

**GOVERNMENT OF INDIA
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS**

**LOK SABHA
STARRED QUESTION NO - 164
ANSWERED ON- 30th JULY, 2026**

IMPACT OF E20 FUEL

***164 SHRI M K RAGHAVAN:**

Will the Minister of ROAD TRANSPORT AND HIGHWAYS

सड़क परिवहन और राजमार्ग मंत्री

be pleased to state:

- (a) whether the Government has undertaken an assessment of the impact of mandatory E20 fuel on consumers, automobile manufacturers and the transport sector and if so, the details thereof;**
- (b) whether oil marketing companies have been directed to prominently display the percentage of ethanol blend at fuel dispensing stations and on customer receipts, if so, the details thereof;**
- (c) whether adequate consultation with stakeholders has been done regarding E20 fuel programme and if so, the details thereof;**
- (d) whether the Government has noticed that despite the fuels being diluted by ethanol, the end price to consumers is not reduced and if so, the details thereof; and**
- (e) whether any financial incentives are given to vehicle owners for transforming from conventional fuels to biofuels and if so, the details thereof?**

ANSWER

THE MINISTER OF ROAD TRANSPORT AND HIGHWAYS

(SHRI NITIN JAIRAM GADKARI)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. *164 FOR ANSWER ON 30th JULY, 2026 ASKED BY SHRI M K RAGHAVAN REGARDING IMPACT OF E20 FUEL.

(a) & (c) Government in the Ministry of Petroleum and Natural Gas has introduced the Ethanol Blended Petrol (EBP) Programme 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.

Ethanol is not a new fuel. It has been used globally for over a century, with countries such as Brazil operating higher ethanol blends for decades. In India, the Ethanol Blended Petrol (EBP) Programme commenced with a pilot in 2001, E5 was introduced in 2006, and although blending remained around 1.53% in 2013-14, it has since been increased progressively in a calibrated manner after creating the necessary production capacity, infrastructure and regulatory framework.

As seen from the table, the progression has been gradual:

Ethanol Supply Year	Average Blending (%)
2013-14	~1.53
2020-21	~8.1
2021-22	~10
2022-23	~12
2023-24	~14.6
2024-25	~19.2
2025-26 (Nov-June)	20

The E20 programme has been developed through an extensive consultative and phased implementation process. Automobile manufacturers, component manufacturers, SIAM, ARAI, vehicle testing agencies, Oil Marketing Companies, ethanol producers, sugar and grain industries and other stakeholders were associated at every stage of policy formulation and implementation.

The transition to E20 was undertaken only after successful validation of fuel systems, engine durability, drivability, material compatibility, emissions performance and consumer acceptance.

Laboratory studies and field trials conducted by ARAI, SIAM, Indian Oil Corporation Limited (IOCL), IIP and automobile manufacturers are as per respective certification requirements and customised test protocols developed along with Original Equipment Manufacturers (OEMs). The exhaust emissions meet the respective norms (i.e. BS VI vehicles meet the BSVI emission norms when tested with E20). The test for engine durability has not shown any failure due to E20. Tests covering parameters such as engine drivability, startability, corrosion resistance and material compatibility have confirmed that E20 is safe for use under prescribed standards.

E20 offers a higher-octane rating, superior anti-knock characteristics, cleaner combustion and smoother engine performance. E20 improves acceleration and ride quality while reducing carbon emissions. These studies also established that legacy vehicles do not exhibit variation in performance or abnormal wear and tear due to E20.

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

This is evident from the fact that E15+ blended petrol has been in widespread use 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 vehicle breakdown attributable to ethanol blending.

Manufacturer service data have also confirmed that there is no abnormal corrosion, wear or reduction in vehicle life due to E20 fuel, and automobile manufacturers continue to honour warranty obligations for vehicles using specification-compliant E20 fuel.

A leading automobile manufacturer has reported servicing 2.84 crore vehicles during FY 2025–26, including about 1.5 crore legacy vehicles, without finding any E20-linked engine damage, abnormal corrosion or reduction in component life. A leading two-wheeler manufacturer has similarly reported no higher incidence of damage in E20-operated vehicles.

With regard to mileage, studies by Government agencies and automobile manufacturers indicate that reduction in fuel efficiency in certain E10-designed vehicles is limited to about 2-6%. However, the same is influenced by several factors, including driving conditions, driving habits and vehicle maintenance.

The Ethanol Blended Petrol Programme has resulted in foreign exchange savings of about ₹1.98 lakh crore, substitution of nearly 317 lakh metric tonnes of crude oil, reduction of around 952 lakh metric tonnes of CO₂ emissions and additional income of over ₹1.66 lakh crore for farmers.

(b) Public Sector OMCs have informed that currently normal petrol sold at their retail outlets across the country is E20. Since E0 or E10 petrol is not marketed at retail outlets, separate display of lower ethanol blends or printing of ethanol percentage on customer receipts has not been considered necessary.

However, wherever E85 fuel is sold, the dispensing units are prominently labelled, as it is intended exclusively for use in Flex Fuel Vehicles (FFVs).

(d) India is the world's third-largest importer of crude oil, meeting nearly 85 per cent of its crude oil requirement through imports. 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. during February-March, 2026, the retail selling price of petrol remained below the market determined level, resulting in an under-recovery of approximately Rs.21,300 crore for public sector OMCs on account of petrol.

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, 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.

(e) E85 fuel intended for use exclusively in Flex Fuel Vehicles (FFVs) is priced nearly ₹20 per litre lower than conventional blended petrol to ensure that the economic benefits of domestically produced ethanol are passed on to consumers. However, this fuel can be used only for specially manufactured flex fuel vehicles.
