

## BIOFUEL SCHEME 2025 -ECONOMY

**NEWS:** Recently the Government of Madhya Pradesh launched a comprehensive biofuel scheme to boost the production and use of Compressed Biogas (CBG), supporting sustainable energy and rural development.

### WHAT'S IN THE NEWS?

#### Objectives of the Scheme

- Aims to **attract investment** in the biofuel sector through incentives and infrastructure support.
- Seeks to **ensure feedstock security** by streamlining biomass availability from rural and urban sources.
- Supports **rural livelihoods** through monetization of agricultural and animal waste.
- Promotes **green energy transition** and builds a sustainable energy ecosystem within the state.

#### Capital and Infrastructure Support

- Offers **Investment Promotion Assistance** ranging from **10% to 40%** of eligible capital costs for biofuel projects.
- Provides **infrastructure development grants** of up to **₹5 crore** for setting up biofuel facilities.
- Includes **Green Industrialisation Incentives** of up to **₹10 crore** for industries establishing **Zero Liquid Discharge (ZLD)** systems.

#### Land and Utility Incentives

- Eligible projects can receive **land subsidies** and **stamp duty reimbursement** to reduce acquisition costs.
- Provides **100% exemption on electricity duty** for biofuel production units.
- Offers assistance for the development of **approach roads and connectivity** to plant locations.

#### Feedstock Security & Ecosystem Development

- Adopts a **“one plant, one block” policy** to ensure exclusive biomass sourcing zones and avoid feedstock competition.
- Biomass procurement to be facilitated through **contractual agreements under SATAT** guidelines.
- Encourages **organic manure management** from digested slurry, promoting circular agriculture practices.

### Digital and Distribution Initiatives

- Launch of an **IT-based portal** for project approvals, monitoring, and feedstock logistics.
- Provides support for installation of **Compressed Biogas (CBG) pumps** in alignment with market linkage efforts.
- Mandates **licensed sale of biomanure**, ensuring its regulated distribution and agricultural uptake.

### Significance of the Scheme

- **Empowers rural economy** by offering farmers income through waste collection and biomass supply.
- **Improves waste management** by organizing collection from **agricultural markets, cattle shelters (gaushalas), and urban areas**.
- **Promotes energy self-reliance** and contributes to the national biofuel targets.
- Helps manage **Fermented Organic Manure (FOM)** surplus—addressing a key viability challenge for CBG units.
- **Encourages public-private partnerships (PPP)** and boosts investor confidence in the renewable energy sector.

### Understanding Biofuels: A Background

#### 1. What are Biofuels?

- **Biofuels** are renewable fuels derived from **organic biomass** (plants, animals, and wastes).

- Serve as sustainable alternatives to fossil fuels by reducing **net greenhouse gas emissions**.

## 2. What is Compressed Biogas (CBG)?

- CBG is **purified biogas** with over **90% methane content**.
- Comparable to **Compressed Natural Gas (CNG)** and suitable for **automotive and domestic use**.
- Produced from decomposition of **organic feedstock** in anaerobic digesters.

### Sources of Biofuel Feedstock

Source Type	Example Feedstock
Sugar-based	Sugarcane juice, molasses
Grain-based	Maize, rice, damaged food grains
Lignocellulosic	Crop residues, bamboo, bagasse
Animal waste	Cow dung, poultry litter
Urban waste	Organic kitchen waste, municipal solid waste
Industrial waste	Spent wash, press mud

### Major National Schemes Supporting Biofuels

Scheme	Objective	Target/Key Feature
<b>Ethanol Blended Petrol (EBP)</b>	Reduce crude oil import and emissions via ethanol blending in petrol	Achieve <b>20% ethanol blending</b> in petrol by <b>2025</b>
<b>SATAT</b>	Boost CBG production and usage	Establish <b>5,000 CBG plants</b> and produce <b>15 million metric tonnes</b> by

Scheme	Objective	Target/Key Feature
		2025
<b>PM JI-VAN Yojana</b>	Support advanced biofuel projects using lignocellulosic biomass	Provide financial support to commercial projects using <b>non-food waste feedstocks</b>
<b>Ethanol Interest Subvention</b>	Promote ethanol production infrastructure	Offer <b>interest subvention on loans</b> for ethanol production units
<b>Biodiesel Blending Mandate</b>	Encourage blending of biodiesel with diesel	Mandate <b>5% biodiesel blending</b> in diesel
<b>CBG Offtake Mandate</b>	Ensure market linkage for CBG	Mandate CBG sale through <b>CNG (transport)</b> and <b>PNG (domestic)</b> networks

Source: <https://www.energetica-india.net/news/madhya-pradesh-launches-biofuel-scheme-to-boost-sustainability>