For lower fuel prices and emissions

Even as the common man grapples with skyrocketing fuel prices, the Ministry of Petroleum and Natural Gas continues to chase its ambitious targets based on ambiguous plans and questionable technologies. As the current policies lack a solid foundation, substance and a practical approach, the average householder has no choice but to pay higher taxes. While the entire country is reeling from a fuel price shock, nothing major has been done to reduce toxic emissions and ease fuel prices. As things stand, in States like Odisha, the fuel blending rate is 0% and there is no explanation for this. And it is not just Odisha, the whole country continues to flounder in the dark while the government applies its questionable ‘world-class ideas’.

Changing goalposts

In the past, the government has dithered several times on the National Policy on Biofuels (NPB). In 2003, the Ethanol Blended Petrol Programme (EBP) focussed on 5% blending of molasses-based ethanol with petrol. By 2008, it pushed for the blending target to be 10%. Thereafter, the National Biodiesel Mission proposed a two-phase strategy for biodiesel production from Jatropha seeds to achieve a 10% blending mandate with diesel by 2012. These targets were not met. Yet, in 2009, the NPB proposed a revised target of 20% blending for ethanol and biodiesel by 2017. This is yet to be realised. Fuel blending with ethanol varies from 85% (E85) in Australia to vehicles run on 100% (E100) ethanol in Brazil, where the ethanol blending mandate is 27% (E27). In contrast, India has an abysmal 2-4% blending rate and is woefully short of the original target of 5% due to the inconsistent supply of domestically produced ethanol. Many States like Odisha have not even started their innings on fuel blending.

The government’s priorities in implementing the NPB were to find a solution to air pollution, maintain affordable transportation fuel prices, promote clean and sustainable fuels, move towards energy self-sufficiency, and reduce dependence on crude oil imports. Unfortunately, precious little has been done so far.

Promises and problems

Against this backdrop of poor performance, the National Policy on Biofuels 2018 repeats the pattern of promising the moon and delivering little. There is no defined future road map for India in it. At a time when the World Health Organisation has already declared 14 Indian cities as among the most polluted in the world, it is surprising that the government is looking at sourcing untested technologies like the production of 2G ethanol. The policy is totally silent on octane, which has direct consequences on air quality and pollution as it assists in proper combustion of fuels, thereby affecting vehicular emissions. In the present-day scenario, petrol is blended with cancer-causing imported aromatics to boost octane rating. This has negative consequences on health.

The policy states that “a viability gap funding scheme for 2G ethanol bio refineries of Rs. 5,000 crore in 6 years in addition to additional tax incentives, higher purchase price as compared to 1G biofuels” will be provided. Like the NPB 2009, the NPB 2018 is overly ambitious. This is in light of the fact that the capability of 2G has not been realised till today. Therefore, completely relying on a mechanism which has not been proven commercially is flawed. Excessive expenditure from the exchequer is sought to be made by the NPB for a technology (production of 2G) which is untested and has not taken off commercially internationally. Why can we not exercise the option of 1G, which is a tried and tested mechanism and is available?

Further, the ways in which companies are selected for driving the NPB agenda forward is odd. So far, there’s an investment of 10,000 crore to set up 12 2G biorefineries across 11 States. Apart

from laying the foundation stone of one biorefinery in Bathinda, Punjab, nothing more has developed on this front. The government has signed six MoUs with oil marketing companies, of which three have been awarded to Praj Industries without any transparent process of selection. The criteria and reasons for awarding these MoUs is unknown.

The biggest irony is that the government is willing to spend thousands of crores on building colossal statues but is unwilling to spend much on developing existing technologies to augment the generation and production of ethanol for a better future. One can only hope that better sense will prevail. The burning issues of vehicular emission, fuel octane efficiency, rising fuel prices and air pollution remain largely unaddressed.

The way forward

Merely increasing the price of ethanol by 3 and reducing fuel prices by a few paise will not help the current scenario. The government needs to roll back the increase of Central government taxes on fuel, which have doubled after 2014. The government also needs to demonstrate a clear thinking for increasing ethanol production to reduce oil imports and the current account deficit. If necessary, the government should look at importing ethanol in the interim, thereby creating consistency of supply, and providing relief from the pollution created by fossil fuel burning. Facilitating import of ethanol will make up for the inconsistency in the availability of domestic ethanol, thereby ensuring the accomplishment of the present blending mandate of 10% (E10). A similar practice has been adopted by countries like the Philippines, which have seen resounding success in achieving their blending mandate, consistency in ethanol supply, and foreign exchange savings.

Appropriate blending of consistently available ethanol throughout the country will prevent octane savings to the tune of approximately 3,000 crore. Further, a consistent supply of ethanol will serve as a substitute for expensive and harmful imported aromatics like BTX. This will additionally contribute to foreign exchange savings worth approximately 1,500 crore since ethanol has an octane rating of 113, while the mandated octane rating for fuel is 91. Interim import of ethanol should be considered while 1G production is being increased and technology to produce 2G ethanol is still developing and proving its commercial viability. These corrections in policy will lead to lower fuel prices, cleaner air, foreign currency savings and efficiency in the oil economy.

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This refers to the tendency to form friendships and other forms of interpersonal relationships with people we come across often in our daily lives.

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