

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS

RAJYA SABHA
STARRED QUESTION NO - 15
ANSWERED ON - 20/07/2026

REFINING CAPACITY AND ETHANOL BLENDING

*15 DR. SANTRUPT MISRA:

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

- (a) the present refining capacity of the country in relation to domestic consumption and the extent of refined-product exports;
- (b) by when domestic consumption is projected to absorb the present surplus refining capacity;
- (c) the achievement under the E20 ethanol-blending target and the roadmap, if any, towards higher ethanol blending; and
- (d) whether the land water and food-security implications of higher blending targets have been assessed?

ANSWER

MINISTER OF PETROLEUM AND NATURAL GAS
(SHRI HARDEEP SINGH PURI)

- (a) to (d): A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) IN RESPECT OF
RAJYA SABHA STARRED QUESTION NO. 15 FOR REPLY ON 20.07.2026
REGARDING REFINING CAPACITY AND ETHANOL BLENDING BY DR.
SANTRUPT MISRA**

(a) & (b) India stands as the second largest refiner in Asia and fourth largest globally.

India's current installed refining capacity is 267.1 Million Metric Tonnes Per Annum (MMTPA), comprising 23 refineries under the Public Sector, Private Sector and Joint Venture undertakings.

During the year 2025-26, around 241.6 MMT of petroleum products were consumed against approximately 285 MMT produced in the country.

The country has sufficient refining capacity to cater to both the domestic demand and export. The export of petroleum products constituted 8.8% (in value term) of India's Gross export during 2025-26.

The Government accords the highest priority to meeting domestic demand for petroleum products.

Refining operations and product availability are continuously monitored, and exports are undertaken after ensuring adequate supplies for domestic consumption. India's surplus refining capacity has also strengthened the country's energy security and established India as a reliable supplier of petroleum products to several countries.

During the recent global energy supply disruptions arising from the conflict in West Asia, Government of India successfully insulated consumers during global disruptions through diversified crude sourcing, refinery optimization and OMC interventions, ensuring there was no shortage of fuel and that retail prices remained relatively stable despite global volatility.

No specific timeline has been projected for domestic consumption to absorb the existing surplus refining capacity, as capacity augmentation is planned in tandem with the projected growth in demand and the country's long-term energy security requirements.

(c) & (d) The Government has been promoting ethanol blending with petrol under the Ethanol Blended Petrol (EBP) Programme with multiple objectives, which **inter alia** include foreign exchange savings, increasing farmers' income, environmental benefits such as CO₂ reduction, and crude oil substitution.

The National Policy on Biofuels, 2018, as amended in 2022, advanced the target of 20% blending of ethanol in petrol from 2030 to Ethanol Supply Year (ESY) 2025-26.

At present, no decision has been taken to increase ethanol blending beyond 20%.

Future rollout of a higher ethanol blending level will be undertaken only after detailed scientific and technical studies and consultations with all relevant stakeholders, including automobile manufacturers, oil marketing companies, ethanol producers, feedstock suppliers, and research institutions. The decision will be based on technical feasibility, scientific validation, and compliance with safety, environmental, and vehicle standards.

The major achievements of the EBP Programme from ESY 2014-15 to ESY 2025-26 are as under:

Parameter	Cumulative (ESY 2014-15 to ESY 2025-26 June 2026)
Estimated farmers income	₹1,66,181.31 crore
Foreign exchange savings	₹1,97,916.36 crore (~20.85 billion USD)
Crude oil substituted	316.95 LMT (lakh metric ton)
Net CO ₂ emission reduction	952.43 LMT (lakh metric ton)

The Government has adopted a balanced approach to ethanol production while ensuring that food security, water sustainability and farmers' interests remain paramount.

Under the National Policy on Biofuels, ethanol is produced from a diversified basket of feedstocks, including sugarcane-based feedstocks, damaged foodgrains, broken rice, foodgrains unfit for human consumption, surplus foodgrains approved by the National Biofuel Coordination Committee (NBCC), maize and other approved agricultural feedstocks, as well as agricultural residues.

With regard to food security, the Government follows an open-ended procurement system at the Minimum Support Price (MSP), under which procurement for the Public Distribution System (PDS) and other food security requirements is accorded the highest priority. Only surplus quantities, as determined and permitted by the Department of Food and Public Distribution (DFPD) under the approved policy framework, are utilized for ethanol production. The programme thus utilises surplus agricultural produce that would otherwise remain underutilised, while creating additional income opportunities for farmers and contributing to the country's energy security.

With regard to water usage, modern ethanol distilleries typically consume about 3–5 litres of processed water for producing one litre of ethanol and operate with Zero Liquid Discharge (ZLD) systems to minimise freshwater consumption and eliminate liquid effluent discharge.

The ethanol programme has increasingly diversified towards maize and other feedstocks, thereby promoting crop diversification, improving resource-use efficiency and reducing dependence on any single feedstock.

The Government continuously reviews the implementation of the programme in consultation with the concerned Ministries, State Governments and other stakeholders to ensure that the objectives of energy security, farmer welfare, environmental sustainability and food security are achieved in a balanced manner.
