

LOK SABHA
UNSTARRED QUESTION No. 2135
TO BE ANSWERED ON 12th February, 2026

INCREASE IN ETHANOL BLENDING

2135. DR. GANAPATHY RAJKUMAR P:
THIRU THANGA TAMILSELVAN:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) whether the Government has achieved its target to blend twenty per cent ethanol per litre of fuel five years ahead of the target and whether ethanol blending rose from just one and a half per cent in 2014 to twenty per cent in 2025 under the National Policy on Biofuels and if so, the details thereof;
- (b) whether the increase in ethanol blending from one and a half per cent in 2014 to twenty per cent in 2025 was backed by the Government's strong fiscal incentives to the sugarcane industry and if so, the details thereof;
- (c) whether ethanol blending achieves a range of goals such as cutting greenhouse gas emissions, bolstering farmers' incomes and reducing India's oil import bill and if so, the details thereof;
- (d) whether the Government has taken note of the impact of ethanol blending on the economy of the country and if so, the details thereof; and
- (e) whether the Government would take necessary action to reduce fuel prices in the country as a result of blending twenty per cent ethanol per litre of fuel and if so, the details thereof?

ANSWER

पेट्रोलियम और प्राकृतिक गैस मंत्रालय में राज्यमंत्री
(श्री सुरेश गोपी)

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS
(SHRI SURESH GOPI)

(a) & (b): 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. During the ESY 2025-26, as on 31.12.2025, more than 179 crore litres of ethanol have been blended, achieving an average ethanol blending of 20% in petrol.

Government have taken several measures to increase ethanol production in the country to achieve 20% blending of ethanol in petrol, which *inter-alia* includes expansion of feedstock for Ethanol production, administered price mechanism for Ethanol procurement under the Ethanol Blended Petrol (EBP) Programme, lowered GST rate to 5% for Ethanol for EBP Programme, introduction of various Ethanol Interest Subvention Schemes (EISS) during 2018-22, a dedicated subvention scheme for Cooperative Sugar Mills to convert existing sugarcane-based distilleries into multi-feedstock plants for ethanol production from molasses as well as grains, signing of 233 Long Term Offtake Agreements (LTOAs) between OMCs and Dedicated Ethanol Plants, allocation of 72 Lakh Metric Tonne (LMT) of surplus Food Corporation of India (FCI) rice for ethanol production for the ESY 2025-26, diversion of 40 LMT of sugar for ethanol production for the ESY 2024-25 and unrestricted production of ethanol from sugarcane juice/sugar syrup, B-Heavy Molasses as well as C-Heavy Molasses for ESY 2025-26, notified the “Pradhan Mantri JI-VAN (Jaiv Indhan- Vatavaran Anukool fasal awashesh Nivaran) Yojana” to provide financial assistance for setting up Advanced Biofuels projects in the country using lignocellulosic biomass and other renewable feedstock, multimodal transportation of ethanol and increasing ethanol storage capacity along with other allied infrastructure for handling of higher blends of ethanol.

(c) & (d): EBP Programme has resulted in payment to farmers to a tune of over Rs. 1,43,822 crore from Ethanol Supply Year (ESY) 2014-15 up to December 2025, besides savings of more than Rs. 1,63,395 crore of foreign exchange, net CO₂ reduction of approximately 832 lakh metric tonne and substitution of more than 277 lakh metric tonnes of crude oil.

(e): Procurement prices of ethanol have been increasing over the years. For the Ethanol Supply Year 2024-25, the average procurement cost of ethanol stands at Rs. 71.55 per litre (inclusive of transportation and GST), which is higher than petrol produced in refineries.

The price of petrol (including ethanol blended petrol) has been market determined with effect from 26.06.2010. Since then, OMCs take appropriate decisions on pricing on petrol based on *inter-alia* international product prices and domestic market conditions.
