nov'20 vs 87% in Oct'20 with MoM output rise being 2.5mmt while consumption was flat MoM. This meant rise in product inventory. Diesel inventory was up by 0.2mmt MoM as production surplus exceeded exports.

The oil price surge from end-Oct'20 lows has hit both GRMs and auto fuel net marketing margins (may fall to below ₹1/l in Jan'21). However, it would lead to large inventory gains, which would mean strong earnings growth for IOC even in Q3FY21E. We reiterate 'add' on IOC given its cheap valuation and high dividend. Auto fuel net marketing margins to slip below ₹1/l in Jan'21 as international price rise not fully passed on: Auto fuel net marketing margin is at ₹4.03/l in FY21-TD, ₹3.12/l in Q3FY21-TD and ₹1.89/l on 29-Dec'20. However, the rise in international auto fuel prices not being fully passed on to consumers is likely to lead to net margin declining to ₹0.8/l (based on prices in 16-29 Dec) on 1-Jan'21 and ₹0.65/l (at latest prices) on 16-Jan'21. Retail price hikes of ₹2/l are required for net margins to remain above ₹2/l. Rise in international oil and product prices will also lead to inventory gains in Q3FY21E. We estimate product inventory gain at ₹14.6bn and crude inventory gain at \$0.8/bbl for IOC in Q3FY21E.

We estimate IOC's Q3FY21-TD GRM at \$1.1/bbl including crude inventory gain of \$0.8 bbl. Consumption and exports not keeping pace with surge in production meant rise in inventory. Refinery utilisation at 101% in Nov'20 is the highest in FY21-TD, which meant production was up 2.5mmt MoM. However, consumption was flat MoM.

Centre extends ₹4,573-cr aid for ethanol production

To bear interest subvention for five years to help firms set up distilleries

OUR BUREAU

New Delhi, December 30

In a move that may help the country solve many problems, the Cabinet Committee on Economic Affairs (CCEA) on Wednesday decided to extend additional financial assistance of ₹4,573 crore for setting up distilleries to produce more ethanol in the country.

As per the decision, the government would bear interest subvention for five years including one year moratorium against the loan availed by firms for setting up the distilleries — based on sugarcane or foodgrains — from banks at a rate of 6 per cent per annum or 50 per cent of the rate of interest charged by banks whichever is lower, said Dharmendra Pradhan, Minister for Petroleum and Natural Gas on Wednesday.

Interest subvention would be available to only those distilleries which will supply at least 75 per cent of ethanol produced from the added distillation capacity to oil marketing companies. This is in addition to an interest subvention scheme announced by the government for ethanol production, he added.

The measure will help India produce as much as 1,400 crore litre of ethanol. While 1,000 crore litre of ethanol will be used for blending with petrol and thus reduce forex outflow for buying oil and enhance incomes of farmers, the remaining 400 crore litre will be used as chemical industry feedstock, he said.

Dharmendra Pradhan , Minister of Oil

Raising capacity

According to the government, a total of 1,750 crore litre of ethanol can be produced with an investment of ₹40,000 crore and some investment has already happened, said Pradhan.

The move is expected to reduce the excess production of sugar and thus ease pressure on sugar price in the country. Sugar industry annually produces nearly 60 lakh tonnes excess sugar, which remains unsold - blocking funds of sugar mills to the tune of ₹19,000 crore, affecting their ability to pay farmers.

The interest subvention scheme will be available for setting up stand-alone grain-based distilleries using dry milling process or capacity expansion, molasses-based distilleries which adopt zero liquid discharge technologies, and putting up dual feed (sugarcane as well as grains) distilleries, a statement said.

The Economic Times

Ethanol Output Boost: Rs.4,573-Cr Scheme Cleared

Dec 31, 2020 | Delhi | Pg No.: 9 | | Sq Cm:433 | AVE: 4423905 | PR Value: 22119525

Ethanol Output Boost: ₹4,573-Cr Scheme Cleared

CCEA, headed by PM Modi, approves modified scheme for extending interest subvention to augment ethanol production capacity

Our Bureau

New Delhi: The cabinet has approved interest subvention of ₹4,573 crore to raise ethanol production using cereals such as rice, wheat, barley, corn, sorghum, sugarcane and others to increase blending with petrol, which will raise farm income and reduce costly oil imports.

"This will expedite achieving our blending targets of 20% ethanol with petrol by 2030 and would improve the environment and the eco-system and result in savings on oil import bills. It will also ensure timely payment of dues to farmers," said petroleum minister Dharmendra Pradhan.

He said that the government would bear interest subvention for five years including one-year moratorium against the loan availed by project proponents from banks at the rate of 6% per annum or 50% of the rate of interest charged by banks whichever is lower.

The Plan

GOVT PLANNING to more than double blending of ethanol in petrol to 20% by 2030

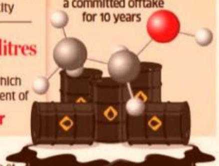
FOR THAT DOMESTIC production capacity has to be augmented

THE DEAL
Govt to bear interest subvention for 5 years, including 1-yr moratorium against the loan availed by project proponents from banks, at 6% per annum or 50% of the rate charged by banks, whichever is lower

426 cr litres
Molasses-based ethanol production capacity

1,750 cr litres
Ethanol capacity target in 2030, which requires investment of **₹40,000 cr**

GOVT ALSO PROVIDING remunerative price for buying ethanol as well as a committed offtake for 10 years



CABINET DECIDES

"The scheme would be available to only those distilleries which will supply at least 75% of ethanol produced from the added distillation capacity to oil companies," he said.

The government had earmarked Rs 8,460 crore under interest subvention for ethanol production, out of which it has already approved subvention of Rs 4,687 crore to distilleries.

Pradhan said that the existing ethanol production capacity in the country is 684 crore litres.

"We have procured 173 crore litres in the 2019-20. We will be needing 1000 crore litres of ethanol to achieve target 20% blending target by 2030. For that we need to enhance production capacity and availability of raw material. It cannot be achieved through sugarcane only. So, the government has approved use of cereals for ethanol production," he said.

He said that the government has already got assurance of supply of 324 crore litres of ethanol for 2020-21 and it expects to achieve 9% blending of ethanol with petrol. "We expect an investment of Rs 40,000 crore in ethanol production in next 10 years. Out of which some investment has already been done. This will result in production of 1,750 crore litres ethanol, a majority of which will be purchased by oil companies," Pradhan said.

Apart from 1,000 crore litres which is required for ethanol blending, around 400 crore litres will be required by chemical and other sectors. Out of total requirement of 1400 crore litres, 700 crore litres is likely to be supplied by sugar industry and another 700 crore litres by grain based distilleries.

"To produce 700 crore litres of ethanol by sugar industry, about 6 million tonnes of surplus sugar would be diverted to ethanol while 17.5 million food grains would be required for producing another 700 crore litres. This will ultimately benefit farmers of the country as they will get better realisation of crops," the official said.

Pradhan inaugurates IOC's remote monitoring, operation centre for refineries in Hyderabad

V RISHI KUMAR
Hyderabad, December 30

Dharmendra Pradhan, Union Minister for Petroleum, Natural Gas and Steel inaugurated IndianOil's Remote Monitoring & Operation Centre for tracking refinery gas Turbines based in Hyderabad.

After the launch, the Minister said this is an important day for the nation as the vision of the Prime Minister for Atmanirbhar Bharat and Digital India has been combined in the development of proactive monitoring and maintenance of refinery gas turbines remotely.

He said this is an indigenous technology and IndianOil is winding up the 2020 with this digital intervention.

This is the first time ever, such a multi-unit monitoring system in the country is being implemented by an Oil PSU. Originally, this remote monitoring system was envisaged to be operated out of GE's Atlanta Analytical Centre in the United Sates. But owing to Data Residency Clause and National Cyber Security Guidelines, the Centre would now be operated out of Hyderabad.

"To implement this project well on schedule, a core group of IndianOil experts worked closely with BHEL-GE Gas Turbine. IndianOil has been taking several digital initiatives to enhance energy efficiency, reliability and performance while ensuring contribution to environmental sustainability," said SM Vaidya, Chairman, IndianOil.

Gas Turbine Operational Data flowing in digitally from 27 gas turbines of the eight IndianOil refineries across the country would be analysed round the clock.

With the implementation of this system, IndianOil refineries would achieve much higher standards of excellence and sustain IndianOil's technology leadership.

Reliance-BP invites bids for 7.5 mmscmd gas from KG-D6

PRESS TRUST OF INDIA
New Delhi, December 30

RELIANCE INDUSTRIES AND its partner UK's BP on Wednesday invited companies to bid for incremental gas it plans to produce from the second-wave discoveries in the KG-D6 block, pricing them for the very first time against an international gas benchmark.

While Reliance-BP had in November 2019 sold the first 5 million standard cubic meters per day (mmscmd) of gas from the R-Series field in the KG-D6 block, the duo has now invited bids for 7.5 mmscmd of incremental output that is likely to be available from February next year, according to a notice inviting offer.

They have priced the first 5 mmscmd of gas against Brent crude oil but now they are seeking rates equivalent to JKM or Japan/Korea Liquefied Natural Gas Import Price. Bidders have been asked to "quote the variable denoted as 'V' in USD per million British thermal unit (mmBtu) terms."

"The gas price (in USD/mmBtu (GCV)) shall be = JKM + V," the notice said.

GCV stands for gross calorific value.

'V' can be a positive, zero or negative number and up to two decimal places but it cannot be less than (-)0.30 USD/mmBtu, it said. This means users will have to quote — 0.30 or higher value of 'V'. JKM averaged $6.20 per mmBtu in November and at the base or cut off price, KG-D6 gas would cost $5.9 per mmBtu. This is higher than $4.2 to 4.4 per mmBtu rate at which the first 5 mmscmd are sold at Brent crude oil benchmark. Brent crude oil is presently in the range of $50 to 51 per barrel.

Pricing of gas at JKM will be the first time that domestically produced gas is being sold at rates linked to an international gas benchmark, industry sources said. Also, this will be the first discovery of gas price since the October 2020 decision of the government setting out uniform e-bidding norms for finding the market price.

That Cabinet decision also allowed the sale of gas to 'affiliates' and so while Reliance-BP affiliate companies couldn't participate in the November 2019 price discovery, they can do so in the current one when e-bidding happens on January 22.

Reliance-BP invites bids for incremental gas from KG-D6

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That Cabinet decision also allowed the sale of gas to "affiliates" and so while Reliance-BP affiliate companies couldn't participate in the November 2019 price discovery, they can do so in the current one when e-bidding happens on January 22.

The government has given operators the freedom to discover market prices but this rate is subject to a pricing ceiling or cap that the government notifies every six months. The cap for six months to March 31, 2021, is $4.06 per mmBtu.

And accordingly, Reliance-BP would get only that amount for the first 5 mmscmd of gas that they started to produce earlier this month.

Reliance-BP invites bids for surplus output from KG-D6

PRESS TRUST OF INDIA
New Delhi, 30 December

Reliance Industries and its partner BP on Wednesday invited bids for the incremental gas that they plan to produce from the second-wave discoveries in the KG-D6 block, pricing them for the very first time against an international gas benchmark.

While Reliance-BP had sold the first 5 million standard cubic meters per day of gas from the R-Series field in the KG-D6 block in November 2019, the duo has now invited bids for 7.5 mmscmd of incremental output likely to be available from February next year, according to a notice inviting offers.

They have priced the first 5 mmscmd against Brent crude oil, but are now seeking rates equivalent to JKM or Japan/Korea Liquefied Natural Gas Import Price.

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"The gas price (in USD/MMBtu [GCV]) shall be = JKM + V," the notice said.

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JKM averaged $6.20 per MMBtu in November and at the base or cut off price, KG-D6 gas would cost $5.9 per mmBtu. This is higher than $4.2 to 4.4 per MMBtu rate at which the first 5 mmscmd are sold at Brent crude oil benchmark.

Pricing of gas at JKM will be the first time that domestically produced gas is being sold at rates linked to an international gas benchmark, said industry sources.

Further, this will be the first discovery of gas price since the October 2020 decision of the government setting out uniform e-bidding norms for finding the market price.

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Mint
RIL-BP to offer online fuel delivery services next year
Dec 31, 2020 | Delhi | Pg No.: 5 | | Sq Cm:204 | AVE: 814380 | PR Value: 4071902

RIL-BP to offer online fuel delivery services next year

Kalpana Pathak
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MUMBAI

Reliance BP Mobility Ltd, a joint venture between Reliance Industries Ltd (RIL) and UK's energy major BP Plc, is planning to offer door-step delivery service of diesel in 2021, said two officials aware of the development.

Reliance BP Mobility, which was formed in July, will operate under the Jio-BP brand. "RIL plans to enter on-demand fuel delivery in a big way. It has procured around 100 mobile delivery trucks. The company will begin operations next year," said one of the two officials.

RIL will begin pilots in Bengaluru, Noida, Kolkata and Gujarat, he added.

RIL did not respond to an emailed query till press time.

The second official said RIL-BP also plans to expand retail outlets from 1,400 to 5,500. "Once the government allows mobile fuel retailing of petrol and CNG, RIL-BP will venture into that too," he added.

In July, state-run oil marketing companies, including Indian Oil Corp. Ltd, Bharat Petroleum Corp. Ltd and Hindustan Petroleum Corp. Ltd, invited expressions of interest (EoIs) from startups wishing to deliver fuel on demand. So far, over 500 EoIs have been received.

RIL-BP, however, plans to go solo and has not partnered with any startups.

Rosneft-backed Nayara Energy is also planning to enter this segment. "Nayara Energy is currently exploring the potential of venturing into mobile fuel retailing. The discussions are at a nascent stage, and we are evaluating options to define a model that will provide mobile fuel retail solutions in a safe, convenient and hassle-free manner to customers," said a Nayara Energy spokesperson in an emailed response, adding that the firm recognizes merit in harnessing this opportunity considering increasing digital adoption of customers, and evolving buying behaviour.

RIL-BP also plans to expand retail outlets from 1,400 to 5,500, an official said. MINT

RIL has procured around 100 mobile delivery trucks for the operations, said an official aware of the matter

Startups, including Repos Energy, Pepfuels, MyPetrolPump, FuelBuddy, and Humsafar, have already rolled out on-demand fuel delivery services. "India will be the largest consumer of energy in the next decade, and we have observed that the distribution channel of energy becomes a problem. Our startup helps in bridging that gap," said Chetan Walunj, co-founder, Repos Energy.

Business Standard
Soft loans will be extended to all distilleries
Dec 31, 2020 | Delhi | Pg No.: 8 | | Sq Cm:191 | AVE: 471716 | PR Value: 2358580

Soft loans will be extended to all distilleries

Will cost the exchequer ₹4,573 crore

SANJEEB MUKHERJEE
New Delhi, 30 December

To meet the ambitious target of 20 per cent ethanol blending with petrol by 2030, the Union Cabinet on Wednesday extended the soft loan scheme for capacity expansion to distilleries that use crops other than sugarcane as feedstock.

This includes distilleries that use rice, maize, sorghum, wheat, barley, corn and sugar beet. So far, the soft loan scheme was available for integrated and standalone distilleries that produced ethanol only from sugarcane.

"The cost to exchequer will be around ₹4,573 crore," Petroleum Minister Dharmendra Pradhan said.

Under the scheme, the Centre gives a subvention of 6 per cent if the rate of interest is 12 per cent or more. If the interest rate is less than 12 per cent, it gives a subvention of up to 50 per cent of that amount. The scheme will be available even for those sugar mills that want to produce ethanol from both sugarcane and non-sugarcane sources.

In the scheme so far, around 120 sugar mills have applied for loans for capacity expansion and a good number has already received the funds. The government has fixed a target of 10 per cent blending of fuel-grade ethanol with petrol by 2022, 15 per cent blending by 2026 and 20 per cent by 2030. According to some estimate, India needs around 11 billion litres of ethanol to achieve its target.

Of this, sugarcane will be able to contribute around 6 billion litres as there is limit to which farm lands can be diverted towards sugarcane. To make up the remaining 4-5 billion litres, the government has to rely on other sources for feedstock that includes surplus rice, maize, sorghum, sugar beet etc.

The current production capacity of non-sugarcane based ethanol in India is around 0.25-0.30 billion litres which needs to raised to 3-4 billion litres to meet the new requirement.

"Additional capacity will get created among both integrated and standalone distilleries. This will help meet the blending target while at the same time create ethanol production capacities in non-sugarcane but rice and maize surplus states of Bihar, West Bengal etc," said a senior industry official. He said while using sources other than sugarcane for making ethanol, plants first convert the feedstock which has high quantity of starch in them, which is then converted into sugar and thereafter into ethanol.

OTHER DECISIONS

- Govt approves ₹3,000-crore project for Paradip port
- Cabinet nod to opening Indian missions in Estonia, Paraguay, Dominican Republic
- Approves MoU between India and Bhutan on cooperation in peaceful uses of outer space

The best and worst sectors in 2020, as per market returns

Pallavi Pengonda
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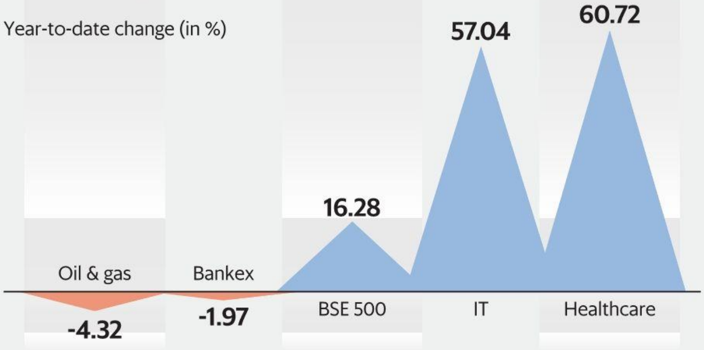
The race

BSE Oil & Gas and Bankex have emerged as the worst performing indices in 2020 whereas IT and Healthcare indices are the top performers.



Note: Returns are calculated till 29 December 2020. Source: Capitaline

SATISH KUMAR/MINT

In a year when the pandemic caused an immense upheaval in our lives, the stock markets have broadly remained in good spirits. In 2020, on a year-to-date basis (until Tuesday), the S&P BSE 500 index has risen by 16%.

Of course, this doesn't mean all the sectors have seen uniform gains. Among the sectors, BSE Oil & Gas and Bankex indices have emerged as the worst performers in 2020, declining by about 4.3% and 2%, respectively.

Earnings visibility has been low for oil and gas firms, primarily due to volatile crude oil prices and weak refining margins. The pandemic has adversely hit oil demand this year. While crude oil prices have recovered from the lows in April, further increase in prices remains uncertain and would depend on global economic recovery.

For banks, retail credit growth was hit by the pandemic. Plus, there have been concerns on the asset quality front. Analysts reckon that spreads (maturity or credit spreads) are still at very high levels, suggesting that banks are still uncomfortable to lend.

On the other hand, BSE IT and Healthcare indices have been the top performers this year, gaining by around 57% and 61%, respectively.

The BSE FMCG and consumer discretionary goods and services indices gained 11% and 18%, respectively

The pandemic has accelerated the adoption of digital technologies and this bodes well for the IT sector. IT companies have seen large deal wins and profit margins have also received a boost.

In a report on 15 December, Credit Suisse analysts wrote, "The current pandemic has also helped the margins of the top four firms with the reduction in travel and other overhead costs."

The outlook for healthcare companies has improved, as investor focus shifted to covid-related opportunities.

According to analysts, it helped that pharma stocks were under-valued before the rally began early this year. Nevertheless, investors will have to watch how sustainable the contribution from covid portfolio would be in future.

Meanwhile, note that the BSE FMCG and consumer discretionary goods and services indices have gained about 11% and 18%, respectively.

It is worth considering though that while the returns for these two indices are more or less in line with the broader market, valuations of many companies in these indices were already very high and have become higher in 2020.

CABINET DECISION

Additional interest subsidy to raise ethanol output capacity gets nod

ENS ECONOMIC BUREAU
NEW DELHI, DECEMBER 30

THE CABINET Committee on Economic Affairs (CCEA) on Wednesday cleared additional interest subsidy of Rs 4,573 crore for establishing ethanol units that will use cereals, instead of the usual practice of using just cane, to produce the bio-fuel. The decision to offer additional interest subsidy to set up ethanol distilleries comes at a time when the government is planning to boost the blending of the bio-fuel with petrol to cut a glut in sugar and trim oil imports.

"Previously, Rs 4,687 crore interest subvention scheme was approved and now Rs 4,573 crore has been sanctioned," said Petroleum Minister Dharmendra Pradhan. "This decision will fuel investment of about Rs 40,120 crore in the ethanol value chain, boost local industries, generate jobs, give fillip to the economy and encourage 'urja-kheti, which will transform our 'annadatas' into 'urjadatas'," Pradhan said.

"Previously, Rs 4,687 cr interest subvention scheme was approved and now Rs 4,573 crore has been sanctioned"

DHARMENDRA PRADHAN
PETROLEUM MINISTER

The government will offer the interest subvention of 6 per cent or half the interest rate charged by the banks, whichever is lower. The subsidy will be for five years, including one-year moratorium against the loan.

"Interest subvention would be available to only those distilleries that will supply at least 75 per cent of ethanol produced from the added distillation capacity to oil marketing firms for blending with petrol," the government said. **FE**

TO RAISE ETHANOL PRODUCTION CAPACITY

Cabinet approves interest subvention of ₹4,573 crore

Govt is targeting to more than double blending of ethanol in petrol to 20 per cent by 2030, for which domestic production capacity has to be augmented: Oil Min Pradhan

OUR CORRESPONDENT

NEW DELHI: The Union Cabinet on Wednesday approved a scheme to provide bank loans at lower rates to distilleries producing ethanol for doping in petrol, with a view to raising India's ethanol production capacity to suck out surplus sugar as well as cut oil imports.

Oil Minister Dharmendra Pradhan said the government is targeting to more than double blending of ethanol in petrol to 20 per cent by 2030, for which domestic production capacity has to be augmented. The Cabinet Committee on Economic Affairs (CCEA), headed by Prime Minister Narendra Modi, approved a modified scheme for extending interest subvention to augment ethanol production capacity, he said.

The government would bear interest subvention for five years, including one-year moratorium against the loan availed by project proponents from banks, at the rate of 6 per cent per annum or 50 per cent of the rate of interest charged by banks, whichever is lower.

The interest subvention would be available for setting up new as well as an expansion of existing molasses or grain-based distilleries and for units that will produce ethanol from other feedstocks such as sugar beet, sweet sorghum and cereals.

"Previously, Rs 4,687 crore interest subvention scheme was approved and now Rs 4,573 crore has been sanctioned," he said during a news conference called to brief on decisions taken by the Cabinet.

Currently, India has a molasses-based ethanol production capacity of 426 crore litres. This capacity used for supply to both the liquor industry as well as for the blending or doping in petrol.

During 2019-20 ethanol supply year (December 2019 to November 2020), 173 crore litre was procured for doping in petrol, he said adding that this year's average blending has been 9 per cent. For next year (December 2020 to November 2021), 325 crore litre has been contracted and the volume will rise to 1,000 litres in 2030 when one-fifth (20 per cent) of petrol is targeted to be ethanol, he said.

For this to happen, ethanol manufacturing capacity has to be raised to 1,750 crore litres, which would require an investment of Rs 40,000 crore.

The government, he said, is providing remunerative price for buying ethanol as well as a committed offtake for 10 years.

"Interest subvention would be available to only those distilleries that will supply at least 75 per cent of ethanol produced from the added distillation capacity to oil marketing companies for blending with petrol," a government statement issued after the Cabinet briefing said.

To achieve 20 per cent blending by 2030 and to meet the requirement of chemical and other sectors, about 1,400 crore litres of alcohol/ethanol would be required. Out of this, 1,000 crore litres would be required to achieve 20 per cent blending in petrol and the rest would be the requirement of chemical and other sectors.

Out of the total requirement, 700 crore litres is required to be supplied by the sugar industry and an equal amount by grain-based distilleries. To produce 700 crore litre of ethanol by the sugar industry, about 60 lakh tonne of surplus sugar would be diverted to ethanol which would solve the problem of excess sugar. It will relieve sugar industry from the problem of storage and improve the revenue realisation of sugar mills, which will facilitate them in making timely payment of cane dues of sugarcane farmers, Pradhan said. About five crore sugarcane farmers and their families and five lakh workers associated with sugar mills and other ancillary activities would be benefitted with this intervention.

To produce 700 crore litre of ethanol/alcohol from food grains, about 175 lakh tonnes of food grains would be utilised which will help farmers get a better price for their produce.

Sugarcane and ethanol are produced mainly in Uttar Pradesh, Maharashtra and Karnataka.

Transporting ethanol to far-flung states from these three states involves huge transportation cost. Bringing new grain-based distilleries in the entire country would result in the distributed production of ethanol, helping save on transportation cost and cut delays. Pradhan said in ethanol supply year (ESY) 2013-14, the supply of ethanol to oil companies was less than 40 crore litres with petrol blending levels of only 1.53 per cent.

In the past six years, the procurement has been stepped up and 172.50 crore litre ethanol bought in ESY 2019-20 helped achieve 5 per cent blending.

"It is expected that in the current ethanol supply year 2020-21, about 325 crore litres of ethanol is likely to be supplied to oil marketing companies to achieve 8.5 per cent blending levels. It is likely that we will be achieving 10 per cent blending target by 2022," he said.

With the increase in blending levels, dependence on imported fossil fuel will decrease and so will air pollution.

The statement said there is surplus production of sugar in the country as the sugar season 2010-11 (except reduction due to drought in sugar season 2016-17). Sugar production is likely to remain surplus in the country in coming years due to the introduction of improved varieties of sugarcane.

In normal sugar season (October-September), about 320 lakh tonnes of sugar is produced as against domestic consumption of about 260 lakh tonnes. The surplus sugar has led to sugar mills delaying payments to came farmers.

"Diversion of excess sugarcane and sugar to ethanol is a correct way forward to deal with surplus stocks. Diversion of excess sugar would help in stabilizing the domestic ex-mill sugar prices and will also help sugar mills to get relieved from storage problems.

"It will improve their cash flows and facilitate them in the clearance of cane price dues of farmers; and will facilitate mills to function in the coming years," it said.

To increase the production of fuel-grade ethanol, the government is also encouraging distilleries to produce ethanol from maize and rice available.

Govt eyes asset sales to partly fund higher spending next year

Dec 31, 2020 | Delhi | Pg No.: 10 | | Sq Cm:226 | AVE: 2092413 | PR Value: 10462065

Govt eyes asset sales to partly fund higher spending next year

NEW DELHI, DECEMBER 30

India is likely to spend more next fiscal than this year's budgeted $415 billion and prioritise infrastructure projects, relying on asset sales of around $40 billion for some of the funding, two people with knowledge of the plan said.

After largely keeping its purse strings in check as the coronavirus pandemic choked businesses and threw millions out of jobs, Prime Minister Narendra Modi's government is keen to bring the economy back onto a solid growth path with the Budget to be presented on February 1.

Actual spending in the current fiscal ending March 31 could be lower than the original target of Rs 30.4 lakh crore, but will be higher than last year's Rs 26.86 lakh crore, one of the sources said.

"Supporting growth (and) infrastructure spending is the priority now, not fiscal-deficit math," said one of the sources.

"But it is not that the spending will suddenly increase from Rs 30 to 35 lakh crore (when) our revenues are falling. The only ways to generate funds are through asset sales and borrowing."

"The economy will expand in the next financial year and if I don't spend now the revival is going to get deferred and we can't afford that"

Nirmala Sitharaman, FINANCE MINISTER

Both sources declined to be identified as they were not authorised to discuss Budget deliberations.

The Ministry of Finance did not respond to an email seeking comment.

India had aimed to raise more than $28 billion this fiscal year by selling stakes in companies such as Bharat Petroleum Corp Ltd, Container Corp of India, Shipping Corp of India and Air India, and by listing Life Insurance Corp, but the pandemic delayed the process.

Finance Minister Nirmala Sitharaman said early this month that the economy would expand in the next financial year and that if "I don't spend now the revival is going to get deferred and we can't afford that".

For the current fiscal year, India's deficit is likely to rise to Rs 12 lakh crore to Rs 13 lakh crore, much higher than the budgeted Rs 7.9 lakh crore, mainly due to a revenue shortfall of Rs 5 to 6 lakh crore, said one of the sources.

India's economy contracted a record 23.9% in the June quarter, before recovering slightly to contract 7.5% in September quarter. — Reuters

Nod to interest subvention for ethanol distilleries

NEW DELHI, DECEMBER 30

The Union Cabinet on Wednesday approved an interest subvention of Rs 4,573 crore for new distilleries producing ethanol, which can be used for doping in petrol, Oil Minister Dharmendra Pradhan said.

Briefing the media, Pradhan said, "The Union Cabinet has approved the modified scheme to enhance ethanol distillation capacity in the country for producing the first generation product from feed stocks such as cereals (rice, wheat, barley, corn & sorghum), sugarcane, sugar beet etc." India will need about 1,000 crore lt of ethanol for doping in petrol by 2030 with a view to cut dependency on imports for meeting oil needs. "The nation currently has a capacity of 684 crore litres," he added.

Govt to encourage units to produce ethanol from maize

The government has fixed a target of 10 per cent blending of fuel-grade ethanol with petrol by 2022 and 20 per cent blending by 2030. — TNS