

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
UNSTARRED QUESTION NO-1736
ANSWERED ON - 15/12/2025

PRODUCTION AND BLENDING OF BIOFUELS FROM NON-FOOD SOURCES

1736 DR. M. DHANAPAL:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) the steps taken or proposed to be taken by Government to increase production and blending of biofuels such as ethanol and Compressed Biogas (CBG), particularly from non-food sources such as agricultural and municipal waste;
- (b) the current status of the Ethanol Blending Programme (EBP) in terms of percentage blending achieved so far and the targets set for the next three years, year-wise; and
- (c) the initiatives undertaken by Government to encourage rapid commissioning and scaling up of second-generation ethanol plants and commercial CBG plants, including any incentives or financial support mechanisms?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS

(SHRI SURESH GOPI)

(a) to (c): Government have been promoting blending of ethanol in petrol under the Ethanol Blended Petrol (EBP) Programme. The National Policy on Biofuels – 2018, as amended in 2022, *inter-alia* advanced the target of 20% blending of Ethanol in petrol from 2030 to Ethanol Supply Year 2025-26 (ESY- 1st November, 2025 to 31st October, 2026). Public Sector Oil Marketing Companies (OMCs) achieved the target of 10% Ethanol blending in petrol in June 2022 i.e. five months ahead of the target during ESY 2021-22, 12.06% in ESY 2022-23 and 14.60% in ESY 2023-24. During Ethanol Supply Year (ESY) 2024-25, more than 1000 crore litres of ethanol have been blended thereby achieving an average blending of 19.24% ethanol in Petrol. In the month of October, 2025, ethanol blending of 19.97% has been achieved. So far, no decision has been taken by the Government for increasing ethanol blending with petrol beyond 20%.

Government have taken several steps to promote ethanol production in the country which, *inter-alia*, includes expansion of feedstock for ethanol production under the National Policy on Biofuels, as amended in 2022, promoting use of damaged food grains like broken rice, food grains unfit for human consumption, food grains during surplus phase as declared by the National Biofuel Coordination Committee (NBCC), and agriculture residues (Rice straw, cotton stalk, corn cobs, saw dust, bagasse etc.), introduction of administered price mechanism for Ethanol procurement under the Ethanol Blended Petrol (EBP) Programme, lowering GST rate to 5% for Ethanol for EBP Programme, introduction of various Ethanol Interest Subvention Schemes (EISS) during 2018-22, a dedicated subvention scheme for Cooperative Sugar Mills to convert existing sugarcane-based distilleries into multi-feedstock plants for ethanol production from molasses as well as grains, Long Term Offtake Agreements (LTOAs) between OMCs and Dedicated Ethanol Plants.

Government had also notified the "Pradhan Mantri JI-VAN (Jaiv Indhan- Vatavaran Anukool fasal awashesh Nivaran) Yojana 2019" to provide financial assistance for setting up Advanced Biofuels projects in the country using lignocellulosic biomass and other renewable feedstock. Under the scheme maximum financial assistance of Rs.150 crore per project for commercial scale projects and Rs. 15 crore per project for demonstration scale projects have been prescribed.

Under this scheme, commercial Second Generation (2G) Paddy Straw based feedstock bio-ethanol project has been set up by Indian Oil Corporation Ltd. (IOCL) at Panipat (Haryana). A Second Generation (2G) Bamboo based Biorefinery project has been set up under the scheme at Numaligarh (Assam) by Numaligarh Refinery Ltd. through a joint venture company, Assam Bio-Ethanol Private Limited (ABEPL). Indian Oil Corporation Limited (IOCL) has also established a 3G ethanol plant at Panipat, Haryana, using refinery off-gas as feedstock.

Government, in order to encourage rapid commissioning and scaling of CBG plants, have adopted "Whole of Government" approach involving multiple Ministries and Departments under the umbrella of GOBARDhan initiative. Various steps have been initiated including assured price for off-take of CBG through long term agreements with Oil and Gas Marketing Companies under Sustainable Alternative Towards Affordable Transportation (SATAT); the Umbrella Scheme of National Bio Energy Programme which inter-alia provides Central Financial Assistance to all kind of CBG/biogas plants; Additional Central Assistance for Municipal Solid Waste-based CBG projects under Swachh Bharat Mission Urban 2.0; the inclusion of bio-manure produced from CBG plants as Fermented Organic Manure and Liquid Fermented Organic Manure under Fertilizer Control Order 1985; Market Development Assistance to promote Organic Fertilizer produced from CBG projects; the inclusion of CBG projects under 'White Category' on case to case basis; the inclusion of CBG projects under Priority Sector Lending; loan products from various Banks for financing of CBG projects; etc. Further, in order to increase the production and blending of CBG, phase wise mandatory selling of CBG in CNG (T) and PNG (D) segment of CGD network have also been initiated by the Government. During FY 2024-2025 CBG Obligation (CBO) is 1% of total CNG/PNG consumption. The CBO shall be 3% and 4% of total CNG/PNG consumption for FY 2026- 27 and 2027-28 respectively. From 2028-29 onwards CBO will be 5%.

Additional initiatives such as synchronization of CBG with CNG in CGD Network; a scheme for the development of pipeline infrastructure (DPI) for facilitation of CBG offtake; a scheme to support CBG producers for procurement of Biomass Aggregation Machinery (BAM) have also been initiated by the Government.
