

New biofuel policy on the anvil, says Pradhan

FE BUREAU
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ENTRUSTED RECENTLY WITH the responsibility to take under its fold the biofuel industry, the ministry of petroleum and natural gas soon plans to announce a new policy to promote use of alternative fuels. This will be in line with the government's commitment to cut down emission and bring down the overall oil import bill.

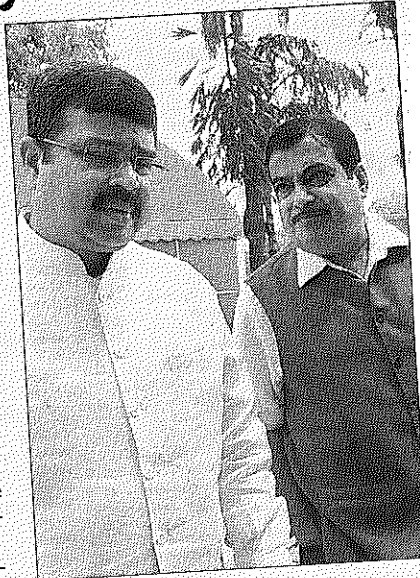
Petroleum minister Dharmendra Pradhan on Thursday said the biofuel economy has the potential to grow up to ₹1 lakh crore. The state-owned oil companies together pledged \$2 billion towards research to develop biofuel technologies and the government has pledged to guarantee adequate return on investment, Pradhan added while speaking at a workshop observing World Biofuel Day.

The policy is expected to take into consideration the role of government, return on investment and minimum assurance, among others.

Speaking at the event, roads minister Nitin Gadkari said his ministry, along with the petroleum ministry, will ask the finance ministry to cut the 18% applicable goods and services tax on biofuels to 5% in order to incentivise the industry. Gadkari emphasised that to promote the biofuel economy, the government should play the role of a facilitator and allow the private sector to participate and invest.

Developing the alternate fuel economy will help the country in cutting down its energy import bill of ₹7 lakh crore as the country buys 80% of its fuel requirement. The government is working to cut energy imports by 10% by 2022.

Gadkari also said the government should also focus on enhanced blending of ethanol



Union petroleum minister Dharmendra Pradhan (left) and transport minister Nitin Gadkari at Parliament House in New Delhi on Thursday

with diesel and petrol, and also increase the consumption of methanol for running transport vehicles. His ministry also plan to move a Cabinet note seeking to run ships through methanol instead of diesel.

The government has already asked the state-run oil marketing companies to set up ethanol plants at 12 locations in the coming year. According to Indian Oil Corporation's chairman Sanjiv Singh, the company plans to increase its biofuel refineries' capacity to 100 tonne a day from approximately 12 tonne a day in the next two years. Indian Oil runs three biofuel plants which is set to increase.

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