

GOVERNMENT OF INDIA  
MINISTRY OF HEAVY INDUSTRIES  
LOK SABHA  
UNSTARRED QUESTION NO. 2689  
ANSWERED ON 04.08.2026

**MANUFACTURING OF FLEX-FUEL AND ELECTRIC VEHICLES**

†2689. **SHRI BRIJENDRA SINGH OLA:**  
**SHRI RAHUL KASWAN:**  
**SHRI SUKHJINDER SINGH RANDHAWA:**

**Will the Minister of HEAVY INDUSTRIES be pleased to state:**

(a) the details of the projects approved, investment received, production capacity, employment generation and technology development achieved so far for the manufacturing of flex-fuel vehicles, electric vehicles and related automobile components under the Production Linked Incentive (PLI) Scheme, category-wise and State-wise;

(b) whether the Government has formulated any phased national policy to incentivize flex-fuel vehicles operating on fuel blended with more than twenty per cent ethanol and if so, the details thereof;

(c) whether the Government has conducted any independent cost-benefit study regarding the incentivization of flex-fuel and electric vehicles and if so, the details thereof; and

(d) whether the Government has conducted any integrated scientific study on the impact of ethanol production on water consumption, agricultural land use, food security, carbon emissions, biofuel supply chain and the domestic automobile industry and if so, the details thereof?

**ANSWER**  
**THE MINISTER OF STATE FOR HEAVY INDUSTRIES**  
**(SHRI BHUPATHIRAJU SRINIVASA VARMA)**

**(a):** Production Linked Incentive scheme for Automobile & Auto Components (PLI-Auto scheme) is implemented on an all-India basis. The current status of implementation of PLI-Auto scheme is as below:-

| Parameter                                        | Cumulative till 31.03.2026 |
|--------------------------------------------------|----------------------------|
| Investment (Rs. cr)                              | 44,326                     |
| Incremental Sales (Base Year FY2019-20) (Rs. cr) | 52,414                     |
| Employment generated (Nos.)                      | 67,820                     |
| Incentive disbursed (Rs. cr)                     | 2,386.36                   |

To boost domestic manufacturing and localisation of AAT products, PLI-Auto scheme mandates minimum Domestic Value Addition (DVA) of 50% for availing incentives. As on 28.07.2026, 18 applicants have received DVA certificates for 155 AAT products/variants.

**(b):** Ministry of Heavy Industries (MHI) has not formulated any separate phased national policy to incentivize flex-fuel vehicles operating on fuel blended with more than 20% ethanol.

**(c):** MHI has not conducted any study regarding incentivization of flex-fuel and electric vehicles.

**(d):** Government has adopted a balanced approach to the Ethanol Blended Petrol (EBP) Programme, ensuring that water sustainability, food security and farmers' interests remain paramount. Under the National Policy on Biofuels, ethanol is produced from multiple approved feedstocks, including sugarcane-based feedstocks, maize, damaged foodgrains, broken rice, foodgrains unfit for human consumption, surplus foodgrains approved by the National Biofuel Coordination Committee (NBCC) and other approved agricultural feedstocks.

Government is also promoting crop diversification towards comparatively less water-intensive feedstocks such as maize. An Expert Committee constituted by Ministry of Agriculture & Farmers Welfare in 2024 examined the water requirement of various ethanol feedstock crops & its recommendations are being considered while implementing the programme.

Water-use efficiency is also being enhanced through micro-irrigation, drip irrigation and other water conservation measures under the Per Drop More Crop component of the Pradhan Mantri Krishi Sinchayee Yojana. Many sugar mills are also encouraging farmers to adopt water-efficient cultivation practices.

Molasses-based distilleries with incineration boilers and grain-based distilleries are required to operate as Zero Liquid Discharge (ZLD) units, enabling recycling and reuse of process water while eliminating liquid effluent discharge.

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