

Chapter 8

Explicating Green Biofuel Policy Across Indian States

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ABSTRACT

In 2003 Government of India envisioned Biofuel Policy to generate [un]skilled employment opportunities, address environmental issues, alternative for petroleum fuel and utilization of wasteland in rural areas. The biofuel programme took varied shape across India with focus on social, economic and political priorities of implementing states having varying focus like decentralized development, priority for local use of resources, allocation of wasteland and generating local employment. It was observed that existing policy guidelines, land allocation processes and fund allocation channels were not able to address the challenges came with the emergence of different institutional arrangements across different states of India. The mismatch to address the specific challenges for emerging institutions created fissure between state and its citizens, and potential withdrawal of private players.

INTRODUCTION¹

Government of India (GoI) envisioned to provide facilitative policy environment for biofuel² based energy options to generate [un]skilled employment opportunities, addressing environmental issues, as an alternative to petroleum fuel and utilization of wasteland in rural areas (Admin, 2015; PTI, 2015; PTI, 2014). In 2003, for promotion of biofuel crop cultivation on wasteland³ the GoI came up with 'Report of the Committee on Development of Biofuel'. The report emphasized for allocation of scarce resources, viz., wasteland, water, and unskilled labor, from the rural India for the programme (Planning Commission, 2003). The rationale given for promotion of biofuel was its potential role as alternative to petroleum fuel for transport purpose, environment friendly in checking Green House Gases (GHGs) emission and as option for employment in rural India (Bhojvaid, 2006; Kher, 2005). The report had drawn a two-phase developmental programme to promote jatropha based biodiesel. First phase involved demonstration project (from 2003 to 2007) for plantation of jatropha on wasteland through Joint Forest Management (JFM) and non-JFM approach, across eight compact areas⁴. The second phase (from

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2007 to 2012) envisioned that villagers would take up the plantation as community based activity, with institutional and financial support from government. The biodiesel programme took varied shape across India with focus on social, economic and political priorities of implementing states. Also, each state had varying focus like decentralized development, priority for local use of resources, type of wasteland to be allocated, generating local employment, to count few.

The programme received mixed reaction for its policy design, setting priorities, selection of feed-stocks, and wasteland allocation (Swain, 2014; Altenburg et al., 2009). The planning commission report emphasized that local institutions (like Gram Panchayat's [GPs], farmers group, etc.) would be given responsibility on priority basis for resource allocation, planning and development. This was to be done through i) the involvement of Panchayat's, ii) providing first hand right of resources to local users / groups and iii) priority for local energy use and self-sufficiency (Planning Commission, 2003). However, the report was silent on how to mobilize and use the local resources for local energification⁵ process. All the financial and environmental standard shared in the Planning Commission report were for transport sector. This showed the scalar nature of state resource mobilization for Research and Development (R&D) and biodiesel production. Biodiesel Purchase Policy (MoP&NG, 2005) had given right to state owned Oil Marketing Company (OMC) for purchase of B100 biodiesel (with effect from 01st January 2006) from local producers and entrepreneurs at INR 25/- per liter. Although biodiesel purchase policy raised concern over potential large land ownership of plantation by industries but provided no measures to check it or to empower the local institutions for creation of rural business hub.

The 2008 National Policy on Biofuel set the target of blending 20 percent biofuel (biodiesel and ethanol) with petroleum fuel by 2017, which remained a far-fetched reality. For market compatibility, the Minimum Purchase Price (MPP) of biodiesel was linked to the prevailing diesel price in retail market. For ethanol, the MPP was set on actual cost of production and import price of ethanol. The policy envisages that biofuel may be brought under the ambit of 'Declared Goods', by the GoI to ensure unrestricted movement within and outside the states (PIB, 2008). The policy advocated creation of 'The National Biofuel Coordination Committee' and 'The Biofuel Steering Committee', to be chaired by the Prime Minister and Cabinet Secretary (of GoI) respectively. Provision was made for creation of sub-committee under the steering committee to oversee the R&D on biofuel issues. This was led by Department of Biotechnology, Ministries of Agriculture and Rural Development and coordinated by the Ministry of New and Renewable Energy. Major thrust was put on research, development and demonstration with focus on plantations, processing and production technologies including second generation cellulosic biofuel.

Since 2003, different states of India adopted varied approach for programme implementation like controlled intervention by the state only, intervention by the market mechanism, and mixed way of intervention (state with support from market players, development organization, local institutions etc.). The programme activities included biofuel crop plantation; maintenance; production and distribution of [by]products with varying priority for uses. In this dynamic environment, it is imperative to explore how the [jatropha based] biofuel programme was formulated for implementation at state level. This would broaden the horizon to understand the facilitative and inhibitive conditions of programme design for policy implementation. The next section explored four policy variables, viz., i) policy framework and administrative support, ii) land allocation arrangements, iii) fund allocation channels and iv) institutional arrangements, associated with the implementation of biofuel programme across ten states of India. The last section on discussion attempts to understand the dynamics of the four variable and its potential implication for programme outcomes.

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