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Wednesday 18 May 2011

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**India Next-Generation Ethanol Could Ignite With Right Spark**

*Bloomberg New Energy Finance: the country is home to major agricultural waste feedstock resources, but lacks long-term policies to attract private capital*

New Delhi, London and New York, 18 May – India's agricultural sector, long the backbone of its economy, has the potential to become a major supplier of feedstock to a next-generation ethanol sector, research firm Bloomberg New Energy Finance finds in a new study. The more than 125 million tonnes of otherwise mostly unused agricultural residues from rice, wheat, maize and other crops estimated to be available by 2020 could potentially be converted into 34bn litres of such fuel per year with the right policies and a flood of new investment.

By 2020, next-generation ethanol could be over a \$15bn per year industry, again assuming significant new policies are implemented and unprecedented investment is attracted, according to the study "Next-Generation Ethanol: What's in it for India?"

The creation of such an industry would potentially have significant impact on the Indian economy, including lower greenhouse gas emissions from transport fuels, reduced dependence on oil imports, and job creation. Over the next decade, up to one million workers could be required to collect and process agricultural waste feedstock then convert it fuel, under the most aggressive scenario envisioned by Bloomberg New Energy Finance. Next-generation ethanol has the potential to displace more than four fifths of India's forecasted gasoline demand by 2020, and cut greenhouse gas emissions from road transport gasoline by up to 69%.

However, all of this is contingent on new fuel production technologies continuing to make important progress over the next decade. Today, a litre of next-generation ethanol using cellulosic or hydrolysis processes cannot be produced for less than a litre of conventional gasoline without major government assistance.

Next-generation ethanol involves converting biomass residues such as wheat straw and rice husks, via biological processes into a fuel that will substitute for gasoline (petrol). At present, ethanol in India is mostly manufactured using first-generation technology from molasses and food crops such as sugarcane.

To foster a next-generation biofuels sector, policy-makers could consider two priorities, according to the study. The first is a specific mandate for next-generation ethanol, obliging oil marketing companies to use a rising proportion of the fuel in their overall mix. The second involves financial incentives for farmers to collect a sustainable proportion of the waste typically left on their fields or burnt after the harvest.

The report was commissioned by Novozymes, a world leader in bio-innovation, but the analysis, content and conclusions are exclusively those of Bloomberg New Energy Finance.

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