

INDIA BIOFUEL MARKET

Market Size, Share, Trends and Forecast by Type, Feedstock and Region, 2026-2034

IMARC Group | Last Updated: 11 September 2026

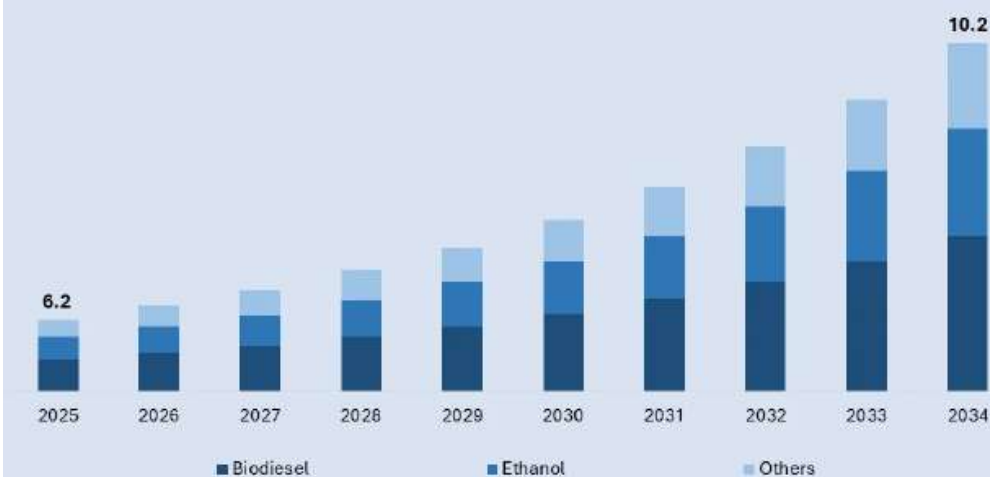
Executive Summary

IMARC Group estimates that the India biofuel market increased from USD 6.2 billion in 2025 to USD 6.6 billion in 2026 and is expected to reach USD 10.2 billion by 2034, representing a CAGR of 5.57% during 2026-2034. The report identifies ethanol-blending policy, higher crude-oil import costs, cleaner-energy demand, agricultural-residue utilisation, production-technology advances and incentives for bioethanol and biodiesel as the principal growth factors.

Indicator	Details
2025 Market Size	USD 6.2 Billion
2026 Market Size	USD 6.6 Billion
2034 Market Forecast	USD 10.2 Billion
Forecast CAGR	5.57% (2026-2034)
Historical Period	2020-2025
Forecast Period	2026-2034

India Biofuel Market Forecast

Size, By Type, 2025-2034 (USD Billion)



IMARC source chart: India Biofuel Market Forecast, 2025-2034.

India Biofuel Market Trends

Government Policies and Ethanol Blending Program (EBP)

The Ethanol Blended Petrol programme is presented as a major force reshaping the market. The source highlights the 20% ethanol-in-petrol target for 2025, financial incentives, subsidies and viability-gap funding for sugar mills, grain-based distilleries and agribusinesses. It also points to flex-fuel vehicle rollout, feedstock-procurement deregulation and promotion of second-generation ethanol from non-food biomass as measures supporting domestic production, reducing crude-oil dependence and creating value from agricultural residues.

Expanding Feedstock Diversification

India's biofuel supply is diversifying beyond sugarcane-based ethanol. The report cites approved use of surplus grains such as maize and rice, growing use of crop stubble, bamboo and municipal solid waste, and increased investment in second-generation biorefineries. Oil Marketing Companies are reported to be establishing 12 such refineries with an investment of Rs. 14,000 crore (USD 1.68 billion) to use lignocellulosic biomass for ethanol production.

Biodiesel production from used cooking oil and non-edible oilseeds is also expanding through procurement initiatives. IMARC links this diversification with improved supply-chain resilience, lower price volatility and circular-economy benefits through waste repurposing.

Rising Private-Sector Participation and Investment

The report describes increasing investment by energy companies, sugar mills and agribusinesses in ethanol distilleries and biodiesel plants. Foreign investment and joint ventures are also rising as global firms work with Indian stakeholders on advanced biofuel technologies. Indian Oil Corporation, Bharat Petroleum and Hindustan Petroleum are cited as expanding production facilities and blending infrastructure, while startups are innovating in enzymatic conversion, waste-to-biofuel processing and synthetic biofuels.

Market Segmentation

IMARC categorises the market by type and feedstock, with regional forecasts for 2026-2034.

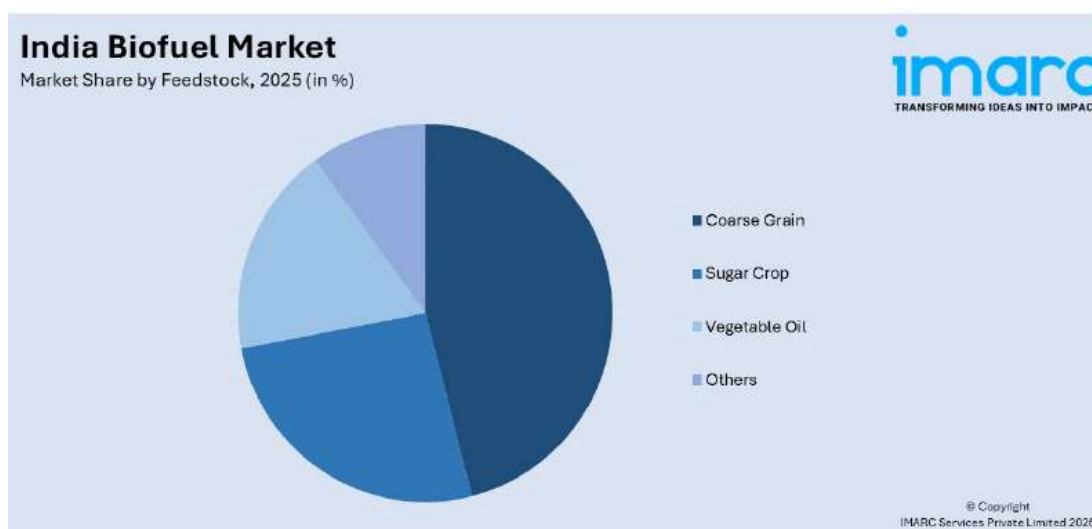
Segment	Coverage
Type	Biodiesel; Ethanol; Others
Feedstock	Coarse Grain; Sugar Crop; Vegetable Oil; Others
Region	North India; South India; East India; West India

Type Insights

The type analysis covers biodiesel, ethanol and other biofuel categories.

Feedstock Insights

The feedstock analysis covers coarse grain, sugar crop, vegetable oil and other sources. The source chart shows coarse grain as the largest 2025 feedstock segment, followed by sugar crop, vegetable oil and others.



IMARC source chart: India Biofuel Market share by feedstock, 2025.

Regional Insights

The regional analysis covers North India, South India, East India and West India.

Competitive Landscape

The report provides a competitive-landscape assessment covering market structure, key-player positioning, winning strategies, a competitive dashboard and a company-evaluation quadrant. It also states that detailed profiles of major companies are included in the full research report.

Recent Market Developments

- November 2024: Union Minister Nitin Gadkari announced that Mahindra, Toyota, Hyundai and Tata planned to introduce 100% ethanol-powered vehicles within the following six months, according to the source. The announcement was framed around faster biofuel adoption, lower emissions, energy security and support for rural economies.
- August 2024: BPCL launched India's first biofuel-blend High Flash High-Speed Diesel (HFHSD) bunker at Mumbai Port. The source presents the development as a milestone for cleaner maritime fuel and shipping decarbonisation.

Market Outlook

IMARC expects the India biofuel market to reach USD 10.2 billion by 2034 at a 5.57% CAGR during 2026-2034. The source outlook is supported by ethanol-blending policy, diversified feedstocks, investment in second-generation production, biodiesel procurement, private-sector capacity expansion and technological innovation. These trends are positioned as contributing to energy security, lower crude-oil dependence and India's clean-energy transition.

Report Scope

Report Feature	IMARC Coverage
Base Year	2025
Historical Period	2020-2025
Forecast Period	2026-2034
Units	Billion USD
Types Covered	Biodiesel; Ethanol; Others
Feedstocks Covered	Coarse Grain; Sugar Crop; Vegetable Oil; Others
Regions Covered	North India; South India; East India; West India