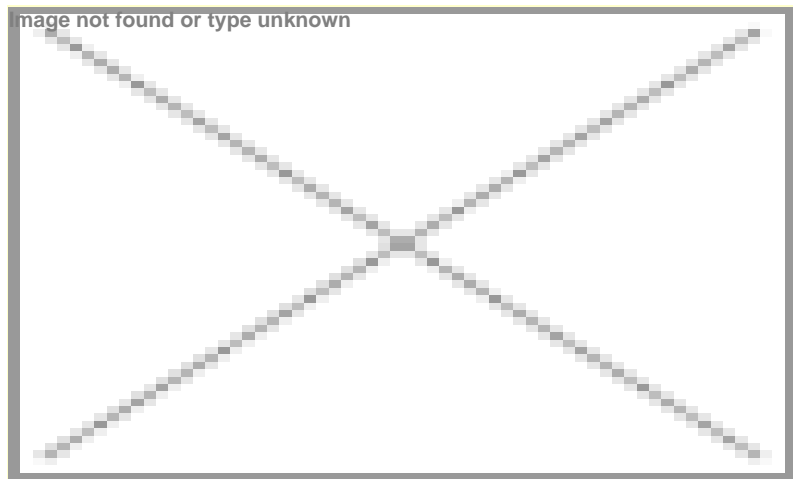


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Union India's first and the world's 16th bio-diesel manufacturing plant, set up by the Bannari Amman Group, has started functioning at Sathyamangalam, angling nearly 60 km from Coimbatore biodiesel plant.

The plant, which produced 3,000 liters of biodiesel from jatropha and pongamia seeds, was inaugurated by the minister of state of rural development, Chandra Sekhar Sahu, on April 7.

"This is part of our group's mission to recognize the importance of environment and safeguard the economic future of the country," said Bannari Amman Group chairman, SV Balasubramaniam. The only other biodiesel plant in south India is in Andhra Pradesh.

Most of the biodiesel plants abroad use sunflower, rapeseed or soyabean as the feed stock. The Bannari Group has chosen jatropha as the country cannot afford to use edible oil bearing plants as raw materials while the nation is importing edible oils.

Subramaniam said studies have shown that jatropha, which grows well in wastelands, provides one of the highest oil yield among tree-borne oil seeds. India has nearly 33 million hectares of wastelands which could be used for cultivation of such oil-bearing plants. The government has allowed blending of 5 percent of biodiesel with conventional diesel. India's national policy on biofuels aims to permit a maximum blend of up to 20 percent, which will not require any modification to automobile engines.

The company has trained farmers to grow jatropha and have educated the reluctant farmers about the usefulness of growing biodiesel bearing plants. Over 1,700 acres of jatropha plantations has been done by the company in the adjoining areas of Sathyamangalam, nestling in the foothills of the Nilgiri mountains.

Subramaniam said the company has arranged soft loans at 7.5 percent to the farmers to take up jatropha plantations and has also signed buy-back arrangements at prevailing market price.

Studies have shown that biodiesel blend reduces carbon emissions by 78 percent compared to conventional diesel.

Leading oil marketing companies are buying biodiesel from the producers at Rs 25 per liter. Subramaniam requested the government to increase the procurement price of diesel to compensate for the increased input costs. More importantly, he wanted the government to announce a National Biodiesel Policy.

Minister Sahu said the policy was under formulation and would be announced soon. The industry has also demanded exemption from customs and excise duty to capital goods and machinery used in biodiesel production. The industry wants the waiver of 3 percent central sales tax on methanol.

N Suresh