GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
**RAJYA SABHA**
**UNSTARRED QUESTION NO-1723**
ANSWERED ON - 03/08/2026

**ETHANOL MANUFACTURING UNITS**

1723. SHRI P. WILSON:

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

(a) the number of ethanol manufacturing units established in the country, State-wise, along with their production capacity;

(b) the details of incentives, subsidies and tax exemptions provided by Government for ethanol production during the last five years;

(c) whether Government has assessed the impact of E20 petrol on fuel efficiency, vehicle performance and consumer expenditure and if so, the details thereof; and

(d) the steps taken to address the challenges in implementing the Ethanol Blended Petrol (EBP) Programme?

**ANSWER**

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

(SHRI SURESH GOPI)

(a): The State-wise details of number of ethanol production plants established in the country along with their production capacity, as provided by Department of Food and Public Distribution (DFPD) is at Annexure.

(b) & (d): Government have taken several steps to promote ethanol production in the country which, inter-alia, includes expansion of feedstock for ethanol production under the National Policy on Biofuels, as amended in 2022, promoting use of damaged food grains like broken rice, food grains unfit for human consumption, food grains during surplus phase as declared by the National Biofuel Coordination Committee (NBCC), and agriculture residues (Rice straw, cotton stalk, corn cobs, saw dust, bagasse etc.), introduction of administered price mechanism for Ethanol procurement under the Ethanol Blended Petrol (EBP) Programme, lowering GST rate to 5% for Ethanol for EBP Programme, Long Term Offtake Agreements (LTOAs) between OMCs and Dedicated Ethanol Plants.

Further, various Ethanol Interest Subvention Schemes (EISS) have been notified from 2018 to 2025 to enhance ethanol distillation capacities by setting up of new distilleries or expansion of existing distillery throughout the country. Under these schemes, financial assistance in form of interest subvention @6% per annum or 50% of rate of interest charged by banks/financial institutions, whichever is lower, on the loans to be extended by banks/financial institutions, is being borne by the Central Government for five years including one year moratorium.

A total budget outlay of Rs. 4687 crores have been approved towards the payment of interest subvention to the eligible projects under the various ethanol interest subvention schemes notified by the Government. The details of funds released and utilized by NABARD (Nodal Agency) under various Ethanol Interest Subvention Scheme during last five years i.e. from FY 2022-23 to FY 2026-27 is as under:

| Financial Year | Funds Released to NABARD (in Rupees Crore) | Funds Utilized by NABARD (in Rupees Crore) |
|---|---|---|
| 2022-23 | 175 | 175 |
| 2023-24 | 400 | 400 |
| 2024-25 | 600 | 600 |
| 2025-26 | 600 | 600 |
| 2026-27 | 300 (up to 10.07.2026) | 295 (as on 24.07.2026) |

Government had also notified the "Pradhan Mantri JI-VAN (Jaiv Indhan- Vatavaran Anukool fasal awashesh Nivaran) Yojana 2019" to provide financial assistance for setting up Advanced Biofuels projects in the country using lignocellulosic biomass and other renewable feedstock. Under the scheme maximum financial assistance of Rs.150 crore per project for commercial scale projects and Rs. 15 crore per project for demonstration scale projects have been prescribed.

Public Sector OMCs have achieved E20 target and are consistently blending 20 per cent ethanol in petrol across the country since December 2025.

(c): The Ethanol Blended Petrol (EBP) Programme has been implemented through a phased, scientifically validated and consultative process involving NITI Aayog, automobile manufacturers, Oil Marketing Companies (OMCs), Automotive Research Association of India (ARAI), Society of Indian Automobile Manufacturers (SIAM), Indian Institute of Petroleum (IIP) and other technical institutions.

Extensive laboratory studies and field trials conducted by ARAI, SIAM, IOCL, IIP and automobile manufacturers covering parameters such as engine durability, drivability, startability, corrosion resistance, material compatibility, emissions and fuel efficiency have confirmed that E20 is safe for use under prescribed standards.

These studies also established that legacy vehicles do not exhibit any significant variation in performance or abnormal wear and tear due to E20.

These extensive laboratory studies, field validation and real-world operating experience have not established any widespread adverse impact on vehicle performance due to E20 fuel.

E15+ blended petrol has been in widespread use across the country for over three-and-a-half years and E19–E20 fuel for over two-and-a-half years. More than 20 crore two-wheelers and over 3 crore petrol cars have been operating on these blends without any verified evidence of widespread engine failure or abnormal wear attributable to E20 fuel.

With regard to mileage it depends on driving habits, tyre pressure, servicing and AC load far more than fuel type. Government, automobile manufacturers and vehicle testing agencies have clarified that fuel efficiency depends on several factors, including driving habits, vehicle maintenance, tyre pressure, wheel alignment and air-conditioning load. Any reduction in fuel economy in certain E10-designed vehicles is generally marginal (around 3–5%).

At the same time, E20 provides higher octane, better anti-knock performance, improved combustion characteristics, smoother acceleration and lower emissions, contributing to cleaner and more efficient engine operations emissions, fuel systems and material compatibility have confirmed that E20 fuel does not cause abnormal wear and tear or compatibility issues.

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 28$^{th}$ 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.

*****

**ANNEXURE**

**ANNEXURE REFERRED TO IN REPLY OF PART (a) OF THE RAJYA SABHA UNSTARRED QUESTION NO. 1723 DUE FOR ANSWER ON 03.08.2026 ON "ETHANOL MANUFACTURING UNITS" ASKED BY SHRI P. WILSON.**

| State | Total No. of Distilleries | Annual Capacity(in Crore Litres) |
|---|---|---|
| Andhra Pradesh | 16 | 64 |
| Assam | 4 | 29 |
| Bihar | 22 | 97 |
| Chhattisgarh | 10 | 46 |
| Gujarat | 17 | 44 |
| Haryana | 19 | 99 |
| Jammu & Kashmir | 1 | 8 |
| Himachal Pradesh | 3 | 22 |
| Jharkhand | 6 | 36 |
| Karnataka | 50 | 321 |
| Madhya Pradesh | 27 | 131 |
| Maharashtra | 145 | 389 |
| Meghalaya | 1 | 3 |
| Odisha | 8 | 42 |
| Punjab | 25 | 127 |
| Rajasthan | 4 | 21 |
| Sikkim | 1 | 2 |
| Tamil Nadu | 16 | 34 |
| Telangana | 10 | 57 |
| Uttar Pradesh | 79 | 344 |
| Uttarakhand | 6 | 42 |
| West Bengal | 8 | 61 |
| Total | 478 | 2019 |