

Emami looks for other viable options to sell biodiesel

Oil Ministry ban on sales to passenger, goods vehicles

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With Emami Biotech's biodiesel sale plan running into rough weather following the Petroleum Ministry's ban on selling the fuel for use in passenger and goods vehicles, the company is now mulling other viable options for pushing the product into the market.

The company is looking at alternatives such as earth moving equipment, construction equipment, generator owners and vehicles among others, for probable use of the fuel, according to Mr Aditya Agarwal, Director, Emami Group.

Emami Biotech had entered into a memorandum of understanding with Calcutta Tramways Company (CTC) for the supply of 250 kilo litre of bio diesel a month in Feb-

ruary 2009. However, the MoU could not be executed due to the ban.

"We had moved the court against that order and we have already received a stay order. We are again initiating talks with the State transport corporation but things are at a standstill at present," Mr Agarwal told *Business Line*.

Emami Biotech had invested around Rs 150 crore to set up the biodiesel production facility at Haldia, which has the capacity to produce 300 tonnes a day. However, the company is currently selling only about 400-600 tonne of biodiesel on a monthly basis.

"We have been currently selling biodiesel to generator owners and for some personal use. We are also looking for other avenues such as earth moving equipment, construction equipment and vehi-

cles," he said. The Government needs to take some concrete measures in order to encourage the use of biodiesel in the country, he pointed out.

"The Government has been subsidising normal diesel but it is hardly taking any active measure when it comes to biodiesel," he observed.

Worldwide, bio-diesel is considered a safe alternative to fossil fuels, but due to absence of right policies in the country, restrictions placed on companies selling it and ill-defined regulations, the sales have not picked up here, he pointed out.

The price of biodiesel was lower as compared with normal diesel. "The price of normal diesel typically ranges between Rs 37-40 per litre depending on the States while the cost of biodiesel

was typically in the range of Rs 35-36 per litre," he said.

Emami Biotech, Mr Agarwal said, was currently selling bio-diesel at a lower price compared to normal diesel.

"This is contrary to international practice where consumers buy bio-diesel at a premium to use it in their vehicles. Unless the Government modifies its price mechanism on bio-diesel, its production will become unviable," he added.

The bulk of the production equipment at the plant has been supplied by Desmat Belstra, an Italian Belgian joint venture company.

The company has also invested an additional amount of Rs 100 crore at the same facility for producing edible oil. The production residue of edible oil would be used for preparing bio-diesel.