Advancement of Ethanol Blending Target

Why in news?

The Union Cabinet has advanced the target for achieving 20% ethanol blending in petrol by five years.

What is the biofuel policy?

- Biofuels are a class of renewable energy derived from living materials.
- The National Biofuel Policy, introduced in 2018 was aimed at reducing dependence on imports by encouraging fuel blending.
- The National Biofuel Coordination Committee (NBCC) headed by Union Minister for Petroleum and Natural Gas is the agency to coordinate the blending programme.
- **Categorisation of biofuels-** The policy categorises biofuels as
    - Basic Biofuels- First Generation (1G) bioethanol & biodiesel
    - Advanced Biofuels- Second Generation (2G) ethanol, municipal solid waste to drop-in fuels
    - Third Generation (3G) biofuels- Bio-CNG.
- **Scope of raw material**- The policy expands the scope of raw material for ethanol production by allowing use of Sugarcane juice, sugar containing materials, starch containing materials, damaged food grains, etc.
- **Use of surplus food grains**- The Policy allows use of surplus food grains for production of ethanol for blending with petrol with the approval of National Biofuel Coordination Committee.
- **Supply chain mechanism**- The policy encourages setting up of supply chain mechanisms for biodiesel production from non-edible oilseeds, Used Cooking Oil, short gestation crops.

What amendments have been made?

- The most important amendment has been advancing the 20% blending date by five years from Ethanol Supply Year (ESY) 2030 to 2025-26.
- It provided for the introduction of more feedstock for production of biofuels.
- It has also proposed for the production of biofuels under the ‘Make in India’ programme in Special Economic Zones, Export Oriented Units.
- It also permits to export the biofuels in specific cases.
- Apart from addition of new members to the NBCC, the Committee has now been given the permission to change the policy which it earlier lacked.

What does advancing the blending target mean?

> *India depends on imports for meeting 85% of its oil needs.*

- India would require a consistent supply of 1,500 crores litres of ethanol annually.
- **Import reduction**- The blending programme will reduce the crude oil import bill.
- **Eco-friendly**- It provides scope to allow consumers access to environment friendly fuel
- **Diversification**- It would help sugar mills diversify their portfolios faster from just sugar production and become self-reliant in paying cane-growers.
- **Self reliance**- It has the potential to change the face of the sugar industry and make it self-reliant.
- **Employment and technology**- The amendments will also attract and foster developments of indigenous technologies which will pave the way for the Make in India drive and thereby generate more employment.

What are the roadblocks ahead?

Currently, about 10% of ethanol is blended in petrol.

- Many cooperative sugar mills have complained about a fund crunch.
- Banks are reluctant to finance sugar mills given their weak balance-sheets.
- As a way out, mills have asked for tripartite agreements between OMCs, banks and cane suppliers to clear payments within 21 days.

References

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