

# HIGHLIGHTS FOR MAY 2007

## BIRLA SUGAR

### DIRECT NEWS- OSML & UGSIL

- **The Hindu Business Line** - Factory, State wise buffer allocations.
- **Business Standard** (The Smart Investors) - Sugar Free

### SNAPSHOTS

#### Important developments that have taken place in the sugar Industry and in the business of competitors

This has been a month of highs and lows for the sugar industry. Sugar industries felt the blow when the Centre scrapped 98% of the IEMs obtained by the sugar barons for setting up new units. The Warana group, India's largest co-operative conglomerate with interests in sugar and dairy products, has now set up a BPO unit for the sugar industry, with an eye on using skilled workers to cut costs and boost convenience for others in the industry.

**Balrampur to increase crushing capacity**-Balrampur Chini Mills will increase its sugarcane crushing capacity from 55,000 tonnes crushed daily (tcd) in 2006-2007 sugar season (October-September) to 74,000 tcd in the next season. Post-expansion, the company will become the second leading company in terms of crushing capacity usurping Triveni Engineer.

**New sugarcane variety**- An improved sugarcane variety named has been released by the Sugarcane Breeding Institute in Coimbatore. Named Co 99004 [Damodar] the variety is suitable for cultivation in Kerela, Tamil Nadu, Karnataka, Maharashtra & Gujrat. The new variety recorded higher cane yield and juice quality compared to Co 86032.

***Sugar production jumps 37%***- India's sugar production in the October-April period of the 2006-2007 sugar session has jumped by 37% to record 25 million tonnes against last season's corresponding figure of 18.18 million tonnes.

***Govt clears sugar export to US, EU***- The Government has allowed export of 26,000 tonnes of raw sugar to the US and European Union.

***Sugar beet planting for ethanol***- A co-operative sugar mill in Maharashtra has undertaken a unique venture to convert its complete crop of sugar beet for producing ethanol.

## COMPETITORS IN NEWS

***Balrampur to increase crushing capacity***-Balrampur Chini Mills will increase its sugarcane crushing capacity from 55,000 tonnes crushed daily (tcd) in 2006-2007 sugar season (October-September) to 74,000 tcd in the next season. Post-expansion, the company will become the second leading company in terms of crushing capacity usurping Triveni Engineering and Industries (61,000tcd).

***Rana Sugars to earn more profit***- Rana Sugars would earn an additional profit of Rs 3.38 crore due to increase in sugar prices by Rs 75 per quintal. The company has decided to increase the price to meet the increasing market demand.

## INDIAN SUGAR INDUSTRY NEWS

***TN sugar mills seek pricing support from State Govt***- Sugar mills in Tamil Nadu are pushing for support from the State Government on sugar cane price and sugar exports. The mills are at a disadvantage as compared to their counter parts in other States, where the governments have announced support on sugar exports or sugar cane payments to farmers. This is in addition to the export subsidy of Rs 1350-1450 a tonne announced by *the Centre*.

***Sugar prices drop on increased supply-*** Sugar prices weakened in the wholesale sugar market following ample supply against reduced off take. Sugar ready medium and second grade prices dropped to settle at Rs 1425-1480 and Rs 1420-1470 a quintal respectively as demand fell.

***Gur moves up on paucity of stocks-*** Gur prices firmed on wholesale gur market following fall in production triggered by paucity of ready stocks.

***Govt plans 2 mt sugar buffer till April 2008-*** The government had decided to create a 2 million tonne sugar buffer for a year till April 2008 in the wake of surplus availability and falling prices. The buffer would be set up from 1<sup>st</sup> May & would cost the government Rs 378 crore and an additional Rs 420 crore credit would be provided to the mills by the banks.

***Sugarcane growers advised to reduce area under cultivation-*** Tamil Nadu Agriculture University has advised the sugar cane farmers to reduce the area under cultivation during this ensuing season so as to minimise the losses due to delayed cutting order and much delayed payments by the mills.

***Government releases 13 lakh tonnes Sugar for open market sale-*** The Union Government has released 13 lakh tonnes of sugar this month for sale in the open market against 12 lt last month. According to the trade sources, the Centre has allocated one lt more this month with Maharashtra and Uttar Pradesh mills.

***Sugar buffer, export sops fail to lift sentiment-*** Since the announcement of the revival package - timed before the Assembly elections in UP- sugar prices have only fallen further.

***Sugar output may be 265 lakh tonne in 2006-07-*** Sugar output in India is likely to increase by 37% to touch 265 lakh tonne in 2006-07.

***'Subsidized sugar sale still on'***- The Government has not taken any decision to do away with the necessity of selling sugar by the industry to below poverty line families at lower rate.

***USDA hikes India sugar output estimates-*** Sugar output of India is likely to touch 252 lakh tonnes in the 2006-07 season, according to a report by the US Department of Agriculture. The department has pegged the sugar FY08 season at an even higher level of 265 lakh tonnes, the USDA report said.

***Arrears mounting for UP sugar mills*** - As on May 3, mills in the State owe farmers over Rs 16,000 crore in cane payment arrears during the current crushing season.

***New sugarcane variety-*** An improved sugarcane variety named has been released by the Sugarcane Breeding Institute in Coimbatore. Named Co 99004 [Damodar] the variety is suitable for cultivation in Kerala, Tamil Nadu, Karnataka, Maharashtra & Gujrat. The new variety recorded higher cane yield and juice quality compared to Co 86032.

***India sticks to deadline for refined sugar exports-*** India's food ministry has turned down a request by sugar mills to extend a deadline for exporting refined sugar against their imports for raws. However, the government has no plans to either extend the deadline for exports beyond 24 months or allow the companies to enjoy & export subsidy.

***Sugar production jumps 37%***- India's sugar production in the October-April period of the 2006-2007 sugar session has jumped by 37% to record 25 million tonnes against last season's corresponding figure of 18.18 million tonnes. The country is likely to end the season with a production close to 27 million tonnes. Among the states, Maharashtra is leading with a production of 8.24 million tonnes, followed by Uttar Pradesh at 7.96 million tonnes and Karnataka at 2.25 million tonnes.

***Maharashtra sugar output-*** Sugar output in the state in 2007-2008 (October-September) is pegged at a whopping 8.80 million tonnes with an average recovery rate of 11.5%

***'Downstream foray can help mitigate risks'***- India's sugar industry should reduce its overdependence on the commodity for its earnings and instead look at diversifying into downstream products to mitigate risks. The industry should also get into the production of 45 ICUMSA variety sugar to expand its geography of exports.

***Govt releases 15 lakh tonne sugar for exports-*** The government has allowed exports of 15 lakh tonne of sugar, since the ban on overseas sales of the sweetener was lifted in January. International prices of Indian sugar is low because Indian white sugar have 100-150 International Commission for uniform method of sugar analysis ( icumsa )while internationally it is 45 icumsa.

***Sugar prices gain on fresh buying-*** Sugar prices rose marginally in the wholesale sugar market following fresh buying by stockist amid restricted supply. Traders said reduced supply from mills helped by higher offtake by stockist and local parties mainly pushed up sugar prices.

***Gur prices remain steady-*** Steady condition persisted on the wholesale gur market as prices, after moving in a narrow range on small bouts of trading, settled around last levels.

***Give us this day our daily bread . . . but why put so much sugar in it?*** - Manufacturers have doubled the amount of sugar in some foods in the past 30 years.

The increases were seen across dozens of food types. Even fruit was not immune, with companies selecting sweeter varieties to cater for the public's changing palate. Breakfast cereals, wholemeal bread and soups are chief among those foods which are significantly sweeter than they were only three decades ago.

European Union trade reforms leading to a reduction in the price of sugar and an increasing demand for sweeter products are being blamed for what health experts say is a worrying trend.

The research comes amid increasing concern over the ill-effects of sugar. Rocketing sugar levels have contributed to tooth decay and an increase in the incidence of diabetes.

A recent article in the British Medical Journal said that sugar was as dangerous as tobacco and posed a greater threat to world health. "Sugar should be classified as a hard drug, for it is addictive and harmful," it said.

The latest study, of food composition since 1978, found some of the biggest increases were in breakfast cereals and wholemeal bread. Kellogg's Special K has nearly twice the amount of sugar it did in 1978. At 17g per 100g, it contains a similar amount to vanilla ice-cream.

A typical loaf of wholemeal bread had a third more sugar in 2002 than it had 1978. Hovis wholemeal bread has even more sugar, with 3.7g per 100g. Sainsbury's wholemeal bread has 3.5g sugar per 100g. This means there is a teaspoon of sugar in every three slices. In data from a 1978 industry handbook, cans of tomato soup had 2.6g of sugar per 100g. Many soups today contain double that. Waitrose tomato soup had almost three teaspoons of sugar (6.4g) per serving.

Between 1978 and 2002, the average banana's sugar level rose from 16.2g per 100g to 20.9g. Sugar in pears increased from 7.6g per 100g to 10g. Sugar in carrots rose from 5.4g per 100g to 7.4g.

The consumer group which revealed last month that ready-meals contained up to 23.1g of sugar per 100g.

After a campaign to reduce salt intakes, the Food Standard Agency now wants to reduce added sugar.

A spokesman, Ian Tokelove, said: "We naturally have a sweet tooth and manufacturers have been quick to use that to increase sales in a crowded marketplace. It's been one of the first things to be added when companies want to make a product a bit different." Experts say that sugar levels could rise further as a byproduct of the campaign against salt.

Jack Winkler, professor of nutrition policy at London Metropolitan University, said that European trade reforms were making sugar cheaper. "It's hard to think of a more irresponsible policy than cutting the price of sugar in the middle of an obesity epidemic," he told The Sunday Times.

Waitrose said that it was reducing the sugar in its tomato soup. Jenny Walton, of Kellogg's, said that extra sugar was added to some cereals because other ingredients, such as salt, had been reduced. Hovis said: "Hovis Wholemeal does contain a small amount of brown sugar. The quantities do not affect the nutritional benefits of the bread." Sainsbury's said that it was reviewing products to decide whether sugar and salt levels could be reduced.

### ***Sweeteners***

#### **Kellogg's Special K**

17g of sugar per 100g - almost twice the level of 1978. A spokesman said that extra sugar had been added to some cereals when salt was reduced

#### **Bread**

Sugar in a typical loaf of wholemeal bread rose by a third between 1978 and 2002. Hovis has 3.7g sugar per 100g. A spokesman said that it did not affect nutritional benefits

#### **Carrots**

Sugar levels rose from 5.4g per 100g to 7.4g. Sugar in bananas rose from 16.2g to 20.9g, and levels in pears rose from 7.6g to 10g. In 1978, cans of tomato soup had 2.6g per 100g. Today, most cans have twice that

***USDA estimates India's sugar output at 252 LT in 2006-07***-New Delhi, May 06, 2007 (Asia Pulse Data Source via COMTEX) -- Sugar output of India, the world's second largest producer, is likely to touch 252 lakh tonnes in the 2006-07 season, according to a report by the US Department of Agriculture.

The Department has revised its estimates upward on the back of improved sugarcane availability and reduced diversion of cane for production of other sweeteners, namely khandsari and gur (jaggery).

"Late monsoon rains in 2006 and generally favourable weather conditions in most sugarcane growing areas resulted in higher cane yields," the report said.

The estimates are based on crystal weight basis.

According to the sugar industry, the output is likely to be around 265 lakh tonnes in the current season that ends September 2007 against 192.6 lakh tonnes in the previous year. USDA said the increase in the capacities of sugar production coupled with high sugar prices at the end of last season has restricted the diversion of sugarcane to the jaggery in 2006-07.

The Department has pegged the sugar production for 2007-08 season at even higher level. The sugar production in 2007-08 is forecast at 265 lakh tonnes, the report said. "High cane price and favourable weather conditions at planting encouraged increased cane planting for 2007-08, forecast at 4.7 million hectares compared with 4.5 million hectares in 2006-07," it said.

The report noted that expected bumper output in 2006-07 and 2007-08 have "caused an over supply situation and lower prices, thus eroding the financial availability of the sugar industry".

**Indian Sugar output may fall-** India and China may make less of the sweetener starting in the 2008-09 marketing year, said Mr. Martin Todd, Managing Director of LMC International Ltd. India may produce a surplus of 15 million tonnes total in 2006-07 and 2007-08 marketing years.

**Sugar Eases-** Sugar prices moved down moderately on the wholesale market on lack of demand from retailers.

**More sops to sugar industry-** The government will consider more incentives to bail out the sugar industry that is now facing a tough time due to falling prices amid an expected record output of about 265 lakh tonnes (lt) in 2006-07 season.

**Maharashtra farmers demand higher cane price-** Farmers have launched agitation in south Maharashtra to demand for higher sugarcane rates and the immediate disposal of the immediate disposal of the second installment of Rs 380 crore as payment for the cane.

***Sugar mills ask Centre to more than double reserves-*** Sugar producers in India, the world's biggest consumer of the sweetener, have asked the government to more than double the size of its stockpiles to arrest a slide in domestic prices amid record output.

***Sugar stock's dream run lacks fundamental support-*** Sugar stocks had a dream run on the bourses with frontline stocks such as Balrampur Chini, Bajaj Hindustan, Triveni Engineering and Dhampur Sugar mills moving up 8-11% on Friday. The positive movement in stock prices has been evident over the past 8-10 days.

***Sugar mills pin hope on Mayawati-*** Sugar mill owners in UP are hoping that the Mayawati government will ease their burden by holding off another increase in sugarcane support prices.

***Excess sugar sales: Centre's threat-*** The Centre has threatened mills found selling sugar in excess of their free sale quota of withdrawing all export assistance and buffer subsidy announced as part of its recent Rs1,000 crore industry bailout package.

***31 loan proposals pending with SDF-*** Bajaj Hindustan, Uttam Sugar and DCM Sriman are among a host of companies awaiting government sanction for loan from the Sugar Development Fund to set up co-generation power units for ethanol plants.

***Policy change unlikely in UP sugar sector-***The new government's call probably would be to fix up or revise SAP on the downward side in the month of November.

***Lower sugarcane prices, urges industry-***Sugar mills have said that they will not be able to pay the minimum price fixed by the government for sugarcane for the next season. Apart from cutting back on sugar prices, the immediate need is to remove the surplus sugar from the system to ensure that sugar prices do not drop further and to protect the mills' ability to pay farmers.

***Sugar may decline by Rs 50 a quintal-*** Sugar prices are likely to decline between Rs 30 and Rs 50 a quintal by the month end due to a bearish sentiment in the wake of higher output this year.

***Sugar slips on lower demand***-Sugar prices surrendered fresh grounds on the whole sugar industry following lack of buying interest amid increased supply and finally closed in the negative zone. Mill delivery medium and second grade prices also inched up to settle at Rs 1275-1370 and Rs 1270-1360 a quintal respectively.

***TN sugar mills lose Kerala, Kolkata markets***- Sugar mills in Tamil Nadu have lost their traditional markets in Kerala and Kolkata to mills in other States that are backed by subsidies from their respective governments. Sugar mills are taking a hit as sugar prices have crashed to about Rs 1250 a quintal, the price at which mills are buying a tonne of sugarcane. Tamil Nadu is yet to encourage ethanol programme.

***No relief yet for Maha co-op sugar mills despite Pawar push***- Even after a month of joint meeting with the union agriculture minister Sharad Pawar and National Bank for Agriculture and Rural Development officials, ailing sugar cooperatives in Maharashtra await announcement of a bailout package.

***Trading co offers \$15 a tn subsidy for sugar exports***-Indian Sugar Exim Corp, an industry-funded trading company, plans to pay exporters a subsidy of \$15 a tonne to boost overseas sales amid a record harvest.

***Raw sugar exports also eligible for subsidy***-Raw sugar are also eligible to the Rs 1,350 a quintal export subsidy announced by the centre as part of its package to help the industry.

***Sugar industry split over low price situation***- Differences within the sugar industry are now split wide open. Alarmed at the worsening price situation, some mills have suggested exports should only be through a single desk. But others in Maharashtra are resisting this move. The one thing that everyone agrees on is that India urgently needs to exports raw instead of ready-to-eat refined sugar.

***Govt clears sugar export to US, EU***- The Government has allowed export of 26,000 tonnes of raw sugar to the US and European Union.

***Sugar exim corp to give \$15 a tonne incentive for exports-*** The Indian Sugar Exim Corporation has decided to give an incentive of \$15 [about Rs 615] a tonne for the export of 500,000 tonnes of sugar to encourage higher exports and stabilize domestic prices, which have been slipping steadily amid high output estimates.

***Sugar may turn bearish-*** Sugar prices are likely to decline to Rs 1200 a quintal next week, if the Centre fails to raise the buffer stock limit to 50 lakh tonnes from the current 20 lakh tonnes.

***BPO for sugar co-ops has global ambitions-*** Stir it into your coffee, or add two spoonfuls to your BPO.

A technology-savvy Maharashtra sugar cooperative has decided to add its own sweetener to the country's booming business process outsourcing (BPO) industry with a shared service hub for fellow sugar mills, and aims to chalk out a global market in countries such as Brazil and Australia.

BPO work usually involves office processes such as payroll management and accounting, but often, such work gets intertwined with special details of particular industries, described in the industry as "domain knowledge."

The Warana group, India's largest co-operative conglomerate with interests in sugar and dairy products, has now set up a BPO unit for the sugar industry, with an eye on using skilled workers to cut costs and boost convenience for others in the industry.

The 1000-seater BPO facility, which is coming up at Warana Nagar in southern Maharashtra's Warana district, will provide call centre services for villagers in the sugarcane growing region and do accounting work for other co-operatives.

Warana will be making a small upfront investment and the technology requirements would be handled by SA Voices, a Mumbai-based IT services company. Some of the existing employees in Warana would be re-skilled and employed in the BPO unit.

Currently, Warana sugar, the flagship co-operative of the Warana group, supplies sugar and sugar-related products to leading food companies like Nestle, Pepsico, Britannia and Parle Products.

"We will create a back-office model for the sugar industry from which many sugar companies in India and abroad can use our services in both technology and processes, which can be used by our internal customers," said Vinay Kore, the chairman who is

heading this initiative. He added that the company will be exploring outsourcing opportunities from places like Brazil and Australia.

"If things go according to plan, the focus on technology to bring in future changes would be a key thrust area," said an executive who prepared the blueprint for technology adoption.

He adds that the company will use IT to comply with global sugar industry standards in Australia, US and European Union (EU) and increase its exports. According to the International Sugar Organization, Brazil dominates the world sugar market with a 33 per cent market share, followed by India. In 2002, the Warana undertook a Rs. 2.5 crore IT project as a part of its modernization programme.

***Crumbling sugar mills in UP burden exchequer 440 million rupees***-Gorakhpur, (UP) May 18 (ANI): The Uttar Pradesh Government has incurred a loss of over 440 million rupees, as four state-run sugar mills here, built in pre-independence era, were shut down and seven are in deplorable conditions, due to obsolete machinery.

The mills were giving negative returns and were not even able to recover the cost of inputs for the last several years.

During the fiscal year, 2006-07, the mills bought sugarcane worth over 680 million rupees and the recovery from sale of sugar was only 480 million rupees.

"The economic condition of the sugar mills is very bad because the technology and plants are obsolete. The cost of production is more but the recovery is less. Large quantity of sugarcane is produced here; the condition will improve if new plants are installed," said C. P. Gupta, General Manager, UP State Sugar and Sugarcane Development Authority, Gorakhpur.

The State Government is reluctant to shut down the mills, as over ten thousand workers depend on these mills for their living.

Meanwhile, the workers have been demanding a restructuring of the mills, and said that working in these mills involves great risk as the machinery often breaks down or suffers from some technical default or other.

"The biggest problem faced by the workers today is that the machines used can breakdown anytime. The building is also not in good condition. The workers also do not get the facilities properly," said Ravi Shankar Singh, President, Purvanchal Sugar Mills Workers' Union.

The seven operating mills have a cumulative debt of over 430 million rupees, to be paid to farmers against sugarcane and the workers' wage bill. (ANI)

***Sugar exports at 54,000 tonnes-***The Indian based trading arm of Australia's AWB Ltd has exported around 54,000 tonnes of white sugar in the year to date, including shipments to West Asia and Sri Lanka. AWB has emerged as one of the single largest exporters of sugar from India.

***Axe falls on sugar firms-*** The centre has scrapped 98 percent of the industrial entrepreneur memorandums (IEMs) obtained by sugar barons for setting up new production units. The Directorate of Sugar in the Ministry of Food has decided to keep alive only 50 of the 2,500 IEMs taken in the last nine years by sugar mills.

***Gur prices to rule firm on lower supply-*** Gur spot and futures prices may rule firm in the next few days mainly on speculative buying support from operators and stockists, supported by firm physical markets in Uttar Pradesh and Maharashtra.

***Buffer sugar stock-*** With the country's sugar production in the 2006-07 [October-September] seasons likely to cross 27 million tonnes, against the earlier estimate of 26 million tonnes, the government is considering the creation of an additional buffer stock of 3 million tonne. This will be over and above the 2 million tonne buffer stock created in March.

***Sugar companies submit performance guarantees-*** Leading sugar companies like **Baja Hindusthan, Triveni Sugar, DCM Shriram and Shree Renuka Sugars** have submitted performance guarantees of Rs 1 crore per industrial entrepreneur memorandums to save few of their IEMs. They will have to take effective steps like purchase of land in the name of factory, place order for machinery, arrange finances and start construction in the next two years and should start commercial production in four years from the date of filing the IEMs.

***Sugar futures gain 2.14% on NCDEX-*** Sugar futures on NCDEX gained 2.14% to rise to Rs 1291 a quintal on unconfirmed news that the Government may raise buffer stock limit

from 20 lakh tonnes to 50 lakh tonne. The delay in harvesting is likely to slow down sugar supplies.

***Indian sugar futures up on rains in Brazil-*** Heavy rains in Brazil helped lift bearish sentiment in Indian sugar futures. The rains in Brazil are likely to delay their exports which should help Indian sugar millers.

***Sugar mills file case-*** Under pressure of sugarcane price payments and mounting arrears, fifteen sugar mills in UP have filed a case against the State government challenging its mechanism of determining the state advised price [SAP] of sugarcane.

***Centre plans more sops for sugar industry-*** The Centre is in the midst of finalizing yet another relief package to bail out the sugar industry, which is facing the problem of plenty. The package, which will be in addition to the already released Rs 850 crore, is expected to increase the moratorium period till March 2010 and provide financial assistance to sugar units that missed the current crushing season.

***Sugar sector gets a caning-*** The sugar sector has been downgraded by brokerages in the past on concerns of rising inventory levels and softening prices. While ICICI has downgraded the sector, Religare Securities has said that it maintains a negative outlook on the sugar sector and expects companies to report operational losses in the coming quarter.

***UP cane payment arrears top Rs 2700 cr-*** Uttar Pradesh has accumulated cane payment arrears of over Rs 2700 crore during October 1-May 25. The fall in price of sugar to Rs 1,350 per 100 kg from over Rs 2000 in October on the back of bumper output projections, has made it difficult for mills to recover their production costs and pay farmers. Uttar Pradesh, the largest sugar producer in the country has fixed cane price at Rs 125-130 per 1–kg, up from Rs 95-100 in 2000-01 for the current season.

***Sugar industry seeks excise duty deferral to stay afloat-*** The beleaguered sugar industry, struggling to come to terms with low realization and surplus production, has sought deferral of excise duty for a period of two years in a bid to extricate itself from

the financial mess it finds itself in. A memorandum seeking such a relief has been submitted by the Indian Sugar Mills Association (ISMA) to the food ministry.

***Sugar mills shut to cut losses-*** Sugar mills in Uttar Pradesh and Maharashtra, the country's two largest sugarcane producing states, are shutting down operations ahead of schedule to protect losses to some extent. The mills are now gradually shutting down as the recovery level from cane has come down to 6.5-7 per cent across the country the country due to extreme heat compared with the level of 10.5-11 per cent earlier.

## INTERNATIONAL SUGAR INDUSTRY

***Carbon credits market triples-*** The market in carbon credits grew faster than expected last year, tripling to \$30 billion from \$10 billion in 2005. The fledgling carbon credit industry is struggling to keep up with demand as there is now shortage of skilled technicians to monitor carbon reduction projects and verify the claimed estimate cuts are taking place.

***Global sugar surplus to top 6.9mt-*** The global sugar surplus will reach 6.9 million tonnes (mt), driven by an expansion in cane production in countries including Brazil and India. Global production will increase 9.8 percent to 162.7 mt this year as growers boosted plantings after prices rose to a 25-year high last year.

## ETHANOL

***Centre may allow mills to produce ethanol from lower-grade sugar-*** India, may allow mills to use low-grade sugar to make ethanol to beat a slump in prices amid a record harvest. The plan may help mills reduce inventory and boost domestic prices, which has fallen almost a fourth in the past six months.

***Ethanol import-*** With oil companies having been directed to market 5% petrol blended with ethanol, the government has asked all car manufacturers to study and implement changes required to be made in carburetors for the purpose. There is no plan to import ethanol for the blended petrol programme.

***Ethanol blended petrol programme-*** The Government is selling petrol doped with 5% ethanol only in 10 states as non-sugarcane producing states such as Madhya Pradesh, Gujarat & West Bengal have imposed taxes and levies on import of ethanol from other states.

***Ethanol blending: Some states go ahead, some discontinue-*** The government's ethanol blending programme has been a success in some metro cities and some states, while in some south Indian states it has been reversed.

***Blended petrol project based on locally produced ethanol-*** The entire ethanol blended petrol (EBP) programme-five percent ethanol with 95 percent petrol -is primarily based on the ethanol produced in the country. The government may consider introduction of 10% ethanol blending.

***Implementation of ethanol blended plan faces hurdles-*** Even as the petroleum minister Murli Deora has opened the first ethanol blended diesel pump in New Delhi, the ethanol blended programme has yet to be accepted by all states.

***Sugar producers clamour to sell more ethanol-*** Bumper sugar production has given sugar producers the confidence to offer a higher amount of ethanol for 'doping' ethanol. The oil ministry currently blends 5% but with a buoyant supply scenario, producers have increased distillation capacity and have offered to double the quantity being sold.

***Sugar beet planting for ethanol-*** A co-operative sugar mill in Maharashtra has undertaken a unique venture to convert its complete crop of sugar beet for producing ethanol. In its command area it has 1525 acres of sugar beet crop ready for harvesting & crushing. Sugarcane has sugar recovery rate of 12% and a 12-13 month crop cycle. In the case of sugar beet, the recovery rate is 19% with a five month crop cycle.

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