GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
STARRED QUESTION NO - 83
ANSWERED ON - 27/07/2026

PROFIT EARNED THROUGH ETHANOL BLENDING PROGRAMME

*83. SHRI JAVED ALI KHAN

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

(a) the details of profits earned by Oil Marketing Companies (OMCs) through the ethanol blending programme in petrol over the last three years, year-wise and OMC-wise;

(b) the details of cost of production/procurement of ethanol per litre for each OMC, OMC-wise;

(c) the cost of ethanol blended petrol per litre at present for each OMC, OMC-wise;

(d) the exact quantum of profit per litre earned by OMCs from ethanol blended petrol; and

(e) the amount of these windfall gains that have been passed on to retail consumers in the form of reduced petrol prices during the last three years, year-wise and OMC-wise?

ANSWER

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

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

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (e) IN RESPECT OF THE RAJYA SABHA STARRED QUESTION NO. 83 FOR REPLY ON 27.07.2026 REGARDING PROFIT EARNED THROUGH ETHANOL BLENDING PROGRAMME ASKED BY SHRI JAVED ALI KHAN.

(a) to (e): The Ethanol Blended Petrol (EBP) Programme is not only conceived as a profit-generating initiative for Oil Marketing Companies (OMCs). Its primary objective is to strengthen India's energy security, reduce dependence on imported crude oil, support farmers, and promote environmental sustainability.

International agencies have repeatedly underscored that reducing dependence on fossil fuels and expanding clean energy solutions are essential to address both climate change and energy security. At a time when unprecedented heatwaves, prolonged droughts and wildfires are affecting countries across the world, the need for an accelerated energy transition has become more urgent than ever.

India's EBP Programme represents one such practical and scalable solution for fulfilling these multiple National Goals. It simultaneously reduces greenhouse gas emissions, lowers crude oil imports, strengthens energy security, conserves foreign exchange and creates additional income opportunities for farmers.

Biofuels and Natural Gas are India's bridge fuels. They provide a practical and non-disruptive pathway towards achieving India's climate commitments under its Nationally Determined Contributions (NDCs) and the Net Zero target by 2070. A NITI Aayog life-cycle assessment has concluded that greenhouse gas emissions from sugarcane-based and maize-based ethanol are about 65% and 50% lower, respectively, than those from petrol.

E20 fuel also provides better acceleration, improved ride quality and approximately 30% lower carbon emissions compared to E10 fuel. Higher ethanol blends also enable cleaner and more complete combustion, resulting in near-zero particulate matter emissions and improved urban air quality.

Farmers have earned around Rs.1.66 lakh crore through the Ethanol Blending Programme since ESY 2014-15. Income that earlier flowed towards crude oil imports is now reaching Indian farmers, who have become 'Urjadaatas' in addition to being 'Annadatas'.

The additional income generated through the Ethanol Blending Programme has significantly strengthened farmers' livelihoods and economic resilience. Enhanced and timely earnings have helped alleviate agrarian distress in several regions. In areas such as Vidarbha, which had witnessed widespread incidents of farmer suicides in the past, improved income opportunities have contributed towards addressing long-standing rural distress.

Today, the Kosi-Seemanchal basin has pivoted from a flood-prone region into India's primary corn basket, serving as the core agricultural and industrial epicentre for modern maize production which is also being used for ethanol blending.

From ESY 2014-15 to ESY 2025-26 (up to June 2026), Ethanol blending by Public Sector OMCs has resulted in foreign exchange savings exceeding Rs.1.97 lakh crore, crude oil substitution of about 316 lakh metric tonnes and a reduction of approximately 952 lakh metric tonnes of CO_2 emissions, equivalent to planting nearly 39 crore trees.

Due to the nationwide rollout of the Ethanol-blended petrol program, in last ethanol supply year (ESY 24-25) India saved approximately 1023 crore litres of crude oil imports.

Public Sector OMCs procure ethanol from distilleries across the country under the EBP Programme. The procurement framework is designed to ensure adequate ethanol availability, provide remunerative prices to producers and support the agriculture sector; it is not intended to maximise OMC profits.

The ex-mill price of ethanol for ESY 2025-26 is as given below:

Ethanol Feedstock	**Ex-Mill Price in Rs. Per litre(excluding GST and Transportation)**
Sugarcane Juice/ Sugar Syrup / Sugar	65.61
B Heavy Molasses	60.73
C Heavy Molasses	57.97
Damaged Food Grains	64.00
Surplus FCI rice	60.32
Maize	71.86
Weighted Average (as per Cycle-1 allocation for ESY 2025-26)	66.61

OMCs wise estimated procurement cost of ethanol per litre for the current Ethanol Supply Year 2025-26 (1st November 2025 to 31st October 2026) is tabulated below:

OMC	IOCL	HPCL	BPCL
Procurement Cost (Rs. Per litre) (*incl.* GST 5% and Transportation)	71.18	71.10	71.21

The retail selling price of E20 petrol is market-determined, and Public Sector OMCs determine petrol prices after considering international crude oil prices, exchange rates, freight, taxes, ethanol procurement costs and other operational expenses. (For e.g.-the average depot price of petrol during March–June 2026 was about Rs.85.8 per litre. Since the retail selling price remained below the market-determined level, Public Sector OMCs incurred an average under-recovery of about Rs.11 per litre on petrol during February–March 2026, amounting to approximately Rs.21,300 crore).

India is the world's third-largest importer of crude oil, meeting nearly 85 per cent of its crude oil requirement through imports. During the recent West Asian crisis (starting from 28th February 2026 and still ongoing), the closure of the Strait simultaneously posed two major challenges such as security of supply and escalation in global prices.

During the recent West Asian crisis, despite sharp increases in global crude prices, India was able to shield consumers through calibrated Government interventions, diversified sourcing and the increasing contribution of domestically produced biofuels.Since February 2026,even though global crude prices rose by around 70–80%, domestic fuel prices increased only by about 7–8%.

During the peak of West Asia crisis when Indian crude basket touched nearly $135 per barrel, the market price of petrol could have been around Rs.125 per litre, however Indian consumers continued to pay only Rs. 94.77 per litre (ex Delhi) also because OMCs could procure ethanol at ~Rs.70/litre. By replacing a part of imported petrol with domestically produced ethanol, India has reduced its exposure to international crude oil price volatility and exchange-rate fluctuations.

This demonstrates that ethanol blending is a strategic investment in energy security, price stability, farmer welfare and foreign exchange savings, rather than a revenue-generating exercise for OMCs.

The financial performance of Public Sector OMCs is assessed on a consolidated basis across the petroleum value chain and not activity-wise. Any additional benefit or cost arising from ethanol procurement vis-à-vis petrol is not retained or borne by the OMCs independently**.** Consequently, no separate profit or loss is maintained or computed for the Ethanol Blended Petrol Programme or for each litre of ethanol-blended petrol sold.

Accordingly, the success of the EBP Programme should not be measured in terms of profits earned by OMCs. Its true dividends lie in strengthening India's energy independence, reducing import dependence, enhancing farmer incomes, conserving foreign exchange, improving environmental sustainability and contributing to long-term fuel price stability.

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