

## **BDAI seeks VAT relaxation on blending of biodiesel for generate millions of jobs**

Biodiesel Association of India (BDAI) has sought Value Added Tax (VAT) relaxation on blending of biodiesel from States for promoting green fuel Blending and energy security in the country.

Currently VAT on biodiesel blending goes up to 24 percent in several states and the association has warned that if the states do not provide promotional VAT rate on B5 blends, the biodiesel blending in retail segment would be killed.

"The states are required to declare a promotional VAT rate for Biodiesel blending. A small levy of 10 paise per litre on High Speed Diesel (HSD) could fund the entire blending programme," said President BDAI, Sandeep Chaturvedi.

He further added that the industry is geared up to deliver three mn tons Biodiesel by 2019. This will provide half million direct jobs, one million jobs to ancillaries. The direct and indirect job would be four million.

The Government of India has been taking various steps for reducing vehicular emission, which could improve ambient air quality. Biodiesel is the most appropriate tool being envisaged to achieve the GHG reduction targets.

In order to bring about substantial reduction in emissions, it is essential that Biodiesel is made widely available to the common man through the retail outlets of the Oil Marketing Companies (OMCs).

Andhra Pradesh, Telangana, West Bengal, Tamil Nadu, Gujarat are leading Biodiesel producing states and these states charges 24 to 30 percent on blending. The centre provides excise relief for Biodiesel blends that is once duty paid diesel is blended with biodiesel no additional duty is required.

But none of the States has come forward to offer promotional VAT. This has resulted in Biodiesel getting taxed at the rate of 24 to 30 percent in the blended form.

India produces nearly 22 million tonnes of oil and nearly two million tonnes of UCO is available for blending. Imagine a city like Delhi with

large amount of UCO can provide huge scope for blending and this can further enhance bio-fuel economy.

Used Oil collection in system in metro cities will certainly offer urban jobs.

The BDAI President said that apart from green fuel and environmental protection, tree born seed collection in the tribal areas will provide rural jobs.

It is promising to note that India has taken unprecedented initiatives in the field of bio fuels in the last two years. Several policy interventions and clearing of many hurdles in implementation of National blending targets have been under taken by Government of India.

Ministry of Petroleum and Natural gas has given a big push for the Ethanol blending program and is close to achieving five percent blending at National level.

The bio diesel blending program started on 10 August 2015 as a pilot in four cities has now been extended to six states and sold through nearly 3000 retail outlets in the country within a year.

India is at the threshold of rapid scaling of the Bio fuel program and still have many challenges to be addressed.

BDAI pointed out that while India has a National policy in place challenges associated with taxation especially VAT by States need to be looked into and aggressively pursued.