



## Concerns in Biofuel Plans

### What is the issue?

\n\n

The Union Government's plans and proposals on the production and use of biofuel have given rise to some concerns.

\n\n

### What are the recent moves?

\n\n

- \n
- **Production** - The government has an ambitious plan to triple the production of biofuels in four years.  
\n
- This is a positive move to reduce the excessive dependence on imports for meeting the energy needs.  
\n
- **Policy** - The recently-approved National Biofuel Policy 2018 pushes for a new biofuel strategy.  
\n
- It is aimed at raising ethanol doping of petrol to 10% by 2022 and 20% by 2030.  
\n
- This will be a rise from the present national average of around 2%.  
\n
- Also, biofuel blending of diesel, which is almost negligible now, is proposed to be stepped up to 5% by 2030.  
\n
- This is estimated to help save Rs 120 billion in import bill.  
\n
- The intended objective is to create Rs 1 trillion biofuel economy.  
\n
- **Refineries** - Oil marketing companies are already in the process of setting up 12 biofuel refineries.

- \n
- These units would deploy second-generation technology.
- \n
- It can make biofuels from even solid municipal and industrial trash.
- \n
- It also includes problematic agricultural wastes like paddy straw and crop stubbles.
- \n
- Notably, these are generally burnt in the fields itself, causing pollution.
- \n
- Government is offering subsidised credit, viability gap funding and relatively higher purchase prices for ethanol produced by these plants.
- \n
- The GST has been trimmed from 18% to 5% on ethanol and from 18% to 12% on biodiesel.
- \n
- **Sugar industry** - The sugar industry has already been permitted to produce ethanol.
- \n
- The mills are incentivised to set up biofuel refineries with liberal government assistance.
- \n
- The government has also fixed a higher procurement price for the ethanol drawn directly from cane juice.
- \n
- This is more than the price for that manufactured from the byproducts like molasses.
- \n

\n\n

## What are the concerns?

\n\n

- \n
- **Production** - It is proposed to use various kinds of farm produce and not just agricultural wastes for this purpose.
- \n
- This can potentially distort the pattern of agricultural output in favour of energy crops.
- \n
- This is a trend that even the land-rich countries are finding hard to sustain.
- \n
- **Ethanol** - The liberties granted to ethanol manufacturers remain contentious.

\n

\n\n

\n

- They are allowed to choose their feedstock from a range of crops and other farm materials.

\n

- These include:

\n

\n\n

\n

i. sugarcane juice

\n

ii. sugar containing crops such as beetroot and sweet sorghum

\n

iii. starchy crops such as maize and cassava

\n

iv. damaged food grains such as wheat, broken rice and potato

\n

\n\n

\n

- Evidently, many of these are part of the human or animal food chains.

\n

- **Sugar industry** - Ethanol drawn directly from cane juice could amount to a complete bypassing of sugar production.

\n

- Also, farmers would be encouraged to produce more of this water-intensive crop.

\n

- This could be at the cost of other crops that can be grown on the prime irrigated lands.

\n

- Despite farmers' benefits, such moves may pose problems in the wider economic interests.

\n

- **Bio-diesel** - For biodiesel, the new plan envisages utilisation of non-edible oilseeds and short-gestation oil-bearing crops.

\n

- This disregards the fact these oils are used in the pharmaceutical, cosmetic and other industries.

\n

- Given these, the well-intentioned biofuel plan does need some judicious alterations to address the concerns.

\n

\n\n

\n\n

**Source: Business Standard**

\n



**IAS PARLIAMENT**

*Information is Empowering*

A Shankar IAS Academy Initiative