

GOVERNMENT OF INDIA  
MINISTRY OF PETROLEUM AND NATURAL GAS  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO-1894**  
ANSWERED ON-09/03/2025

**BIOFUEL AND COMPRESSED BIOGAS PRODUCTION TARGET**

1894 DR. ASHOK KUMAR MITTAL:

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

- (a) the reason biofuel and compressed-biogas production targets remains significantly behind schedule, the details thereof;
- (b) whether procurement frameworks offered by oil-marketing companies are economically unattractive to producers, if so, the details thereof, if not, the reasons therefor;
- (c) the reason farmers supplying biomass faces delayed payments and logistical constraints, the details thereof; and
- (d) whether Government will introduce comprehensive reforms to stabilise supply chains, incentivise production and ensure viability of alternative fuel ecosystems, details thereof?

**ANSWER**

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

(SHRI SURESH GOPI)

(a) to (d). The promotion of biofuels, including compressed biogas (CBG), is being undertaken through various initiatives of the Government under the National Policy on Biofuels.

Government has promoted 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 (ESY) 2025–26 (1st November, 2025 to 31st October, 2026). This target of 20% has been achieved in December, 2025 due to the concerted efforts of Government that have led to increased ethanol blending with petrol from 38 crore litres in ESY 2013-14 to over 1000 crore litres in ESY 2024-25. 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. Ethanol blending levels thereafter increased to 12.06% in ESY 2022–23, 14.60% in ESY 2023–24, and 19.24% in ESY 2024–25.

EBP Programme has resulted in payment to farmers to a tune of over Rs. 1,47,387 crore from Ethanol Supply Year (ESY) 2014-15 up to January 2026, besides savings of more than Rs. 1,66,971 crore of foreign exchange, net CO<sub>2</sub> reduction of approximately 851 lakh metric tonne and substitution of more than 283 lakh metric tonnes of crude oil.”

The establishment of CBG plants is undertaken by entrepreneurs and other interested entities based on their techno-commercial assessment of project viability. As per data reported on the GOBARdhan portal, as of February 2026, a total of 194 CBG projects have been commissioned, while 315 projects are at various stages of construction.

Biomass used for CBG production and the feedstock supply chain is arranged by project developers. Reasons which hinder the timely implementation of CBG projects include issues related to land arrangement/allocation, assured and consistent feedstock supply, technology-related constraints, and limited offtake of by-products such as Fermented Organic Manure (FOM) and Liquid Fermented Organic Manure (LFOM). In certain cases, resistance from local communities has also affected project progress.

To address logistical constraint in biomass collection and handling, Government is implementing a scheme for providing financial assistance for procurement of Biomass Aggregation Machinery (BAM) by CBG producers. Further, Government is also implementing a scheme on Crop Residue Management (CRM) under which financial assistance is provided to farmers for purchase of crop residue management machinery and to Cooperative Societies, FPOs and Panchayats for establishment of Custom Hiring Centres.

Government, with a view to promoting the setting up of Compressed Biogas (CBG) plants across the country has adopted a “Whole of Government” approach involving multiple Ministries and Departments under the GOBARdhan initiative to create an enabling ecosystem for CBG projects. Measures undertaken include assured price for off-take of CBG through long term agreements with Oil and Gas Marketing Companies; provision of Central Financial Assistance under the National Bio-Energy Programme for CBG/biogas plants; additional Central Assistance for Municipal Solid Waste-based CBG projects under Swachh Bharat Mission–Urban 2.0; inclusion of bio-manure from CBG plants as FOM and LFOM under the Fertilizer Control Order, 1985; and Market Development Assistance to promote organic fertilizers produced from CBG plants.

Further, CBG projects have been considered under the ‘White Category’ (on a case-to-case basis); included under Priority Sector Lending norms; and supported through dedicated loan products by various banks and financial institutions. Additional initiatives include issuance of guidelines for synchronization of CBG with CNG in the CGD network, implementation of a scheme for Development of Pipeline Infrastructure (DPI) for injection of CBG into the City Gas Distribution (CGD) network and gas grid, and phased mandatory blending/sale of CBG in the CNG (Transport) and PNG (Domestic) segments of the CGD network.

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