

## The Bihar Ethonal Policy

### Section 2 - Background

1. Preamble Bihar is progressively adopting practices to create an investor-friendly environment in the state, so as to facilitate investments. The state has adopted best practices for making a conducive environment in the state to facilitate investments, employment generation and welfare of the people. Measures like State Investment Promotion Board, Single Window Clearance, online payments, online verification, self-certification, time-bound approval of licences/clearances, availability of information online, standard operating procedures for approvals, deemed approvals, etc. are being adopted by various departments and government agencies. The overall objective is to maximize the value addition to state's natural resources by setting up industries across the state, generating revenue and creating employment. Bihar Government is also keenly working towards skill development, improving exports, Agriculture and Processed Food products, Tourism, Renewable Energy to ensure increased industrial development across the State. In view of the above, this policy has been introduced after extensive deliberation with industries experts, industry associations, investors, subject experts etc. This policy is proposed to make Ethanol manufacturing in the State more attractive for potential investors. This Policy is aimed at defining the broad contours of the government's mission towards augmenting the development of Section 2 - Ethanol manufacturing Industries. In order to encourage sustainable and alternate fuels and also to cut India's dependence on imports of fossil fuel oils, Government of India has taken multiple interventions including administered price mechanism, opening alternate route for Ethanol production, amendment to Industries (Development & Regulation) Act, 1951 which legislates exclusive control of denatured Ethanol by the Government of India, reduction in applicable Goods & Service Tax (GST) from 18% to 5%, notification of National Policy on Biofuels - 2018, increasing scope of raw material for Ethanol procurement, extension of Ethanol Blended Petrol (EBP) Programme to whole of India except islands of Andaman Nicobar & Lakshadweep w.e.f. 01st of April, 2019, et al. The National Policy on Biofuels, 2018 approved in May, 2018 is aimed at achieving multiple outcomes such as; addressing environmental concerns, reducing import dependency and providing boost to agriculture sector. The National Policy on Biofuels, 2018 allowed production of Ethanol from B-heavy Molasses, Sugarcane Juice, and Damaged food grains like wheat, broken rice etc which are unfit for human consumption. Regarding food-grains, the National Biofuel Coordination Committee (NBCC) was empowered to allow specific raw materials based on the projected supply for the forthcoming year. The NBCC has subsequently allowed production of Ethanol from Surplus Rice with Food Corporation of India (FCI) and Maize. Traditionally, Bihar has been leader in the Sugarcane production in India and is also home to large number of Molasses based Distillery units. Ethanol manufacturing in the State using Sugarcane Juice, Maize and Broken Rice as feed-stock has significant potential for growth. The National Policy on Biofuels, 2018 and subsequent pronouncements by the Government of India offer a very conducive regulatory and institutional eco-system for sustainable growth of Ethanol manufacturing in States such as Bihar which is endowed with large number of feed-stocks such as Sugarcane, Maize, Rice, etc. This policy has been introduced with an aim to leverage the opportunities in Ethanol manufacturing which offers a sustainable source of income for farmers, entrepreneurs and workers who will be employed in the Ethanol units