



POLICY REVIEW – GOBARdhan National Circular Bioenergy Scheme

Administered by: Ministry of Petroleum & Natural Gas (MoPNG)

Outlay: ₹23,731 crore - US\$2.7 billion

Implementation: FY2026-27 to FY2035-36

Overview:

The significance of the Government of India's new GOBARdhan Scheme lies less in any single incentive than in the combination of measures across the CBG value chain. The framework seeks to strengthen demand, improve project economics, mobilise feedstocks, connect plants to gas networks, reduce financing barriers and develop the wider ecosystem needed for sustained production.

Key impacts:

1. **Demand and offtake certainty**
2. **Long-term price visibility**
3. **Capital assistance**
4. **Pipeline and gas-network connectivity**
5. **Credit enhancement and access to finance**
6. **Feedstock aggregation and supply-chain development**
7. **CBG ecosystem, technology and skills development**
8. **Digestate and wider circular-economy value creation**

Together, these measures have the potential to move CBG from a project-by-project development model towards a more integrated national industry.

1. Demand and offtake certainty

A major constraint on CBG investment has been uncertainty over the market available to new production.

GOBARdhan strengthens the demand side through the **CBG blending obligation**, with the requirement increasing from **3% in FY2026–27 to 4% in FY2027–28 and 5% from FY2028–29 onwards**. The policy creates a progressively stronger demand signal for CBG within the country's gas system.

This matters for investors because a project can only be financed against credible future revenues. A structural obligation provides a stronger basis for long-term offtake arrangements than reliance on discretionary purchasing.



The measure therefore addresses one of the industry's fundamental barriers:
confidence that additional CBG production will have a market.

2. Long-term price visibility

Demand certainty is strengthened by an **administered CBG price of ₹2,110/MMBtu**, with a minimum ten-year horizon.

For a capital-intensive infrastructure asset, price visibility over a long period is critical. It allows developers and lenders to model revenues, debt service and returns with greater confidence and reduces exposure to short-term fluctuations in competing gas prices.

The combination of a growing obligation and greater price visibility changes the investment proposition from one based heavily on uncertain future market conditions towards one with a clearer revenue framework.

3. Capital assistance to improve project economics

The scheme directly addresses the high upfront capital requirements of CBG projects through **capital assistance of up to ₹2 crore per tonne per day (TPD) of installed CBG capacity**.

An important feature is that support is not confined to the core digestion and upgrading plant. It can extend to **feedstock aggregation and organic-manure processing and value-addition assets**, recognising that these are integral to project economics.

The framework also accommodates **brownfield capacity expansion**, allowing existing assets to participate in the next phase of sector growth.

This is particularly significant because reducing effective capital requirements can improve project returns, lower the amount of promoter equity required and strengthen debt-service capacity.

4. Pipeline and gas-network connectivity

CBG production cannot scale efficiently without a route to market.

GOBARdhan therefore addresses **pipeline connectivity**, including cluster-based and standalone connections to **City Gas Distribution (CGD) and trunk pipeline networks**.



This can reduce the cost and operational complexity of transporting CBG from plants to the point of consumption. It also enables projects to be located according to feedstock availability rather than solely according to proximity to existing gas infrastructure.

The longer-term significance is strategic: integrating CBG production with India's expanding gas network can allow biomethane to become a more fully integrated component of the domestic gas supply system.

5. Credit enhancement and access to finance

Even where project revenues are potentially attractive, CBG developers can face difficulty securing debt because lenders have limited operating track records against which to assess technology, feedstock and cash-flow risk.

A dedicated **Credit Guarantee mechanism** is intended to improve access to finance, particularly for **MSMEs, emerging developers and rural entrepreneurs**.

This can broaden the pool of potential developers beyond large corporates and established energy companies.

More importantly, it can help establish a track record for CBG as a financeable infrastructure asset class. As projects demonstrate reliable operating performance, the need for concessional or guaranteed finance should progressively diminish.

6. Feedstock aggregation and supply-chain development

One of the most important aspects of the new framework is its recognition that **feedstock is infrastructure**.

India's theoretical organic-waste resource is enormous but converting that resource into bankable feedstock requires collection systems, aggregation, storage, transport and long-term commercial relationships.

GOBARDhan's support for feedstock aggregation, together with district-level planning and ecosystem development, can help address this gap.

This is particularly important for agricultural residues, where availability is seasonal and dispersed, and for cattle dung, where collection depends on thousands of



individual farms and livestock owners. Municipal and industrial feedstocks present different challenges around segregation, contamination and contractual security.

The policy therefore moves the industry towards a more systematic approach in which **feedstock availability is mapped, aggregated and commercially secured rather than simply estimated from theoretical resource potential.**

7. Ecosystem development, technology and skills

The **CBG Ecosystem Challenge Fund** provides another important component of the framework.

CBG development depends on more than individual projects. It requires technology development, feedstock mapping, district-level planning, operational expertise, capacity building and improved technical knowledge across the supply chain.

The fund provides a mechanism for addressing these system-level constraints and for supporting innovation beyond conventional project finance.

This could become increasingly important as India moves from early deployment towards a much larger and more diverse fleet of plants. Technology adapted to Indian feedstocks, local operating conditions and different project scales will be essential to maintaining performance as the industry expands.

Skills are equally important. Rapid capacity growth will require a much larger pool of trained plant operators, engineers, technicians and feedstock-management specialists.

8. Digestate and circular-economy value creation

The final growth engine is the value created beyond the gas itself.

Anaerobic digestion produces both **CBG and organic fertiliser products**, making digestate management an important component of overall project economics and the wider circular-economy proposition.

Government measures preceding the new scheme have already sought to strengthen this market, including the inclusion of **Fermented Organic Manure (FOM) and Liquid Fermented Organic Manure (LFOM) within the Fertiliser Control Order**, alongside market-development support for organic fertilisers produced from GOBARdhan plants.



This matters because a viable CBG project should not treat digestate as a waste stream requiring disposal. Properly processed and marketed, it can generate additional revenue, return nutrients to agriculture and reduce dependence on synthetic fertilisers.

The stronger the market for these products, the more closely India's CBG industry can align energy production with its broader objectives for soil health, agricultural productivity and circular resource use.

The wider policy architecture

The significance of GOBARdhan extends beyond the eight measures contained within the new scheme.

It sits within a growing policy ecosystem that includes the **CBG blending obligation, SATAT, Priority Sector Lending, the Agriculture Infrastructure Fund, organic-fertiliser provisions, carbon-market access and measures supporting CNG/CBG blending**. Government has also established the **Unified GOBARdhan Portal** to improve registration and coordination across the sector.

The original GOBARdhan initiative, launched in 2018 under the Swachh Bharat Mission (Grameen), remains important at the community and rural level. It supports the conversion of cattle dung, agricultural residues, food waste and other biodegradable materials into biogas and bio-slurry, with financial assistance available for community and cluster-based plants.

The 2026 National Circular Bioenergy Scheme therefore represents an important next stage: **bringing the multiple strands of India's biogas and CBG policy closer together around national energy, waste-management, agricultural and circular-economy objectives**.

What the scheme changes

The strongest feature of GOBARdhan is its breadth.

Previous policy measures have addressed individual constraints: offtake, pricing, capital, feedstock, fertiliser markets or rural infrastructure. The new framework brings many of these interventions together.

The result is a more complete investment proposition:

Demand → price → capital → feedstock → connectivity → finance → operations → secondary products.



That integration is important because CBG projects are only as strong as the weakest link in this chain.

The scheme can therefore do more than increase the number of plants. If implemented effectively, it can create the conditions for an **investable national CBG industry**, in which feedstock is commercially secured, gas has a predictable market, infrastructure supports efficient evacuation, financing is accessible and digestate is treated as a valuable product rather than a waste stream.

The implementation challenge

The scale of the opportunity now makes implementation critical.

The Government will need to ensure that the policy architecture translates into **projects that are built on time, supplied reliably with feedstock, connected to gas networks and operated at high utilisation over the long term.**

This will require common performance standards, transparent measurement, strong technical capacity and effective coordination between central government, states, CGD companies, developers, farmers, municipalities, financiers and technology providers.

The objective should ultimately be measured not by the amount of capacity announced or installed, but by **the volume of CBG reliably produced and delivered into India's energy system.**

GOBARdhan provides an unusually strong platform for achieving that transition. Its success will depend on turning the eight growth engines into a functioning, high-performance value chain.