Cabinet approves GOBARdhan, India's National Unified Scheme for Compressed Biogas, with an outlay of Rs.23,731 crore

Landmark national scheme to convert India's organic wealth into clean energy, rural prosperity and economic growth

Integrated framework to accelerate Compressed Biogas (CBG) production through assured offtake, stable pricing, capital assistance, pipeline connectivity and access to finance

Scheme to drive nearly ten-fold growth in domestic CBG production and strengthen India's energy security

Major boost to farmers, rural entrepreneurs, private investment, waste-to-wealth and Atmanirbhar Bharat

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The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has approved GOBARdhan, the National Circular Bioenergy Scheme, with a total outlay of Rs.23,731 crore.

GOBARdhan marks a defining moment in India's clean energy journey. It will transform the country's abundant agricultural residue, cattle dung, press mud, municipal organic waste and other biomass resources into clean fuel, organic manure, rural income and national economic value.

The Scheme will be implemented from FY 2026-27 to FY 2035-36 and will establish Compressed Biogas as a major pillar of India's future energy mix.

Through assured demand, remunerative and stable pricing, capital assistance, pipeline infrastructure, credit support and technology development, GOBARdhan will provide the strong and predictable framework required to take India's CBG sector to national scale.

The Scheme aims to increase domestic Compressed Biogas (CBG) production nearly ten-fold, mobilize large-scale private investment and create a vibrant circular bioeconomy across the country.

It reflects the Government’s clear vision:

> **India’s waste will fuel India’s growth.**
> **India’s villages will become centres of clean energy production.**
> **India’s farmers will become partners in the nation’s energy security.**

From a Strong Foundation to National Scale:

Over the past several years, the Government of India has systematically built the foundations of the CBG sector through the Sustainable Alternative Towards Affordable Transportation (SATAT) initiative, the Market Development Assistance (MDA) Scheme for organic manure, the Biomass Aggregation Machinery (BAM) Scheme, the Development of Pipeline Infrastructure (DPI) Scheme and Central Financial Assistance (CFA) for CBG plants under the National Bioenergy Programme.

Together, these initiatives have enabled the commissioning of over 200 CBG plants, established production and offtake systems, strengthened the organic manure value chain and demonstrated the potential of CBG across feedstocks and geographies.

GOBARdhan now takes this progress to the next level. Administered by the Ministry of Petroleum and Natural Gas, the Scheme creates one integrated platform across the entire CBG value chain. This will enable faster implementation, stronger project economics and greater certainty for investors, lenders and developers.

A Strategic Opportunity for India:

India’s demand for natural gas is expanding across transport, households, industry and commercial sectors. CBG can meet a growing share of this demand through domestic renewable production, strengthening energy resilience and reducing dependence on imported fossil fuels.

CBG is chemically equivalent to natural gas and can be seamlessly integrated into the existing gas ecosystem. It therefore combines the benefits of a renewable fuel with the reach and utility of India’s expanding gas infrastructure.

Each CBG plant also creates a local circular economy around agricultural residue, cattle dung and other organic resources. It generates opportunities in feedstock supply, transportation, plant operations and organic manure production, while supporting cleaner waste management and lower greenhouse gas emissions.

Six Growth Engines under GOBARdhan

Component 1: Assured CBG Offtake

GOBARdhan establishes a dedicated CBG Offtake Assurance framework to provide a reliable and predictable market for producers. Procurement by City Gas Distribution entities will support achievement of the notified CBG Obligation trajectory of 3% in

FY 2026-27, 4% in FY 2027-28 and 5% from FY 2028-29 onwards in the CNG (Transport) and PNG (Domestic) segments.

The framework converts the blending obligation into a clear, long-term demand signal for the industry. Consistent implementation across CGD networks will improve project bankability, support capacity utilization and encourage long-term private investment.

Component 2: Stable CBG Pricing Framework

GOBARdhan introduces a stable administered CBG price of Rs.2,110 per Metric Million British Thermal Unit (MMBTU), supported through a government-backed pricing framework. The framework provides long-term revenue visibility while protecting consumer affordability through a combination of Government support and a market-based cost-sharing mechanism.

With a minimum ten-year horizon, the pricing framework will provide producers with durable revenue certainty, commercially attractive returns and a stronger business case for investment and capacity expansion.

Component 3: Capital Assistance

Eligible greenfield CBG projects will receive capital assistance of up to Rs.2 crore per ton per day (TPD) of installed CBG capacity.

The support extends beyond core plant machinery to critical value-chain assets for feedstock aggregation, organic manure processing and value addition. Brownfield projects expanding their production capacity will also be eligible.

This component will lower the initial capital burden, accelerate financial closure and expand participation by private developers, MSMEs, cooperatives and rural entrepreneurs.

Component 4: Development of Pipeline Infrastructure

The Scheme supports both cluster-based and standalone pipeline infrastructure connecting CBG plants with trunk pipelines and City Gas Distribution networks. Greater pipeline connectivity will reduce evacuation costs, improve reliability, expand market reach and enable higher utilization of domestically produced CBG.

Component 5: Credit Guarantee Support

A dedicated Credit Guarantee mechanism will strengthen lender confidence and expand the flow of institutional credit to eligible MSME-based CBG projects.

By sharing a portion of lending risk, the mechanism will improve access to affordable finance, reduce collateral requirements and support faster project development.

This will widen participation by MSMEs, women entrepreneurs and first-time developers, helping build a broad, competitive and entrepreneurial CBG industry.

Component 6: CBG Ecosystem Challenge Fund

GOBARdhan establishes a dedicated CBG Ecosystem Challenge Fund to accelerate district-level implementation and strengthen local value chains across the CBG ecosystem.

The Fund will support feedstock resource assessment and mapping, feedstock aggregation infrastructure, district-level CBG development planning, technology adoption, process improvement, value addition of organic manure, capacity building and stakeholder awareness.

Impact:

GOBARdhan is designed to convert the strong sectoral foundation created over recent years into a nationwide scale-up of CBG. The Scheme is expected to deliver:

- **Nearly ten-fold growth in domestic CBG production**, creating a new pillar of India's clean gas economy.
- **Greater energy security** through increased domestic production of renewable gaseous fuel and lower dependence on imported fossil fuels.
- **A new wave of private investment** supported by stronger project viability, stable pricing and improved access to institutional finance.
- **Stronger rural livelihoods** through new income opportunities for farmers, feedstock aggregators, cooperatives and rural entrepreneurs.
- **Scientific waste management** through productive use of agricultural residue, cattle dung, municipal organic waste and other biomass resources.
- **Lower greenhouse gas emissions** through replacement of fossil fuels and productive utilization of organic waste.
- **A larger organic manure economy** through greater production, value addition and utilization of FOM and LFOM.
- **Faster and easier project implementation** through one national framework, digital governance and simplified institutional arrangements.

GOBARdhan marks a decisive step in transforming India's abundant organic resources into clean energy, rural prosperity and economic value. By bringing assured demand, stable pricing, capital assistance, pipeline connectivity, credit support and ecosystem development under one national framework, the Scheme creates the conditions for CBG to grow at scale.

Building on the progress already achieved, GOBARdhan will take India's CBG journey from a strong foundation to a nationally scaled clean energy industry. It reflects the Government's commitment to energy security, farmers and rural enterprises, waste-to-wealth, Atmanirbhar Bharat and the vision of Viksit Bharat.

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