

INDIA FUEL ETHANOL MARKET

Size, Share & Industry Analysis | 2026-2034

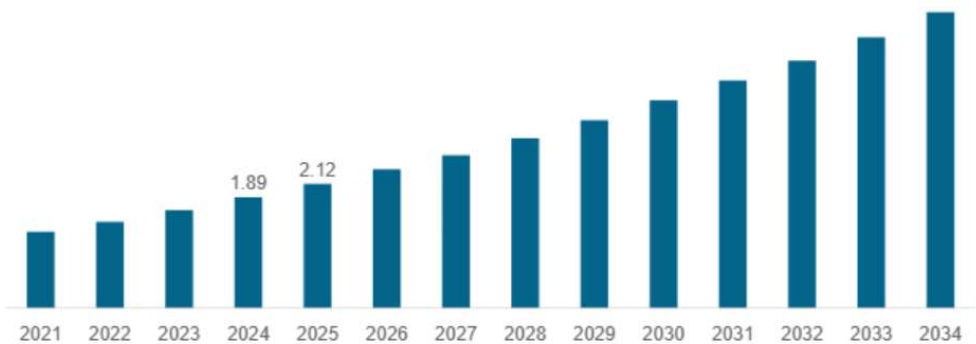
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Executive Summary

The India fuel ethanol market was valued at **USD 2.12 billion** in 2025 and is projected to grow from **USD 2.36 billion** in 2026 to **USD 5.07 billion** by 2034, at a **CAGR of 10.01%** during 2026-2034. Fuel ethanol is produced through fermentation of agricultural feedstocks and is primarily blended with petrol under India's **Ethanol Blending Programme (EBP)**.

Indicator	Details
2025 Market Size	USD 2.12 billion
2026 Market Size	USD 2.36 billion
2034 Forecast	USD 5.07 billion
Forecast CAGR	10.01% (2026-2034)
Largest Blend Segment, 2025	E11-E25 - approximately 62.83%
Largest Feedstock Segment, 2025	Sugarcane-based ethanol - approximately 58.53%
Largest End User, 2025	Passenger vehicles - approximately 87.75%

India Fuel Ethanol Market Size, 2021-2034 (USD Billion)



Source chart: India Fuel Ethanol Market Size, 2021-2034 (USD Billion).

Market Overview

Fuel ethanol is a renewable biofuel produced from feedstocks such as sugarcane juice, molasses, maize, damaged food grains and other biomass sources. In India, it is used mainly as a petrol blend to reduce crude-oil imports, improve energy security and lower vehicular emissions. The source identifies the nationwide rollout of E20, expansion of grain- and sugar-based distilleries and government incentives as major forces strengthening ethanol's role in the transport-fuel mix.

The report states that India imports **more than 85%** of its crude oil requirements, making domestic biofuel production strategically important. Policy support includes financial assistance for distillery expansion, incentives for ethanol produced from sugarcane and grains, structured procurement by public-sector Oil Marketing Companies and measures supporting higher blending targets.

India Fuel Ethanol Market Trends

Rapid Expansion of Grain-Based Ethanol Production

The market is increasingly shifting toward grain-based ethanol to complement traditional sugarcane-derived feedstocks. Government policy permits ethanol production from maize, damaged food grains and surplus rice stocks, supporting year-round feedstock availability and reducing dependence on seasonal sugar production. Integrated grain-based distilleries capable of processing multiple feedstocks are also improving supply-chain resilience.

Market Dynamics

Market Driver: Government Support Through the Ethanol Blending Programme

The Ethanol Blending Programme is identified as the primary market driver. Interest-subsidy schemes, long-term procurement agreements and differentiated pricing mechanisms have supported investment in distillery expansion and feedstock diversification. The report also notes that ethanol adoption can create additional revenue streams for sugar mills, grain processors and agricultural stakeholders.

Market Restraint: Agricultural Feedstock and Seasonal Variability

Dependence on sugarcane, molasses, maize, rice and other agricultural inputs exposes ethanol production to droughts, floods, monsoon variability and crop-yield changes. The report notes that India receives **nearly 75%** of annual rainfall during the southwest monsoon, making agricultural output sensitive to weather disruptions. Feedstock procurement, inventory planning and transport costs therefore remain important operational constraints.

Market Opportunity: Flex-Fuel Vehicles and Higher Ethanol Blends

The development of Flex-Fuel Vehicles (FFVs) creates a pathway for ethanol use beyond conventional blending levels. The report expects wider FFV availability, improved consumer awareness and expansion of fueling infrastructure to create additional demand for both sugar-based and grain-based ethanol.

Market Challenge: Balancing Food Security and Biofuel Expansion

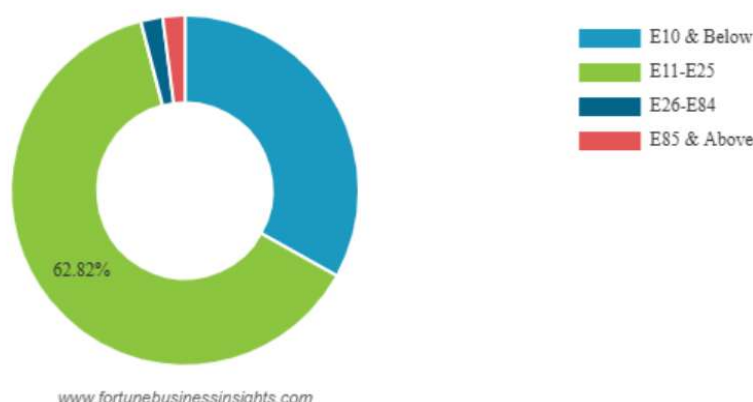
Higher ethanol demand can intensify concerns about diverting maize, rice, sugarcane and other agricultural commodities from food uses. The source describes feedstock allocation as a policy challenge because crop output, inflation and food-supply conditions can influence which materials are permitted for ethanol production.

Segmentation Analysis

By Blend Type

The market is segmented into E10 & below, E11-E25, E26-E84 and E85 & above. The E11-E25 segment accounted for **approximately 62.83%** of market share in 2025 and is positioned as the most strategically significant segment because it includes E15, E20 and E25, with E20 at the centre of India's transportation biofuel strategy. E10 & below is the second-leading segment and is projected to grow at a **CAGR of 9.33%**.

India Fuel Ethanol Market Share, By Blend Type, 2025



Source chart: India Fuel Ethanol Market Share by Blend Type, 2025.

By Feedstock

Sugarcane-based ethanol accounted for **approximately 58.53%** of the market in 2025. It remains the dominant feedstock segment, supported by production from sugarcane juice, B-heavy molasses and C-heavy molasses and by the scale of India's sugar industry in states including Uttar Pradesh, Maharashtra and Karnataka. Corn-based ethanol is the second-leading segment and is expected to grow at a **CAGR of 10.09%**.

By End User

Passenger vehicles represented **around 87.75%** of the market in 2025, reflecting extensive petrol consumption by cars, two-wheelers and three-wheelers. Commercial vehicles are identified as the fastest-growing end-user segment, with a forecast **CAGR of 10.89%**.

Competitive Landscape

The report identifies leading producers as companies with integrated sugar-to-ethanol operations, diversified feedstocks, long-term supply arrangements with Oil Marketing Companies and ongoing investments in distillation, fermentation and capacity expansion.

- Balrampur Chini Mills Ltd.
- Shree Renuka Sugars Ltd.
- Bajaj Hindusthan Sugar Ltd.
- Triveni Engineering & Industries Ltd.
- Dhampur Bio Organics Ltd.
- Godavari Biorefineries Ltd.
- I.D. Parry (India) Ltd.
- Dalmia Bharat Sugar and Industries Ltd.
- Uttam Sugar Mills Ltd.
- Avadh Sugar & Energy Ltd.

Key Industry Developments

- **December 2025:** Triveni Engineering announced its intention to explore Sustainable Aviation Fuel opportunities, highlighting ethanol as a potential future SAF feedstock.
- **June 2025:** Triveni Engineering highlighted continuing investment in ethanol and related businesses as part of its long-term growth strategy.
- **May 2025:** Balrampur Chini reported a significant increase in the proportion of sugarcane diverted toward ethanol production.
- **May 2025:** Shree Renuka Sugars reiterated its focus on ethanol, renewable power and integrated bioenergy operations.
- **May 2025:** Balrampur Chini Mills signed an agreement with the Uttar Pradesh government to establish a large-scale Polylactic Acid plant at its Kumbhi unit.

Report Scope & Segmentation

Indicator	Details
Study Period	2021-2034
Base Year	2025
Estimated Year	2026
Forecast Period	2026-2034
Historical Period	2021-2024
Growth Rate	CAGR of 10.01% from 2026 to 2034
Unit	Value (USD Billion)

Segmentation covers blend type (E10 & below, E11-E25, E26-E84 and E85 & above), feedstock (sugarcane-based, corn-based, wheat-based and others), and end user (commercial vehicles, passenger vehicles and others).

Future Outlook

The source projects continued expansion through 2034, supported by higher ethanol blending, feedstock diversification, distillery investment and development of flex-fuel vehicles. At the same time, agricultural variability, feedstock logistics and the need to balance food-security priorities with biofuel expansion remain central constraints on long-term market development.