

States' taxation, poor marketing stifle biodiesel

Seminar in New Delhi to discuss ways to remove bottlenecks

Our Bureau

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Varying levels of taxation by state governments and the lack of proper marketing are the key issues to be addressed to encourage production and usage of biodiesel.

While the annual demand of biodiesel in the country has been pegged at 3 million tonnes, only 3 lakh tonnes of the fuel is being consumed on a year-on-year basis, said Mr Sandeep Chaturvedi, President, Biodiesel Association of India.

"The two major bottlenecks for biodiesel are the constraints on marketing and dis-

tribution and the kind of taxation levied by various state governments," Mr Chaturvedi said, while talking to newsmen at a press meet to announce a daylong seminar on the various issues pertaining to biodiesel. The seminar will be held on November 19 in New Delhi.

Diesel consumption in the country stands at about 60 million tonnes on an annual basis. With permitted blending of biodiesel to the extent of about 5 per cent, the demand for biodiesel is 3 million tonnes, he pointed out. "Five per cent blending of biodiesel with diesel is likely to reduce particu-

▶ *Taxes on independent usage of biodiesel are comparatively low at about 4 per cent, but on being blended with diesel is taxed between 22 and 28 per cent depending on the State.*

late emission by 20 per cent." The level of taxation levied by state governments on independent usage of biodiesel was comparatively low at about 4 per cent, said Mr Aditya V. Agarwal, Director, Emami Group of Companies. But the fuel on being blended with diesel is taxed between 22 and 28 per cent depending on the

state, he said.

Some states such as Uttarakhand, Rajasthan and Chhattisgarh have waived-off excise duties on biodiesel. But West Bengal, Andhra Pradesh, Karnataka and Maharashtra, among others, continue to tax it heavily, he added.

"Though India has an installed capacity to produce 1.2

million tonnes of biodiesel every year, not even 5 per cent of the total installed capacity is being put to use at present," Mr Chaturvedi said.

The Biodiesel Association of India plans to discuss these issues at length at the seminar. "We will discuss the issues, arrive at a consensus and formulate a policy, which will be submitted to the Prime Minister the very next day."

The association will also urge the Government to include biodiesel in the renewable purchase obligation to encourage the fuel's usage by captive power producers, he added.