India's ethanol blended petrol programme balances food security, farmer welfare and energy security

Without ethanol blending, petrol would have cost around ₹125 per litre during the global oil price surge

प्रविष्टि तिथि: 31 JUL 2026 12:17PM by PIB Delhi

The Ethanol Blended Petrol (EBP) Programme is a key national initiative to enhance India's energy security, reduce dependence on imported crude oil and support farmers while safeguarding food security. Certain recent claims have presented an incomplete and misleading picture of the programme. The following clarifications address these issues and set out the factual position.

Claim: The Government sold FCI rice worth ₹37/kg to distilleries at ₹23/kg, causing a loss of ₹10,000 crore. The Government has also admitted that ethanol is more expensive than petrol, so E20 survives only because taxpayers subsidise it.

No compromise on food security — ethanol never comes at the cost of the poor

- The allegation is not just misleading; it turns the truth on its head.
- Every food grain grain first serves the Public Distribution System (PDS), the National Food Security Act (NFSA), welfare schemes, and mandatory buffer stocks. Not a single grain procured at MSP is diverted to ethanol before India's food security is secured.
- **Only the surplus, certified by the Department of Food & Public Distribution after every food security obligation has been met, is approved for ethanol production**.
- **What actually goes into the ethanol programme is the damaged grain, broken rice, and foodgrain unfit for human consumption—stocks that would otherwise rot in warehouses.**
- **This is not taking food away from the poor; it is turning waste into wealth, reducing imports, and putting more money into the hands of Indian farmers.**
- And the programme is moving even further ahead. Through the Pradhan Mantri JI-VAN Yojana, India is rapidly expanding **2G (Second generation) ethanol from agricultural residue**, reducing dependence on food grains altogether.
- **The facts are clear: the Government protects every grain needed for food security first, and only then converts surplus and waste into clean energy. The claim isn't just wrong, it ignores the very safeguards that make India's ethanol programme one of the world's most responsible.**

Rice was not given special treatment

- The claim creates the impression that FCI rice was sold to ethanol producers at an unusually cheap price. That is simply not true.
- FCI rice is **just one of several approved raw materials** used to make ethanol and its price is fixed under the same government pricing framework as every other feedstock.

Feedstock (ESY 2025-26)	Ethanol price paid
Maize	₹71.86/litre
Sugarcane Juice/Syrup	₹65.61/litre
Damaged Foodgrains	₹64.00/litre
B-heavy Molasses	₹60.73/litre
FCI Rice	**₹60.32/litre**
C-heavy Molasses	₹57.97/litre

The programme does not depend on rice. It uses whichever approved feedstock is available.

- In **ESY 2023-24**, FCI rice contributed virtually nothing—just **0.02%** of ethanol production.
- By **ESY 2025-26**, its share increased to **24.64%** only because **surplus FCI stocks became available after all food security needs had been met**.
- During the same period, **maize's share declined from 42.6% to 35.96%**, showing that producers simply switch between different feedstocks depending on availability.
- Ethanol is **not built around cheap rice**. It is built around a **flexible mix of approved feedstocks**, with FCI rice used only when certified surplus stocks are available after meeting every food security obligation.

The real question isn't whether ethanol is cheaper — it's whether India is better protected

- The real question is this: **What would Indians have paid if there had been no ethanol blending when global oil prices surged?**
- **When the Indian crude basket surged to around US$135 per barrel, petrol without ethanol blending was projected to cost around ₹125 per litre in Delhi.**
- **Instead, consumers paid ₹94.77 per litre because 20% of every litre was domestically produced ethanol, procured at stable, pre-agreed prices that were insulated from the global crude price spike.**
- **The result? Nearly ₹30 per litre in savings at the pump during the peak of the crisis.**
- That is the real value of ethanol blending. It is not about being the cheapest fuel every day. It is about protecting Indian consumers from extreme volatility in global oil markets, strengthening India's energy security, and keeping more of the country's fuel bill within the Indian economy rather than sending it overseas.
- The results of the program speak for themselves. The EBP Program has already delivered:
- More than ₹1.97 lakh crore in foreign exchange savings;
- Substitution of over 316 lakh metric tonnes of crude oil imports;
- Reduction of more than 950 lakh metric tonnes of CO_2 emissions; and
- Over ₹1.66 lakh crore in payments to farmers and distillers, creating a stable domestic market for agricultural produce.
- The purpose of ethanol blending is to reduce India's dependence on imported crude oil, which still meets nearly 88% of our oil requirement. It is an insurance policy against global oil shocks and not a day-to-day price competition.

Ethanol blending isn't a taxpayer subsidy. It's India's energy insurance and it has already delivered when the crisis hit.

****

TM

(रिलीज़ आईडी: 2292225) आगंतुक पटल : 2483