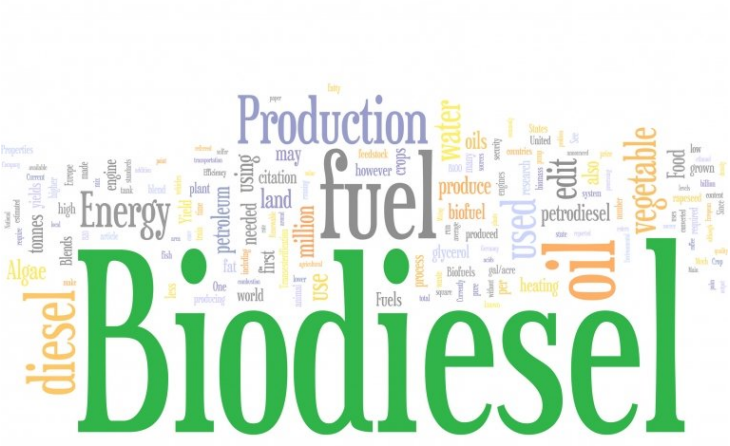
BioSpectrum
the business of Bi
24 years of leveraging the business of Bio
www.biospectrumindia.co

# Modi govt allows direct sale of biodiesel now

19 January 2015 | News | By Rahul Koul Koul

**Modi govt allows direct sale of biodiesel now**



In a move that is going to bring respite for the private biodiesel manufacturers, the union cabinet chaired by the prime minister, Mr Narendra Modi on January 16, 2016 gave its approval for amending the Motor Spirit (MS) and High Speed Diesel (HSD) control order for Regulation of Supply, Distribution and Prevention of Malpractices dated December 19, 2005.

The amendment is of high importance as it will allow private biodiesel manufacturers, their authorised dealers and Joint Ventures (JVs) of Oil Marketing Companies (OMCs) authorized by the Ministry of Petroleum & Natural Gas (MoP&NG) as dealers and give marketing/ distribution functions to them for the limited purpose of supply of bio-diesel to consumers. Further, the investment and production conditions (as applicable) specified in the Marketing Resolution dated March 08, 2002 of MoP&NG will also be relaxed and a new clause added to give marketing rights for Bio-diesel (B100) to the private biodiesel manufacturers, their authorised dealers and JVs of OMCs authorized by the MoP&NG for direct sales to consumers.

The cabinet has also decided to suitably amend Para 5.11 and 5.12 of the National Policy on Biofuels for facilitating consumers of diesel in procuring bio-diesel directly from private bio-diesel manufacturers, their authorized dealers and JVs of OMCs authorized by the MoP&NG. This decision will encourage the production and use of bio-diesel in the country.

Bio-diesel Purchase Policy has been effective from January 01, 2006, to encourage production of bio-diesel in the country for blending it with diesel with the objective of increasing energy security and meeting other emission and environment objectives. Under this Policy, OMCs are to buy Bio-diesel (B100), meeting fuel quality standard prescribed by the Bureau of Indian Standards (BIS), at a uniform price, as decided by the OMCs from time to time, for blending with HSD to the extent of five percent, at identified purchase centres across the country.

PSU OMCs under the MoP&NG have been actively pursuing the bio-diesel programme and entered into MoUs and formed JVs for cultivation of bio-fuels species on revenue wasteland and degraded lands in the State. These JV companies have been formed with the objective of increasing production and marketing of Bio-diesel in the country. They have sought permission to undertake activities like sourcing, trading, supply, distribution, marketing etc. of Bio-diesel to consumers.

As the price of diesel is already deregulated and determined by the market, there is no economic justification in preventing private biodiesel manufacturers, their authorised dealers and JVs of OMCs authorized by the MoP&NG from selling biodiesel directly to consumers subject to their product meeting prescribed BIS standards.