

Biodiesel sector waits for clarity on benefits from duty cut

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The biodiesel industry has welcomed finance minister's move to reduce the customs duty on biodiesel from 7.5 per cent to 2.5 per cent and the duty paid on high-speed diesel blended with up to 20 per cent biodiesel to

be exempted from excise duties. But, it is seeking clarity on the benefits the moves would bring.

"We are trying to ascertain if the exemption would be available only to blended fuel or if it would be extended to the total product. This in any case would mean a huge cost advantage to the oil marketing firms. Around

5 per cent blending could mean that entire 95 per cent blending of the fuel could be exempted from duty," said an industry expert who advises

firms on procuring bio-fuel.

Industry experts say while fossil fuel attracts excise duty, biodiesel does not. So a clarity is required on if blended

bio-diesel will invite any amount of tax. Also, how the details would be worked out and what procedure would be followed.

Biodiesel Association of India (BAI) has also written to the finance ministry seeking the customs duty concession to be extended on feedstock (free fatty acid and non-edible oils)

Firms acquire land abroad

With the present measures, companies like Emami Biotech, an outfit of the Emami group and Hazel Mercantile would benefit which are planning to produce and process bio-diesel abroad. Sources close to the development said these companies have acquired 10,000 acres to 25,000 hectares in Africa for cultivating jatropha and processing bio-diesel.

An official from Emami confirmed the move. Emami last year, commissioned its 1,000 tonnes per day edible oil plant at Haldia which has the capacity to produce 300 tonnes per day of bio-diesel from palm oil.

imports to encourage running of over a dozen biodiesel processing units in India.

While industry watchers believe the reduction in duty will also promote import of bio-diesel, producers of biodiesel differ. "India's processing ca-

capacity of bio-diesel is estimated at 200,000 tonnes per year but a majority of biodiesel units are not operational most of the year. What good will abolishing the duties do?" wondered an executive from a firm whose plant has been lying idle.