

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
STARRED QUESTION NO - 229
ANSWERED ON - 10/08/2026

TARGET OF FIVE PER CENT BIODIESEL BLENDING BY 2030

*229#. SHRI MADAN RATHORE:

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

- (a) the steps being taken to achieve the target of five per cent biodiesel blending by the year of 2030 set by the Oil Marketing Companies (OMCs) under the National Policy on Biofuels, 2018 and the challenges being faced in the procurement;
- (b) the basis on which the approved price of biodiesel is determined, along with the actual installed production capacity and the availability of feedstock; and
- (c) the basis on which the approved price of biodiesel was determined during the period from June 2021 to 2024 and the basis on which new approved price is being determined at present?

ANSWER

THE MINISTER OF PETROLEUM & NATURAL GAS
(SHRI HARDEEP SINGH PURI)

(a) to (c): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (c) IN RESPECT OF THE RAJYA SABHA STARRED QUESTION NO. 229 FOR REPLY ON 10.08.2026 REGARDING TARGET OF FIVE PER CENT BIODIESEL BLENDING BY 2030 ASKED BY SHRI MADAN RATHORE.

(a) to (c): The promotion of biofuels as an alternative to petroleum fuels is guided by the National Policy on Biofuels.

The National Policy on Biofuels (NPB) has envisaged an indicative target of 5% blending of biodiesel with High Speed Diesel (HSD) by 2030. To facilitate the programme, the Government has undertaken measures such as notifying the Guidelines for Sale of Biodiesel for Blending with High Speed Diesel for Transportation Purposes, 2019 and reducing the GST rate on biodiesel procured for blending from 12% to 5%.

However, the pace of biodiesel blending has remained constrained primarily due to limited availability of sustainable feedstocks and commercial unviability of their prevailing market prices for biodiesel procurement by OMCs.

On feedstock side, key feedstocks such as Palm Stearin Oil (PSO), Acid oils, Palm Fatty Acid Distillates (PFAD) etc. are largely derived from imported Crude Palm Oil (CPO), making biodiesel availability significantly dependent on CPO imports. This makes key feedstocks vulnerable to global demand supply fluctuations and price volatility. Further, limited availability of domestic Used Cooking Oil (UCO) continue to remain the major constraint for scaling up of biodiesel production in the country.

These factors have affected the availability of biodiesel for blending with diesel.

Since June 2021 to 2024, the price of Biodiesel was determined by Oil Marketing Companies (OMCs) considering domestically available feedstocks as well as imported feedstock prices, production cost, profit etc. Currently, Price of biodiesel is fixed by Oil Marketing Companies (OMCs) considering domestic feedstock prices to support domestic feedstocks in line with the vision of National Policy on Biofuels.

Based on biodiesel vendors registered with OMCs, the aggregate installed production capacity is approximately 579 crore litres per annum in the country.
