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Minister pledges cut in 'high' biodiesel GST rate

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Pune: Minister of state for petroleum and natural gas Dharmendra Pradhan on Friday said the government will ensure reduction of the GST rate imposed on biodiesel and other green energy products.

Pradhan, who was here to inaugurate the Bioenergy Urja Utsava, said the government was keen on promoting green energy and would take necessary measures to bring down the tax rates imposed on biodiesel.

Though the fuel attracted zero excise duty over the past decade, biodiesel, ethanol and other mixing products were recently slotted in the 18% Goods and Service Tax (GST) slab.

"The ministry of state for petroleum and natural gas and its power counterpart would together intervene with the GST Council to ensure that the rates on biodiesel and other green energy products are reduced," the minister said while addressing the industry.

Biodiesel Association of India (BDAI) president Sandeep Chaturvedi said, "Prime Minister Narendra Modi is pushing for Swachh Bharat with a cess and reducing consumption of crude oil to

TAXING TIMES

PRICE FACTOR

■ Current average biodiesel production in country: **350 lakh tonnes a year**

■ Biodiesel cost: **Around Rs 45-Rs 50 a litre**

■ Diesel cost: **Around Rs 57- Rs 59 a litre**

■ **10 large biodiesel refineries** in West Bengal, Andhra Pradesh, Telangana and Odisha

THE ADVANTAGES

➤ Biodiesel is refined from residue of vegetable cooking oil and requires no crude

➤ One litre of vegetable oil residue can produce same quantity of biodiesel

➤ Biodiesel emissions have **80% fewer hydrocarbons** than conventional diesel



Union petroleum minister Dharmendra Pradhan, Union minister of State Piyush Goyal and Maharashtra revenue minister Chandrakant Patil flags off a biodiesel vehicle rally

CURRENT STATUS

Biodiesel production till date: Nearly 0.5 million tonnes

Target: 1 million tonnes by 2019

Result: Half a million direct jobs and one million ancillary jobs

Fear: High taxation will not only put capacity building under pressure, but also pose threat to jobs

promote biofuel. However, a higher GST rate on biodiesel contradicts the government's efforts."

He added, "After today's (Friday) assurance from the minister, we hope that the government's intentions are clear and it will revive the green industry."

BDAI officials said India needed a promotional policy and, initially, no tax for biodiesel—a green fuel. Promo-

ting green fuel biodiesel would go a long way in curbing vehicular emission and protecting the environment.

Any tax on biodiesel will discourage its users and affect the fledgling industry, they said.

Biodiesel blending is in its early stages with about 1-2% of blending happening in certain states (West Bengal, Andhra Pradesh, Telangana and Odisha).