



# Biofuel alliance gains diplomatic status

Gireesh Chandra Prasad  
gireesh.p@livemint.com

The government on Friday signed a deal with the Global Biofuels Alliance (GBA), giving the body set up last year by India and other key G20 members such as the US and Brazil, the tag of an 'independent and international legal entity,' an official informed on social media.

The agreement will enable GBA to pursue functions internationally, the statement said.

The alliance backed by the national governments, global institutions and industries, seeks to bring together the

biggest consumers and producers of biofuels at a time climate action has become the focal point of public policy.

The Alliance also seeks to offer new opportunities to Indian industries by positioning India as a knowledge base and a production hub for biofuels including ethanol, sustainable aviation fuel and compressed bio gas. It also could boost New Delhi's role in the global biofuels sector, according to information available

from the petroleum ministry.

The body was launched by Prime Minister Narendra Modi along with the leaders of US, Brazil, Italy, Argentina, Singapore, Bangladesh, Mauritius and UAE in September 2023, on the sidelines of the G20 summit in the capital as an initiative of the Chair.

**GBA was launched by Narendra Modi along with other leaders in September 2023, on the sidelines of the G20 summit**

*Mint* reported on 17 July that the alliance was set to sign the host country agreement. The deal paves way for the government to grant exemptions, immuni-

ties and privileges to the alliance and its secretariat in the country, as contemplated under a UN statute. *Mint* also reported that this agreement will provide GBA with an independent and international legal persona that would allow it to carry out its functions in a more efficient manner at the international level.

The diplomatic status as a global body given to the Alliance is similar to the status given to the Coalition for Disaster Resilient Infrastructure (CDRI) and the International Solar Alliance (ISA).

To read an extended version of this story, go to [livemint.com](https://www.livemint.com).



## **CRUDE OIL PRICES MARGINALLY FALL, POST WEEKLY GAIN**

OIL PRICES EDGED down marginally on Friday but remained on track for a second weekly gain as investors weighed the potential for supply disruption if Israel attacks Iranian oil sites, against the fallout from Hurricane Milton. Brent crude oil futures were down 20 cent to \$79.20 a barrel by 11:13 a.m. EDT. US West Texas Intermediate crude futures slipped 13 cents to \$75.72 per barrel.

**AGENCIES**



● ENERGY BOOSTER

ALL EFFORTS NEEDED TO RECALIBRATE RAW MATERIAL SUPPLY TO SUPPORT PRODUCTION IN INDIA

# Fine-tuning ethanol strategy

**D**EVELOPING AND EXPANDING sustainable energy sources is essential to transitioning to a robust low-carbon economy. In this context, ethanol, one of the principal bio-fuels, is strategically important to India. With the government's ambitious goal of achieving 20% ethanol blending (E20) by 2025, efforts are needed to recalibrate the supply of raw materials to support ethanol production.

At the India Bio-Energy & Tech Expo 2024, Hardeep Singh Puri, the Union minister for petroleum and natural gas, underscored the significant strides made in India's ethanol blending programme. The programme, which saw the ethanol blending percentage surge from 1.53% in 2014 to 15% in 2024, has already yielded substantial benefits. These include ₹99,014 crore in foreign exchange savings, a reduction of 5.19 lakh metric tonnes in CO2 emissions, and the substitution of 1.73 lakh metric tonnes of crude oil. Moreover, the Bio E3 policy, approved by the Union Cabinet last month, underscores the importance of capturing and storing carbon and utilising biomass for achieving net zero targets.

Sugarcane, corn, and rice are the primary raw materials used to produce ethanol all over the world. In India, the National Policy on Biofuels, 2018, with its amendment in 2022, currently includes an expansive list of items as raw material for ethanol production, including heavy molasses, biomass, sugar-containing materials such as sugar beets, and starch-containing materials such as corn. Despite expanding the list of permissible raw materials for ethanol production, finding an optimal mix has been challenging due to the complexities involved, leading to several policy formulation challenges.

In January, oil marketing companies raised the price of corn-based ethanol by ₹5.70 to ₹71.86 per litre to compensate

for reduced sugar-based ethanol production after the government banned the use of sugarcane juice and syrup to maintain domestic sugar supplies amid last year's drought. This policy shift increased corn demand, turning India from a net exporter to a net importer.

In 2023-24, India exported corn worth \$444 million while importing \$39 million, according to ministry of commerce and industry data. Corn exports are merely \$46 million in the current year, while imports have already touched \$103 million, far exceeding the previous years. Myanmar has become a significant corn exporter to India, totalling \$64.73 million in the current year, up from \$0.19 million in 2023-24. Corn imports from Ukraine have touched \$36.05 million in the current year compared to \$30.22 million last year. Overall, India currently has a \$57 million trade deficit in corn compared to a \$405 million trade surplus in the last year.

Over the past few months, as domestic corn prices have exceeded global rates, India's poultry sector has struggled with rising feed costs according to industry associations, market research agencies, and key market players. Feed is the most considerable expense in poultry production, making up over 60% of input costs, with corn as the main ingredient comprising up to 65%. In response, industry

groups are calling for importing 5 million tonnes of duty-free corn and approval of genetically modified corn for feed purposes, as current import duties are as high as 50%. Additionally, farmers are shifting from soya bean to corn cultivation due to higher returns, creating challenges for small poultry farmers who are now forced to reduce production and find alternative feed ingredients to manage costs.

Besides corn, rice also witnessed adverse conditions, with an added dilemmas over its competing usage for food and fuel. A report by Arcus Policy Research said that in 2022, about 1 million tonnes of Food Corporation of India (FCI) rice was sold to distillers at subsidised rates for ethanol production. In July 2023, the supply of broken and surplus rice for grain-based ethanol

makers through the FCI was halted. This announcement came after the ban on the export of non-basmati white rice on July 20, 2023, to contain rising domestic prices. Last month, the government permitted the sale of up to 2.3 million tonnes of FCI rice stocks to grain-based ethanol distilleries between August and October under the open market sale scheme due to surplus rice stocks exceeding 54 million tonnes. Such supply shocks are exacerbated by constraints such as erratic rains and droughts associated with paddy cultivation in India and its continued fight

against malnutrition among children.

In the face of climate change, energy security threatens India, as it is one of the fastest-growing economies in the world and simultaneously the most populous. India reached its E12 ethanol blending target in April 2023, aiming for E20 by 2025. However, it faces challenges in raw material procurement as current ethanol production from molasses and grains is insufficient to meet the E20 target. It's crucial to ensure steady access to raw materials for ethanol production while considering other industries' needs and the impact on food security.

To address these concerns, India is moving towards second-generation (2G) bioethanol, which uses agricultural waste as a sustainable feedstock, utilising 500 million tonnes of agricultural waste annually produced in the country. In March 2019, the government introduced the Pradhan Mantri J1-VAN to support advanced biofuel projects financially. Additionally, two second-generation refineries have been established in Panipat and Numaligarh to convert agricultural residues such as stubble and bamboo into ethanol.

Strategic land planning is also essential. India lost about 5 million hectares of arable land between 1978-79 and 2018-19, while fallow land increased by 4.3 million hectares, according to a report published by Arcus Policy Research. Without proper land planning, expanding fuel crops could reduce land available for food crops. Reviving fallow lands for fuel crops can enhance ethanol output without reducing the area under food crops. This approach can help balance the needs of ethanol production with other industries and maintain food security, ensuring a more predictable and sustainable supply of raw materials.

*Mukul Anand, researcher at the Institute for Competitiveness, contributed to the article*

## AMIT KAPOOR

Chair, Institute for Competitiveness



**Reviving fallow lands for fuel crops can enhance ethanol output without reducing the area under food crops**





● EXPERTS REMAIN CAUTIOUSLY OPTIMISTIC ABOUT THE PLAN

# Govt mulls more sops for oil & gas exploration

**Industry moots GST relief on capex, scrapping of windfall tax, among other steps**

**ARUNIMA BHARADWAJ**  
New Delhi October 11

**WHILE THE GOVERNMENT** has expressed its willingness to give more incentives to the global energy giants to encourage them to invest in oil and gas exploration in Indian territory, experts remained cautiously optimistic about the plan.

They suggested more flexible work programmes, waiver of goods and service tax (GST) on capital equipment, and abolition of the "windfall tax" on crude oil, to boost investor confidence in India's hydrocarbon sector.

At the conclusion of the 10th round of OALP (Open Acreage Licensing Programme) bidding recently, oil minister Hardeep Singh Puri told global oil biggies: "Today, we are much more in an inviting mode. If you want to (invest), we will incentivise that," Puri had said at an industry event earlier. "Come and do your seismic (surveys). You don't need to make a commitment."

The latest OALP round saw 1,36,596 sq km of area, including earlier no-go areas having been offered for exploration. This was the largest area offered so far for 28 blocks in 8 sedimentary basins. In all, 60 bids were received of which 24 were from public sector companies, and 35 from private companies. The round saw relatively higher participation, and a joint bid by state-run ONGC and Reliance Industries.

One of the key agendas of the government has been to boost domestic production of crude oil, and thereby reduce the country's dependency for energy. However, the domestic production of crude oil and natural gas has remained stagnant leaving India to import over 85% of its crude oil requirements.

"The government has been addressing reforms in the upstream



oil and gas sector for several years now, to enable removal of roadblocks, policy uncertainty and facilitate better evaluation of risk, which has enabled the private sector and international exploration companies to look at the Indian E&P space more favourably. Case in points have been the Open Acreage Licensing Policy (OALP) and the National Data Repository (NDR) launched in 2017, enabling companies to carve out blocks of interest based on their analysis of geological data, which made the sector more attractive at that point of time" said Ashwin Jacob, Partner and Energy, Resources & Industrial Industry Leader, Deloitte India.

Additionally, introduction of the revenue sharing model made the exploration in Indian basins much more efficient and easier, amounting to lesser disputes. "That saw players like Vedanta coming in a big way," Jacob said.

Even as the participation from

the domestic private industry has gained traction in the exploration and production of oil, overseas companies are still reluctant to explore India's basins.

"Not many overseas companies have shown interest in exploration in India. They are very picky about the regions or areas they want to go to," said Prashant Vasishth, Vice President and Co-Head, Corporate Ratings, ICRA. "The government can be flexible on the minimum work programme. It can be flexible on SAED (Special Additional Excise Duty). That can be done away with. There can be GST not to be paid on capex etc because that is hard to recover," said Vasishth. Geological surveys could be improved.

Jacob highlighted that international companies want abolition of windfall tax. "Naturally, the ongoing concern raised by international companies on the periodic imposition of windfall taxes, when crude oil prices cross certain

thresholds remains. A more transparent and 'formulaic approach' will provide a much needed clarity and predictability to companies as they evaluate the risk-reward equation for specific upstream opportunities."

The government, from 2016 has brought in several changes to enhance exploration of oil and gas blocks in the country and auction it by launching Hydrocarbon Exploration and Licensing Policy. Under HELP, Open Acreage Licensing Programme has been launched which provides investors the freedom to carve out blocks of their choice through submission of Expression of Interest (Eoi).

The oil ministry has now introduced a Bill in Parliament to amend the Oilfields (Regulation and Development) Act, 1948 broadening the definition of mineral oils, which previously included only petroleum and natural gas. The updated definition now includes any naturally occurring hydrocarbon, coal bed methane, oil shale, shale gas, etc.

"This will enhance the ease of doing business prospects for the E&P sector. The bill when enacted will help to attract global investment in Exploration and Production in the oil & gas sector in India. The initiative aims to boost domestic oil production, addressing the rising energy demand and reducing import dependency of the country," said Sanjay Sah, Partner, Deloitte India.

The government is now expected to come out with the bids for oil and natural gas assets under the tenth round of Open Acreage Licensing Policy in the beginning of 2025 and hopes to receive a greater number of participation from the private sector. Moreover, the government expects the contracts for the upcoming 10th round to be signed as per the reforms mentioned in the Oil (Regulations and Development) Amendment Bill, which is expected to be passed in the upcoming winter session of the parliament, as per a senior government official.



## Middle East tensions, high crude oil prices push rupee to 84-mark against dollar



### AGENCIES

NEW DELHI, 11 OCTOBER

With elevated crude oil prices amid global geo-political situations, the rupee on Friday breached the 84-mark against the US dollar for the first time.

The rupee traded lower by 0.12 at 84.09, pressured by the recent rise in the dollar index from \$100.50 to \$102.40 and its steady hold.

According to trade experts, the Middle East tensions continue to be volatile and are likely to keep oil prices high and the rupee weak in the short term. Brent crude surged

to \$78.92 per barrel from nearly \$69 on September 30.

Meanwhile, foreign portfolio investors (FPIs) have sold shares worth Rs 55,000 crore in the Indian stock market in the past nine days.

On Friday, the rupee climbed up to the day's high of 83.96 but closed at an all-time low of 84.09 (provisional), 11 paise lower than its previous close.

"Continuous FII outflows from Indian markets have added to the rupee's weakness, signalling potential further declines," said Jateen Trivedi from LKP Securities.

The rupee may extend its

weakness towards 84.25-84.35, especially if it holds below 84.00. Support is expected in the 84.20-84.35 range, while resistance is seen between 83.70-83.80, said the market expert.

The rupee's movement has been gradual and steady, supported by the Reserve Bank of India's (RBI) comments on its resilience and limited speculative positioning. The Indian rupee continues to be among the least volatile currencies, according to RBI Governor Shaktikanta Das.

According to experts, India's reliance on crude oil imports affects the value of the rupee. The surge in crude oil prices is primarily driven by concerns about potential supply disruptions in the Middle East.

Meanwhile, gold prices remain elevated, trading above \$2,635 in Comex and rising by over Rs 400 to Rs 75,750 in MCX. The key drivers for the ongoing positive trend include US data that supports the continuation of interest rate cuts, particularly due to high jobless claims and elevated crude oil prices, which indicate persistent inflationary pressures.

## Oil Resilience

India's energy security has always been a strategic priority, given its dependence on oil imports to meet over 85 per cent of its consumption. In the current scenario, with escalating tensions in West Asia, the country's ability to manage potential disruptions in oil supply is being tested once again. However, India seems well-prepared to navigate the uncertainties, as reassured by the union petroleum minister. West Asia has historically been a crucial region for global oil supplies, and any conflict in this area tends to trigger fluctuations in prices. Recent developments have already caused oil prices to rise, nearing \$80 a barrel.

Despite this, petroleum minister Hardeep Singh Puri has conveyed confidence that the country can secure its energy needs, even in the face of potential supply hits from the region. His confidence stems from a combination of strategic planning, market dynamics, and evolving energy policies that are gradually reducing India's vulnerability to such geopolitical risks. One of the key points highlighted is that the global oil market is currently awash with supplies. There is more oil available than consumed, meaning that even if certain traditional suppliers from West Asia reduce exports due to regional conflicts, India has options to source oil from other countries. This diversification of supply sources is a critical factor in India's resilience. Over the years, India has actively pursued relationships with new oil suppliers, including those in the Americas and Africa.

This strategy of diversifying import partners has been instrumental in reducing India's over-reliance on any single region. Moreover, the global oil supply is governed by OPEC+, a group that includes major oil producers such as Saudi Arabia and Russia. While OPEC+ has been cutting production in recent years to stabilise prices amid weaker demand, the group is scheduled to raise production from December. This expected increase in output should further ease concerns of any immediate shortages. India's proactive stance on building oil reserves has also enhanced its ability to manage short-term supply disruptions. With sufficient oil reserves to tide over temporary supply constraints, India is better equipped than before to handle shocks in the oil market.

However, while the current outlook remains cautiously optimistic, there is no denying that any prolonged conflict in West Asia will continue to impact global oil prices. Rising prices could hurt India economically, as higher import costs would increase inflationary pressures and widen the fiscal deficit. To counter these risks in the long term, India must continue to prioritise the diversification of its energy mix, particularly by expanding its renewable energy sector.

Reducing dependence on imported oil is a strategic imperative that aligns with global trends toward cleaner and more sustainable energy sources. India's position as the world's third-largest oil consumer underscores the importance of energy security in maintaining economic stability. By continuing to invest in alternative energy sources and bolstering strategic oil reserves, India can ensure greater resilience against future geopolitical disruptions in the oil market.





# PM Internship Scheme Moves at Full Throttle

RIL, HDFC Bank, TCS among big cos adding heft to initiative; govt likely to cross target of facilitating 125,000 candidates by Dec 2

**Banikinkar Pattanayak**

**New Delhi:** Large companies such as Reliance Industries, HDFC Bank, Tata Consultancy Services, ONGC and Maruti Suzuki India are joining the PM Internship Scheme, with the government likely breaching its initial target of facilitating internships to 125,000 candidates under the initiative by December 2, a senior official said.

Already, companies have together placed internship offers for 90,849 candidates, marking a many-fold increase from about 16,000 until October 7, the official told ET. Many companies are still uploading offers on the portal designed to implement the scheme, he added.

The ministry of corporate affa-

irs (MCA), which is implementing the scheme, had asked companies to upload details of their offers on the portal from October 3.

The portal will be made available to aspirants from October 12-25 to apply for internships, and by December 2, the eligible ones will actually start internships with the companies.

Some other prominent companies that will offer internships are Larsen & Toubro, Mahindra & Mahindra, Bajaj Finance, Tech Mahindra, Alembic Pharmaceuticals, Max Life Insurance, Jubilant Foodworks, Eicher Motor and Muthoot Finance, officials said earlier.

Once the initial pilot project under the scheme is rolled out with targeted internship offers to 125,000 aspirants by December 2, the ministry will keep expanding

## Training for Future

### Timeline for Pilot Project

**Oct 3:** Internship portal opens for cos to place offers

**Oct 12-25:** Candidates to apply for internship

**Oct 26:** Cos to get lists of eligible candidates to choose from

**Nov 8-15:** Aspirants to get internship offers

**Dec 2:** Actual internship to start

**>90,849** Internship offers pledged so far, up from 16,000 by Oct 7

**10 million** Youths to get internship at 500 cos over 5 years

**1,25,000** Targeted no of aspirants to start internships by Dec 2, goal set to be breached

**₹54,000** Total govt aid for each intern over a year

**₹6,000** One-time govt grant for each intern



it to accommodate more candidates, factoring in learnings from the initial experiences.

Under the scheme, the government aims to make internship opportunities available to 10 million

youths at 500 companies over five years. The Confederation of Indian Industry has conducted industry interactions with the MCA for this initiative.

The companies are selected on the basis of average annual spending on corporate social responsibility obligations over three years through 2022-23.

The internship opportunities are spread across about two dozen sec-

tors, including oil & gas, energy, travel & hospitality, auto, banking & financial services, infrastructure & construction, aviation and defence, officials have said.

The offers are for candidates across various states and UTs.

Each selected intern will get a monthly allowance of ₹5,000 for one year, on top of a one-time aid of ₹6,000. The government will bear ₹54,000 towards monthly allowance and one-time aid, spending ₹60,000 for each intern. The participating companies will bear the training cost and 10% of the monthly allowance, amounting to ₹6,000 for each candidate, from their CSR funds.

The scheme is aimed at youths belonging to the economically weaker households with no member earning above ₹8 lakh a year.

**Cos are selected on basis of avg annual spend on CSR obligations during 2022-23**

## ईरानी पेट्रोलियम और पेट्रोकेमिकल क्षेत्रों पर बढ़ा अमेरिकी प्रतिबंध

वाशिंगटन,, रायटर: ईरान के इजरायल पर मिसाइल हमले के बाद अमेरिका ने सख्त कार्रवाई करते हुए इसके पेट्रोलियम और पेट्रोकेमिकल क्षेत्रों पर प्रतिबंध बढ़ा दिया है।

अमेरिकी वित्त मंत्रालय द्वारा जारी एक बयान के अनुसार, "इस कार्रवाई से ईरान पर वित्तीय दबाव बढ़ गया है। इसका उद्देश्य अमेरिकी साझेदारों-सहयोगियों पर हमला करने और क्षेत्र में स्थिरता को कमजोर करने के लिए ईरान के महत्वपूर्ण ऊर्जा राजस्व अर्जित करने की शासन की क्षमता को सीमित करना है।" अमेरिका के नए कदम में पेट्रोलियम और पेट्रोकेमिकल सेक्टरों को शामिल किया गया है। इसका उद्देश्य परमाणु और मिसाइल कार्यक्रम के लिए संसाधन जुटाने में सरकार को वित्तीय रूप से वंचित करना है।