

India has achieved 10% ethanol blending ahead of deadline, says PM Modi; no more pollution tax from October 1

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NEW DELHI: India has achieved 10% ethanol blending of petrol five months ahead of schedule, PM Narendra Modi said on Sunday. The achievement has reduced carbon emission by 27 lakh tonne, saved the country Rs 41,000 crore in foreign exchange spending (on oil imports) and boosted income of farmers by Rs 40,000 crore in eight years, the PM said in his address to a 'Save Soil' programme organised by the Isha Foundation run by spiritual leader Sadhguru to mark World Environment Day.

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For consumers, the achievement means that they will not have to pay an additional Rs 2 per litre pollution tax from October 1, first reported by TOI on May 10. The Budget had proposed the additional tax on unblended petrol from October to speed up adoption of the cleaner fuel as part of the country's energy transition and climate action plan.

Modi had in 2021 World Environment Day raised his bet on ethanol in India's fight against climate change by advancing the date for 20% blending of petrol by five years to 2025 and launching a pilot project at three petrol pumps in Pune for running vehicles fully on the 'swadeshi' fuel.

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A blending roadmap, prepared jointly by the oil ministry and government think-tank Niti Ayog, released on that occasion laid out an annual plan for gradual rollout of 'E20' (20% ethanol-blended petrol) by 2025-26. It also set a 2030 target for 5% blending of biodiesel with diesel.

Ethanol blending was started by the Atal Bihari Vajpayee's NDA-1 government under then oil minister Ram Naik's watch. However, the programme floundered during the two UPA governments due to supply constraints of ethanol and its procurement pricing. As a result, blending stood at 2.3% at the time the Modi government began its first innings in 2014. Separately, state-run fuel retailers said the availability of ethanol for blending is expected to rise 571% to 450 crore litres in the current ethanol supply year (ESY) from 67 crore litres in 2014.

Ethanol is simple alcohol made from molasses, a byproduct of sugar industry. The government has now allowed ethanol production from grains and farm residue to improve availability. Ethanol blending improves petrol's ignition quality and reduces emission.