

Biodiesel units stare at uncertain future

Wrong Policies, Complex Tax Structure Force Two Biofuel Units In State To Stop Production

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Kolkata: Biodiesel has the potential to save consumers from the price pinch when petro prices have consistently remained north-bound. But thanks to the Centre's flawed policies, this alternative industry is languishing across the nation. In Bengal, the picture is no different either. Two major biodiesel producing units — with an installed capacity of 500 tonne per day — in the state are lying idle for more than a year. In the last few years, not even 3% of their capacity has been utilized.

"Even today, biodiesel can be sold at Re 1 less than the current price of diesel. It needs no subsidy. Currently, a litre of diesel is subsidized by Rs 16. This is bleeding the national exchequer. Biodiesel could have been a great breather for the government as well as for people of this country," said Biodiesel Association of India (BDAI) president



Sandeep Chaturvedi.

A desperate BDAI had presented a dummy biofuel policy to Prime Minister Manmohan Singh for reversing the fate of this form of energy. However, nothing came of it. In fact, the petroleum ministry raised the issue over direct sale of the product by producers. Calcutta Tram Company (CTC) and Kolkata

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Aditya Agarwal | EMAMI GROUP DIRECTOR

Police, who were encouraged by the result of biodiesel usage, stopped buying the fuel after the circulation of the notice.

"We came into this sector with a lot of hope and expectation. The feedback we got from these government agencies was excellent. Yet, our unit remains idle for over a year as production of biodiesel in small quantities

makes no sense. Moreover, the ministry of petroleum barred us from selling the product," said Aditya Agarwal, Emami Group director. Emami Biotech has the highest capacity of biodiesel production in eastern India.

Bengal apart, the condition of biodiesel producing units is pretty much the same across the country. Numerous roadblocks, wrong policies and complicated taxing have ruined the business at its infancy. The fuel that brought hope against environment degradation and rapid depletion of fossil fuels stock is languishing in red tape.

"The biofuel policy, which finally came in 2009 after a prolonged wait of seven years, is nothing more than a statement of lofty intent. The policy sets a target of 58 million tonne by 2017. But there is no roadmap. Considering that the current installed capacity in the country stands at 1.2 million tonne, it is even absurd to

think of the 58-million-tonne figure," said Chaturvedi.

Since the price of crude oil is predicted to rise further, the focus is bound to shift to biodiesel. But in the prevailing situation, the industry is not prepared to gear up to that sudden hike in demand. There must be a roadmap that can enhance production step-by-step to reach the 20% blending of biodiesel with diesel. The current installed capacity can only manage 3% blending, Chaturvedi added.

"Biodiesel can sustain rural livelihood as well as ensure energy security. Today or tomorrow, as a nation we need to give incentives and tax concessions for biodiesel production. This has been a practice in Europe and America for quite some time. Cultivation of a million hectares of wasteland to produce 1 million tonne of biodiesel will ensure employment to 1 million people," he predicted.