

Standing Committee Report Summary

Review of Progress in Production of Non-Conventional Fuels with specific reference to Bio-Fuels

- The Standing Committee on Petroleum and Natural Gas (Chair: Mr. Ramesh Bidhuri) submitted its report on the subject 'Review of Progress in Production of Non-Conventional Fuels with specific reference to Bio-Fuels' on March 10, 2021. Bio-fuels are being developed as economic alternatives to fossil fuels and are environment-friendly in nature. Examples include bio-ethanol, bio-diesel, compressed bio gas, bio-jet fuel, and other advanced bio-fuels. Key observations and recommendations of the Committee include:
 - **National Policy:** The Committee observed that India imports more than 80% of its crude oil. The National Policy on Bio-Fuels, 2018 was formulated to increase bio-fuel usage in energy and transportation sectors. It aims to substitute fossil fuels and contribute to energy security and climate change mitigation. Under the Policy, the government will utilise biomass and agri-residues and products as raw materials to produce bio-fuels. This is aimed at providing better remuneration to farmers and addressing challenges related to waste management. Considering these multiple objectives, the Committee recommended that the Policy should be reviewed periodically to address issues that may arise and ensure its implementation in letter and spirit.
 - **Ethanol blending:** With the aim of substituting fossil fuels, the government has set the following targets for blending of ethanol with petrol: (i) 10% blending by 2022 and (ii) 20% blending by 2030. The Committee observed that 5% blending was achieved in 2018-19 with supply of 188 crore litre of ethanol. It noted that the target of 20% blending would require nearly 900 crore litre of ethanol supply, which the government aims to achieve by 2025. Of this, 550 crore litre will come from sugar-based distilleries and 350 crore litre from grain-based distilleries. Taking into account the progress so far, the Committee recommended the Ministry to prepone the 20% ethanol blending target.
 - **Feedstocks for ethanol:** The Committee observed that majority of the ethanol produced for blending is coming from the sugar sector. It noted that sugarcane is a water intensive crop with adverse effects on the environment and thus not sustainable in the long run for producing ethanol. The Committee observed that more than 60% of the ethanol in the world is produced using maize, whereas India primarily uses sugarcane. It recommended the government to study the policies followed in countries using other feedstocks and suitably adopt them. The Committee noted that ethanol production using maize and other foodgrains will help ethanol blending throughout the country by lowering transportation costs as against the present scenario where ethanol is mainly produced in sugar producing states. It recommended the government to diversify the feedstocks used for producing ethanol to include maize and other foodgrains and motivate farmers to increase their production accordingly.
- The Committee observed that the government plans to use damaged foodgrains from the Food Corporation of India's godowns to augment ethanol production from sugarcane. It noted that the excess rice stocks can come handy in production of ethanol, but this may not help in achieving the blending targets in a sustainable manner in the future. The Committee recommended the Ministry to work closely with the Department of Food and Public Distribution to determine the quantity of rice that can be allowed for production of ethanol without comprising food security.
- **Bio-diesel:** The government has set a target of 5% blending of bio-diesel with diesel for 2030. Presently, the blending level is less than 0.1%, with 10.56 crore litre of bio-diesel supply in 2019-20. The Committee observed that bio-diesel blending has not kept pace with ethanol blending. It noted that bio-diesel has not been accorded due importance, even though diesel is the most consumed fuel, used mostly in commercial and public transport vehicles. It noted that higher bio-diesel blending will have a greater impact in reducing crude oil imports. The Committee recommended the Ministry to seriously identify sources of feedstock for production of bio-diesel and take concrete steps in this direction. The Committee noted that imported palm stearin oil is presently the main source of production in India. It noted that the Ministry is promoting used cooking oil (UCO) as an alternative and recommended it to launch a massive awareness campaign, while simultaneously monitoring the UCO program closely.
- **National Bio-Fuel Coordination Committee (NBCC):** To implement the National Policy, NBCC has been set up with representatives of 14 ministries/ departments. The Committee recommended that the Departments of Drinking Water and Sanitation and Financial Services may be included in NBCC, as they have a vital role in providing inputs/ organic waste and in financing of projects through interest subsidies.

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research ("PRS"). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.