

## Green signal

*The new biofuels policy ticks all the right boxes  
but execution holds the key*

**W**ith crude oil prices now hovering around the \$80/barrel mark, India's new National Policy on Bio-fuel, announced last week, could not have been timed better. Nobody can argue with the obvious benefits of the biofuels policy at least in terms of intent. The policy significantly expands the sources from which ethanol can be produced and also allows for blending ethanol from multiple bio feedstock – and not just ethanol produced from sugarcane, as was the case earlier – with petrol. The policy also holds significant potential gains for farmers. Under the new policy, the raw material sourcing net for ethanol is being significantly expanded to include, besides sugarcane juice, sugar beet, sweet sorghum, corn, cassava, damaged wheat, broken rice and rotten potatoes. There is also a bonus for civic administrations, since ethanol can now be produced from municipal solid waste, as well as fuels like bio natural gas. To that extent, the policy can help turn refuse into gold. The policy also envisages using rice and wheat chaff and other biomasses as feedstock for ethanol production. This opens up a large and remunerative market for products on which the farmer was bearing the losses caused by erratic weather and poor storage conditions. Beyond this, used cooking oil can also double up as a feedstock for biodiesel which is welcome since India is one of the world's largest consumers of edible oil and generates a huge quantity of used cooking oil as waste.

While there is no critiquing the intentions, execution will be a challenge. To convert India's existing biofuel potential into reality, huge investments need to be made in creating bio refinery capacity. However, this is easier said than done. While state-owned oil marketing companies are in the process of setting up 12 bio-refineries, this can only be a base to build on. On the ground, private sector investment in this space has been hampered by financial constraints and lack of cohesive support from the Central to the local level. Creating the requisite supply chain infrastructure to source and efficiently transport low value biomass to the refineries is another challenge. The Centre should ensure that it actively involves the private sector in this exercise especially for functions like procurement, storage and distribution. It should steer clear of micromanaging the supply chain but, instead, help in land acquisition for the bio-refineries and working with the stakeholders to fix a reasonable price for the end product.

Finally, the policy needs to be followed up with coordinated action at the user end to ensure that the larger goal of the policy – of cleaning up the air, reducing the carbon footprint and shift to more sustainable renewable fuels – is not lost sight of. From encouraging the use of biofuels in public transport to ensuring that civic bodies actually realise the potential of municipal waste and sewage the policy needs to be implemented in mission mode on a nationwide basis.