

Date:04/05/2004 URL: <http://www.thehindu.com/2004/05/04/stories/2004050403440400.htm>

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Country's first bio-diesel project to come up in State

By P.Vikram Reddy

HYDERABAD, MAY 3. The Southern Online Biotechnologies Limited , which is setting up the country's first bio-diesel project in Andhra Pradesh, is all set to sign MoU with several government bodies and non-governmental organisations in about a week's time, for procuring raw material like Pongamia Pinnata (Karanja or Kanuga) and Jetropha seed.

The oil extracted from this seed is used to produce what is called the bio-diesel, said to have characteristics like less pollution-causing and, possibly- improved mileage. Generally considered an eco-friendly, bio-degradable product, it can be blended with diesel in different proportions or used as a total replacement for conventional diesel.

Besides the Indian Railways, several organisations like the Andhra Pradesh Lorry Owners Association, and the Rig Owners associations have offered to buy the bio-diesel proposed to be produced by Southern Online subject to conditions.

The company is setting up the bio-diesel project at an estimated cost of Rs. 15 crores at Choutuppal in Andhra Pradesh, with technology from a German company named Lurgi. It expects to achieve financial closure by July this year, and commence commercial production by April 2005. The project is also under circulation with German Technological Co-operation (GTZ), a statutory body, for financial assistance.

According to sources, Indian Railways, which uses about 2 million kilo litres of diesel per annum, has shown interest in buying bio-diesel provided its price is less than conventional diesel and quality is as per American Society for Testing materials (ASTM) standards.

Southern Online expects to sign MoU with the Andhra Pradesh Society for Elimination of Rural Poverty (APSERP- Velugu), the Andhra Pradesh Forest Development Corporation, and the Vana Samrakshana Samithi (VSS) through the Forest Department. The expectation is that Velugu can procure about 400 tonnes, APFDC 900 tonnes and VSS another 450 tonnes. Though this is considerably less than the 32,000 tonnes per annum requirement of

the company it is seen as an encouraging beginning. Rough estimates put the possibility of procurement at 8,000 tonnes per annum through these organisations. The amount of interest shown in developing such raw sources of raw material is reflected in the Government of India providing Rs.1,000 crores for raising and promoting Pongamia to produce bio-diesel oil.

The Lorry Owners Association, which consumes about 82 lakh litres diesel per day, has evinced interest in buying up to 12,500 litres per day of bio-diesel. The rig owners have shown interest in quantities up to 6,000 litres.

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