Cabinet approves new policy for biofuels

The policy allows use of sugarcane and other raw material for ethanol production.AFP

The Union Cabinet on Wednesday approved a national policy on biofuels that seeks to not only help farmers dispose of their surplus stock in an economic manner but also reduce India's oil-import dependence.

"The policy expands the scope of raw material for ethanol production by allowing use of sugarcane juice, sugar containing materials like sugar beet, sweet sorghum, starch containing materials like corn, cassava, damaged food grains like wheat, broken rice, rotten potatoes [that are] unfit for human consumption for ethanol production," the government said in a release.

"Farmers are at a risk of not getting appropriate price for their produce during the surplus production phase," the release added. "Taking this into account, the policy allows use of surplus food grains for production of ethanol for blending with petrol with the approval of National Biofuel Coordination Committee."

The policy also provides for a viability gap funding scheme of Rs. 5,000 crore in six years for second generation (more advanced) ethanol bio-refineries in addition to tax incentives and a higher purchase price as compared to first generation biofuels.

"One crore litres of E10 [petrol with 9-10% ethanol blended in it] saves Rs. 28 crore of forex at current rates," the government said. "The ethanol supply year 2017-18 is likely to see a supply of around 150 crore litres of ethanol which will result in savings of over Rs. 4,000 crore of forex."

The release added that one crore litres of E10 saves reduces carbon dioxide emissions by about 20,000 tonnes.

"For the ethanol supply year 2017-18, there will be lesser emissions of CO_2 to the tune of 30 lakh tonnes," it said. "By reducing crop burning and conversion of agricultural residues/wastes to biofuels there will be further reduction in greenhouse gas emissions."

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