

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
UNSTARRED QUESTION NO-1893
ANSWERED ON – 09/03/2026

BIODIESEL PROCUREMENT

1893. SHRI MADAN RATHORE:

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

- (a) whether OMCs shifted from a dynamic pricing mechanism to a fixed base-price regime for biodiesel procurement in March 2025, if so, the reasons therefor;
- (b) whether against the notified quantities under three EOIs (20, 15 and 25 crore litres), substantially higher offers were received, if so, the details thereof;
- (c) whether for FY 2025–26 a procurement target of 60 crore litres has been announced as against 36.7 crore litres procured in FY 2024–25, if so, the reasons for the gap between allocated and actual supply; and
- (d) whether Government proposes to review pricing mechanism and take steps to strengthen biodiesel procurement?

ANSWER

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

(SHRI SURESH GOPI)

(a) to (d): Under the Biodiesel Blending Programme, Public Sector Oil Marketing Companies (OMCs) independently determine the pricing mechanism for procurement of biodiesel. The pricing framework is evolved by the OMCs based on prevailing market dynamics and commercial considerations. These factors, inter-alia, include domestic availability of feedstock, prices of imported feedstock, cost of production, processing and logistics expenses, applicable duties and taxes etc. To support domestic feedstock sources, reduce dependence on imports and mitigate price volatility arising from frequent fluctuations in export/import rates and applicable duties, Public Sector Oil Marketing Companies (OMCs) in March 2025 shifted from a dynamic pricing mechanism to a fixed base price for biodiesel procurement.

OMCs received substantially higher offers for biodiesel procurement against the requirement published in Expression of Interests (EOIs) for the Financial Year (FY) 2025-26. Total requirement of 60 crore litre were published under three EOIs for procurement of Biodiesel in FY 2025-26 against which current upliftment as on 28.02.2026 is 15.6 crore litre. In the previous FY 2024-25, OMCs received 36.7 crore litre against the published requirement of 183.3 crore litre. The variance between the allocated quantity and the actual supplies received from the suppliers is primarily attributable to the limited availability of indigenous feedstock required for biodiesel production.

Further, Government has taken several measures for promotion of biodiesel production to achieve the indicative target of blending 5% biodiesel in diesel/direct sale of biodiesel by the year 2030, which inter-alia include prescribing indicative target of blending of biodiesel in diesel / direct sale of biodiesel under the National Policy on Biofuels, notifying of "Guidelines for sale of biodiesel for blending with high speed diesel for transportation purposes-2019", reduction of GST rate for procurement of biodiesel for blending programme from 12% to 5%, etc.
