**LOK SABHA**
**UNSTARRED QUESTION No. 3149**
TO BE ANSWERED ON 6th August, 2026

**PRICING OF E-20 PETROL**

3149. ADV. CHANDRA SHEKHAR:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

(a) the average production cost per litre of twenty per cent Ethanol-Blended Petrol (E-20) vis-à-vis unblended petrol, considering the notified procurement price of maize-based ethanol;

(b) the reasons for pricing E-20 petrol at par with conventional petrol despite differences in production cost and fluctuations in international crude oil prices; and

(c) the profit margins or financial outlays recorded by Public Sector Oil Marketing Companies from the sale of ethanol blended in the domestic fuel supply chain?

**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): Public Sector Oil Marketing Companies (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. 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).

The OMCs purchase ethanol under the EBP Programme at remunerative prices so that farmers are fairly compensated. For instance, Maize based ethanol prices have increased progressively and its current procurement price is Rs 71.86/litre (exclusive Transportation and GST).

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.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 amounting to approximately Rs.21,300 crore during this period.

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. The Oil Companies have been directed to sell ethanol blended petrol with percentage of ethanol up to 20 per cent having minimum Research Octane Number (RON) of 95 across the country with effect from 01.04.2026. Ethanol's higher-octane number supports modern high-compression engines and its higher heat of vaporisation improves combustion efficiency.

(c): 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.

*****