

## Emami's bio-diesel project in doldrums

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Kolkata, 17 June

**E**mami Ltd, the Rs 2000 crore FMCG major, is currently recording zero sales of biodiesel, following a circular issued this month by the ministry of petroleum, virtually banning the sale of bio-diesel.

Earlier too, Emami was not being able to sell even one per cent of its produce, due to pricing differences and 'unfriendly' regulations by the government on companies selling biodiesel.

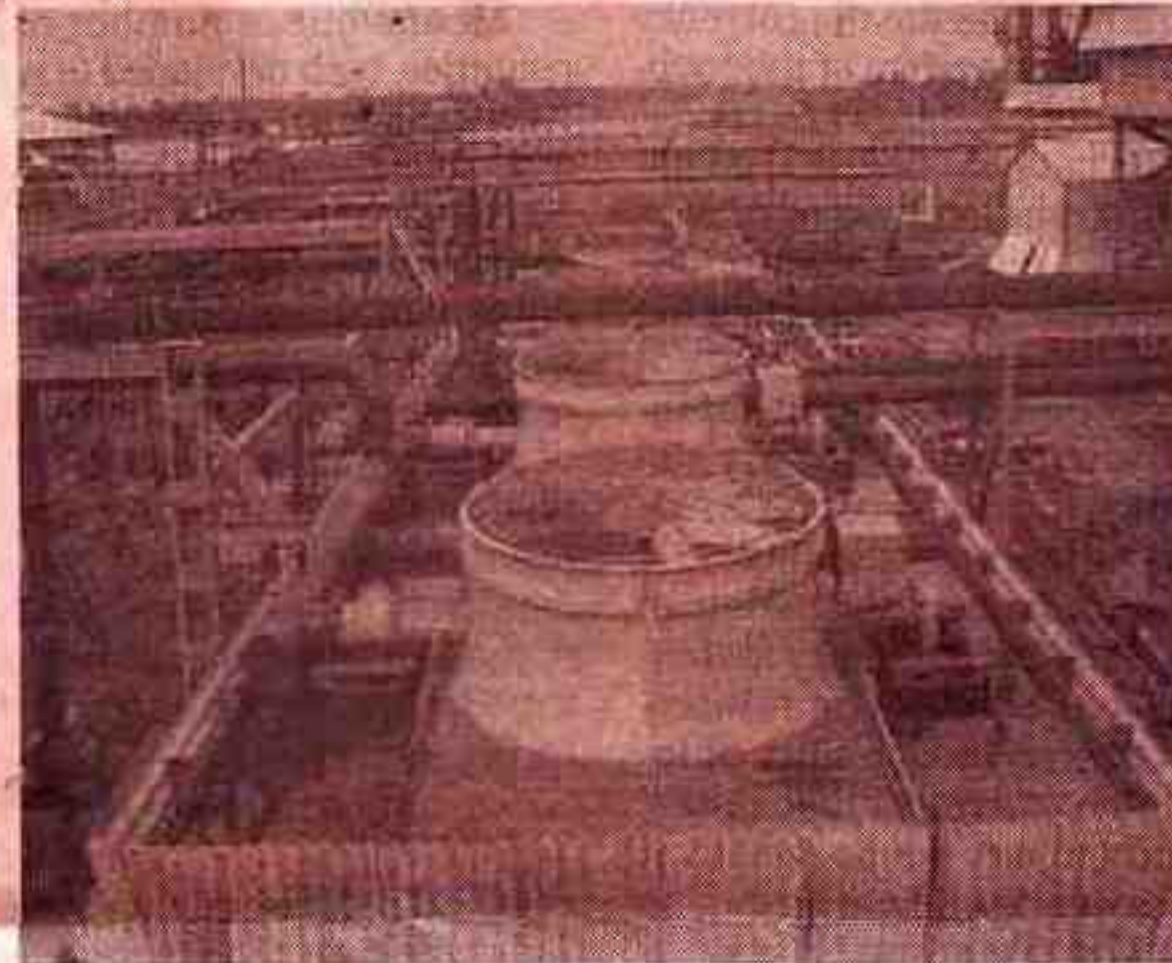
According to Aditya Agarwal, director, Emami Group, "We invested Rs 150 crore to set up the biodiesel production facility at Haldia. Worldwide, biodiesel is considered as the much-touted alternative to fossil fuels, but due to absence of right policies in India, like too many restrictions on companies selling it and because regulations are not well-defined either. Our bio-diesel sales right now is virtually zero."

Emami's bio-diesel plant at Haldia has an installed capacity of 300 tonnes per day of which the company had started supplying 90 tonne per month to Calcutta Tramways Corporation (CTC) in February.

"But after the ban by the ministry of petroleum, CTC has also stopped buying from us," Agarwal said.

The 'shocking' circular (No. P-45011/17/2009) issued by the ministry, requested state governments to "ensure that unauthorised sale and possession of bio-diesel in the market is checked and eliminated. Bio-Diesel Association of India president Sandeep Chaturvedi said, "The circular is not only strange but seriously jeopardises the entire bio-diesel industry that really needs support."

In a letter (ED/WBSO/SLC/Bio-Diesel) to the West Bengal chief secretary, IOC has requested the state to check the sale of bio-diesel in the state. "We have just forwarded the ministry's circular to the state government to ensure that producers meet the bio-diesel standard. We, in fact, want wider use of bio-diesel,



The Emami bio-diesel factory in West Bengal

which would reduce crude oil imports," said Debashish Sen, IOC executive director and state level coordinator for oil companies.

"Lack of clarity makes us suffer the most. We had plans to set up at least six biofuel dispensing stations. But the Fire Brigade just could not issue us the clearance certificates as bio-diesel finds no mention in their manual. The Fire Brigade's clearance is mandatory to set up such stations," said Aditya Agarwal of Emami.

Emami was planning to set up bio-diesel dispensing units for individual customers, and had identified locations in Balasore in Orissa and at Haldia in West Bengal. The cost of setting up each dispensing unit had worked out to close to Rs 3 lakh, plus the land cost.

Emami had managed to taste success in running both generator sets and cars on 100 per cent biofuel.

According to P K Chattopadhyay, managing director of CTC, "We started running a few of our vehicles on trial with Emami's biodiesel from early February and had noticed a 35 per cent improvement in smoke value. We were therefore looking at uninterrupted supply of bio-diesel from Emami. There were other companies also selling bio-diesel but Emami was selling it at the cheapest price."

Emami's bio-diesel was

priced at Re 1 - 1.50 more than diesel. So one litre of biodiesel used to cost close to Rs 31.50. The price varied depending on increase in fuel price hike.

According to Agarwal, Emami was already selling bio-diesel at a lower price. This is contrary to international practice where consumers buy bio-diesel at a premium to use it in their vehicles. He said, unless the government modified its price mechanism on selling bio-diesel, its production would become unviable.

Emami Biotech's bio-diesel production facility at Haldia was set up at a cost of Rs 150 crore. Bulk of the production equipment has been supplied by Desmat Belstra, an Italian Belgian joint venture company.

An additional amount of Rs 100 crore has been invested at the same facility for producing edible oil. The production residue of edible oil will be used for preparing bio-diesel.

"Our plans for edible oil are on track. We are selling in bulk to companies, and we also have plans to retail our edible oil in one year," Agarwal informed.

Bio diesel is a diesel-equivalent, processed fuel derived from biological sources (such as vegetable oils), which can be used in unmodified diesel-engine vehicles. Diesel engines require no modification to have a 20 per cent bio-diesel blend with normal diesel just like water blends with water.