Financing for Compressed Bio-Gas plants to be brought under Priority Sector Lending

Context

- The Government is in the process of including Compressed Bio-Gas under Priority Sector Lending.
- Shri Pradhan, along with Tamil Nadu Chief Minister, inaugurates CBG Plant at Namakkal in Tamil Nadu and CBG Fuel Stations.
- He further added that Central Financial Assistance or Subsidy for setting up CBG plants has been extended to 2020-21 to promote new projects.

About SATAT

- The 'SATAT' (Sustainable Alternative Towards Affordable Transportation) scheme on CBG was launched on 1.10.2018 which envisages targeting production of 15 MMT of CBG from 5000 plants by 2023.
- Oil Marketing Companies have offered long term pricing on CBG to make projects bankable and have agreed to execute long term agreements on CBG.
- The Minister said that Bio-manure, an important by-product of CBG Plants, is also in the process of being included in Fertilizer Control Order 1985.
- This will make it easier to market and provide an opportunity for organic farming across the country as the 5000 CBG Plants are expected to produce 50 MMT Biomanure.

CBG potential of Tamil Nadu

- On the CBG potential of Tamil Nadu from existing waste and biomass sources, Shri Pradhan said that utilizing about 2.4 MMTPA of it shall result in setting up of around 600 Plants across the State which would result in the investment of about Rs. 21,000 crore and direct employment potential of about 10,000.
- CBG produced from the Plant can fuel more than 1000 vehicles per day in Salem – Namakkal region. The Biogas Plant shall also fuel 2 industries with green alternative fuel.
- The Minister said that there is immense potential in India’s Oil and Gas sector and the projects that have been initiated in the recent past would go a long way in ensuring India’s energy security.

About Biogas

- Biogas production is growing steadily, as more people are setting up biogas plants to produce biogas.
- Biogas is a renewable, as well as a clean, source of energy.
- The gas generated through bio-digestion is non-polluting and it reduces greenhouse emissions.
- He said “Harnessing the full potential of biofuels to generate alternative energy in various forms, including Compressed Biogas or CBG, ethanol, 2G ethanol, and biodiesel will help achieve our PM Modi’s vision of reducing import dependence of oil and ensuring sustainable energy future in the country.”
Importance of CBG

- Government of India has been promoting Biofuels including CBG to increase the green-energy mix, reduce import dependence, create employment especially in semi-urban & rural areas and reduce pollution.
- Usage of CBG shall assist in achieving climate change goals of India as per the Paris Agreement 2015.
- This shall also be in alignment with schemes of Government of India like Swachh Bharat, Atmanirbhar Bharat and Make in India.