

**F. No. 107/118/2008-NT**  
**Government of India**  
**Ministry of New & Renewable Energy**  
**(Bio-Fuel Division)**

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**Block No. 14, C.G.O. Complex,  
Lodhi Road, New Delhi-110 003.**

Dated: 24<sup>th</sup> September, 2008

To,

**All State Nodal Agencies/Departments in the States and Union Territories / Oil  
Public Sector undertakings.**

**Subject:- Sanction of continuation of the Scheme “Bio-fuels for Surface Transportation”  
during 2008-09.**

Sir,

I am directed to convey the sanction of the President to the continuation of the Scheme on “Bio-fuels for Surface Transportation” of the Ministry of New & Renewable Energy (MNRE) during 2008-09 as per details given in **Annexure-I**.

2. The above scheme will be implemented during 2008-09 as per the same funding norms/guidelines and other provisions applicable during 2007-08 as announced vide sanction order No.106/82/2007-NT dated 24<sup>th</sup> April, 2007 and until such time as the same is superseded by new scheme.

3. Release of Central Financial Assistance (CFA) sanctioned during 2008-09 is on the basis of provisions of scheme of 2007-08 and will continue to be governed by the said provisions even after the same is superseded by new scheme. Some of the activities are likely to be replaced by new activities during the course of the year to be implemented during the 11<sup>th</sup> Plan period. As and when new activity will be approved and conveyed, the old activity would be replaced and the new norms would apply. Till such time the existing scheme would continue to be implemented.

4. The funds for the R&D projects will be released to the grantee organization on the terms and conditions laid down by this Ministry subject to the availability of funds. The projects sanctioned by the Ministry will be subject to periodic monitoring/review in order to assess the progress of ongoing as well a new projects/initiatives.

5. The expenditure involved will be debitible to Demand No. 67: MNRE: Major Head “2810”-Non-conventional Sources of Energy, 60.600 Other Sources of Energy, 10- Bio-fuels for Surface Transportation, 10.00.31- Grants-in-aids for the year 2008-09(Plan)

6. This issues in exercise of delegated power of the Ministry and with the concurrence of Integrated Finance Division vide their sanction No.IFD/SAN/109/458/2008-09 dated 23<sup>rd</sup> September, 2008.

Yours faithfully,

**(B.K. Trikha)**  
**Under Secretary to the Government of India**

**Copy to:**

- 1 All Nodal Agencies/Departments in the States and Union Territories/Oil Public Sector undertakings.
- 2 AS&FA/JS/All Advisors, MNRE New Delhi.
- 3 Managing Director, IREDA, New Delhi.
- 4 Dir (F)/ Dir (P&C)
- 5 The Principal Director of Audit, Scientific Departments, DGACR Buildings, IP Estate, New Delhi-110002
- 6 PS to MOS (NES)/Sr. PPS to Secretary, MNRE, New Delhi
- 7 IFD/Cash Section/PAO , MNRE, New Delhi
- 8 Sanction Folder.

**(B.K. Trikha)**  
**Under Secretary to the Government of India**

**Scheme : Bio-fuels for Surface Transportation**

Petroleum resources are finite and therefore search for alternative is continuing all over the world and in India in particular. Moreover, the emissions by petrol and diesel driven vehicles have an adverse effect on the environment and human health. There is a universal acceptance of the need for reducing such emissions. In India, the domestic supply of crude oil meets only about 23% of the demand and the rest is being met from imported crude. Biofuels are now being considered as the preferred alternative fuel for supplementary/substituting petrol and diesel for transport, stationary and other applications.

Biofuels are the fuels generated from biomass, which are renewable energy sources. There are different routes to use biomass as energy source such as directly burning it, controlled combustion to generate producer gas, anaerobic digestion to generate methane and fermentation process to produce ethanol. Oil extraction from the oilseed plants, transesterification of oil with alcohol to produce biodiesel is another way of using biomass as a fuel. While all above processes/methods generate biofuels, internationally bioethanol and biodiesel have been named as biofuels. In the Indian context, Bio-fuels have not only significant role to play in the automobile sector but will also play an important role in providing power in decentralized manner for meeting the energy requirements of un-electrified villages in remote and far flung areas. The Ministry of New & Renewable Energy have initiated Bio-fuels for surface transportation programme since 2002-03.

**Objectives**

- (i) Development of technology for converting different non-edible vegetable oils to biofuels and their applications in the automotive sector and for stationary applications.
- (ii) Field trials on the use of Ethanol blends and other Bio-fuels as transport fuel including stationary applications.
- (iii) R&D activities on exploring different routes of ethanol production.
- (iv) R&D and demonstration activities on production, conversion and utilization of bio-diesel.
- (v) Prepare and implement National Policy on Bio-fuels and its implementation.
- (vi) Provide energy through non-edible vegetable oils to rural people in non-grid connected far flung areas for lighting, agricultural operations and other community based stationary applications.
- (vii) Planning & coordination for developing bio-fuels for various applications.

**Biofuels programme during 2008-09**

The following activities are being proposed to be taken up under the Bio-fuels Programme during 2008-09.

**(a) Development of Technologies for production of bio-diesel.**

Research & Development and demonstration projects are proposed to be sponsored to different institutions to develop technologies suitable for Indian conditions for converting non-edible vegetable oils, algae, etc. to bio-diesel. Viable technologies will be identified and will be developed through some identified institutions on short, medium and long term basis. .

**(b) R&D Activities on exploring different routes of Ethanol production**

R&D activities are proposed to be undertaken for exploring feedstocks other than molasses for ethanol production

**(c) Field trials on the use of Ethanol blends and other Bio-fuels as transport fuel**

Joint R&D and demonstrations projects are proposed to be taken up in collaboration with Oil Companies and agencies on the use of ethanol blends and other Bio-fuels to study different aspects viz. use of ethanol beyond 10% with gasoline, effect of the blend on the performance of the conventional engine, etc.

**(d) Modifications and Development of Engines**

Technologies for end-use applications, including modification and development of engines for the transportation sector based on a large scale centralized approach, and for stationary applications for motive power and electricity production based on a decentralized approach.

**(e) Other activities**

Biofuel Policy issue studies are proposed to be taken up through reputed Institutions / Organisations. Besides, resource assessment studies and other important activities relating to biofuels will also be undertaken.

**Implementing Organizations**

Research, Development and Demonstration activities under Bio-fuels Programme will be carried out through IITs, Universities and other reputed Research Institutes/Organizations in Government, Public & private sectors. Demonstration/ Trial run programmes will be carried out through Oil Companies & equipment manufacturers in Government, Public & Private sectors in collaboration with some research organizations, if needed. State Nodal Agencies will be involved in implementation of demonstration projects on Biofuels.

**Approved outlay for 2008-09: Rs.3.00 crore**

**Release of funds**

Funds for R&D and demonstration projects are proposed to be released as per the existing norms of the Ministry. The Utilization Certificate and Audited Statement of Expenditure for

the amount released by MNRE shall be submitted by the implementing Institute / Organisation to MNRE as per the prescribed format given at **Annexure-II**.

### **Monitoring Mechanism**

Periodic monitoring of the projects will be undertaken by the Ministry in order to assess the progress of the on-going projects. In addition, Experts and other Officials will also be engaged from time to time to assist the Ministry in monitoring the projects.

**FORM GFR 19-A**

**(See Government of India's Decision (1) below Rule 150)  
Form of Utilisation Certificate**

<b>S.No</b>	<b>Letter No. &amp; Date</b>	<b>Amount</b>
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**TOTAL**

Certified that out of Rs. \_\_\_\_\_ of grants-in-aid sanctioned during the year \_\_\_\_\_ in favour of \_\_\_\_\_ under this Ministry / Department Letter No. \_\_\_\_\_ given in the margin and Rs. \_\_\_\_\_ on account of unspent balance of the previous year, a sum of Rs. \_\_\_\_\_ has been utilised for the purpose of \_\_\_\_\_ for which it was sanctioned and that the balance of Rs. \_\_\_\_\_ remaining unutilized at the end of the year has been surrendered to Government (vide No. \_\_\_\_\_ dated \_\_\_\_\_) will be adjusted during towards the grants-in-aid payable during the next year \_\_\_\_\_.

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilised for the purpose for which it was sanctioned.

Kind of checks exercised

- 1.
- 2.
- 3.
- 4.
- 5.

**Signature** \_\_\_\_\_  
**Designation** \_\_\_\_\_  
**Date** \_\_\_\_\_