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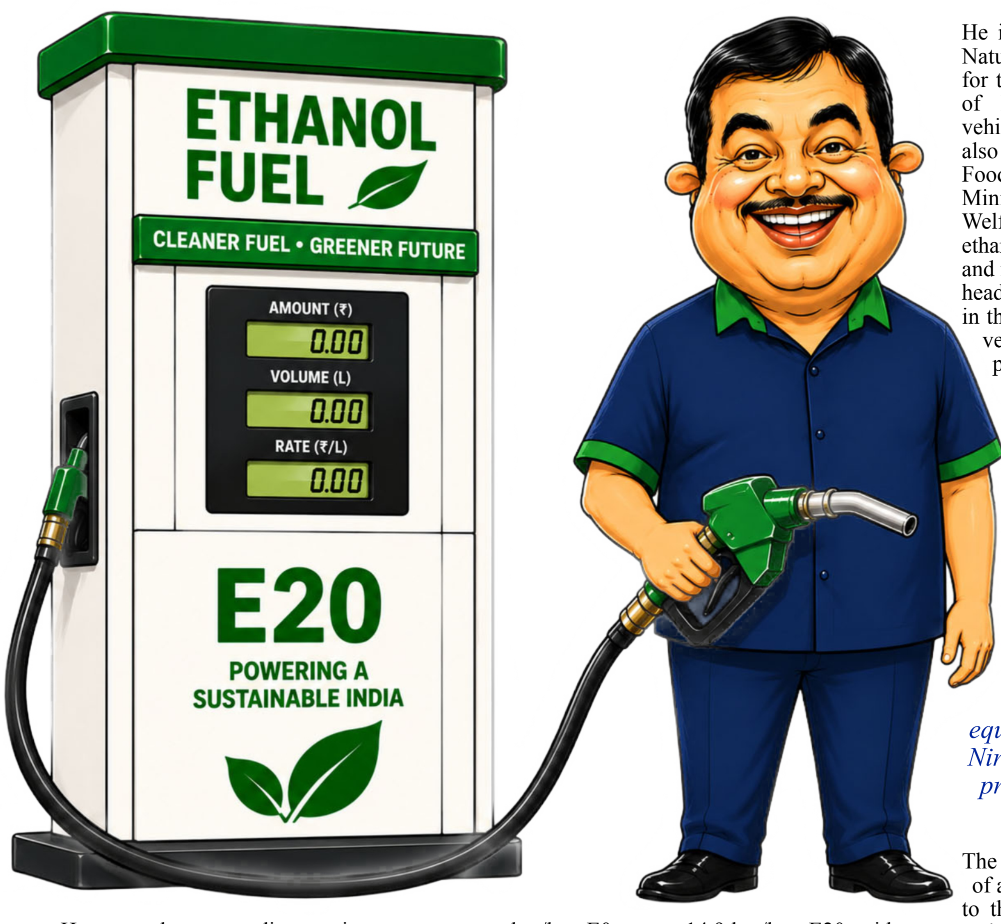
Fuelling Confusion

Government mismanagement ensures that even the most basic, simple and routine policy decisions descend into chaos

The Ethanol Blended Petrol (EBP) Programme has become a cornerstone of India's energy transition and biofuel strategy. In little over a decade, the government raised ethanol blending in petrol from just 1.5% in 2014 to E10 (10%) in 2022, before fast-tracking the nationwide rollout of E20 (20%) by 2025. The programme has been driven with strong policy support and ambitious targets, reflecting its strategic importance to the country's energy future.

For the Union government, ethanol became the answer to everything. It promised lower oil imports, higher farm incomes, cleaner fuel, and greater energy security, all through a single policy.

But what should have been a straightforward, orderly transition from E10 to E20 has instead descended into confusion, frustration, dissatisfaction, and chaos.



Fast-Tracked Into Chaos

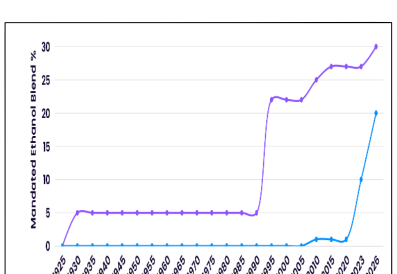
The graph below illustrates the time each country took to achieve its mandated ethanol blending targets. Brazil, the government's apple of the eye whenever ethanol is discussed, took nearly a century to surpass the 20% ethanol blend mark. India, by contrast, increased ethanol blending from just 1.5% to 20% in barely a decade, and from a 10% blend to 20% in just three years. We shall examine whether this extraordinary pace reflects administrative efficiency or undue haste.

In a country like India, where a government project is considered on time even if it is delayed by a few years, and is hailed as a remarkable success if it is actually completed on schedule, it was unusual that India achieved its E20 blending target in 2025, a full five years ahead of the original 2030 deadline.

The success of any transition cannot and shall not be measured by the amount of time taken; rather, it should be measured by how orderly and smoothly the transition is carried out while being minimally disruptive to those who must live with its consequences.

Adherence to scheduled timelines ensures that a transition remains orderly and smooth, while also providing sufficient time to generate feedback and make adjustments based on it. It is critical to ensuring both industrial preparedness and consumer awareness.

This becomes all the more important when an initiative set to affect more than 30 crore vehicle owners. A staggered rollout allows policymakers and experts to identify technical and operational issues through phased implementation. It also gives them adequate time to recalculate, recalibrate and rectify any mistakes or miscalculations before they escalate into nationwide problems.



Brazil eased into higher ethanol blends over decades, while India's transition was rapid and abrupt.

However, the current dispensation appears to have little to no inclination to listen to stakeholders, experts or anyone outside itself.

This model of top-down policymaking, with little regard for those expected to live with its consequences, is hardly new. It has repeated itself time and again, from demonetisation to the COVID migrant exodus, from the farm laws to the E20 rollout.

Coordination failure:

Since the uproar against the EBP began on social media, the government has been unable to bring all stakeholders onto the same page. Conflicting information from different sources has left consumers confused about whom to believe.

A 2021 NITI Aayog report has become a thorn in the government's communication on E20, as its several findings contradict government's current messaging.

A key criticism is reduced mileage. The report estimates E20 lowers fuel efficiency by 2–6%, depending on vehicle type and engine calibration.

The Society of Indian Automobile Manufacturers (SIAM) made two recommendations. First, it stressed that *"E10 fuel availability for existing vehicles and customers is a MUST,"* warning that discontinuing E10 could make vehicles on the road by 2028 unsuitable for the new fuel and expose older vehicles to compatibility issues, material degradation, fuel leakage, and safety risks.

Second, SIAM noted ethanol has about two-thirds the calorific value of petrol, meaning higher blends require more fuel for the same power, and recommended pricing them lower than petrol.

Neither of these recommendation was implemented.

Confusion was amplified by a Cars24 video, testing a 10-year-old Maruti Suzuki Swift Dzire on E0 (XP100) and E20. Under similar conditions, it delivered 22.2 km/l on E0 versus 14.9 km/l on E20, with claims of poorer AC cooling, pickup, acceleration, and overall driving experience.

The video has since been deleted.

An ICICI Lombard blog also raised concerns, warning that damage from using non-compatible E20 fuel could lead to rejected claims and that ethanol might harm rubber seals, fuel lines, and engine components. The insurer later withdrew this, clarifying E20 use in older vehicles is not negligence and claims would not be rejected solely on that basis.

Now in damage-control mode, on 4 July, the government paraded industry and automobile experts at a press conference to instil public confidence. However, did they really have a choice but to support the government's mandate? No.

The exercise instead came across as an echo of the government's talking points.

Maruti Suzuki's Rahul Bharti said, *"As a manufacturer we have tested E10 [compliant] cars that were prevalent before 2023 on E20 fuel for all parameters and we have not found anything of concern."*

However, during a counter press conference, former Delhi Chief Minister Arvind Kejriwal cited Maruti Suzuki's owner's manual: *"Blends of unleaded gasoline and ethanol, also known as gasohol are commercially available in certain areas. Blends of these type maybe used in your vehicle if there is no more than 10% ethanol (E10)."* The same contradiction existed between Toyota's country head's statement and its owner's manual.

The curious case of Nitin Gadkari:

If you ask the average person who is responsible for the EBP programme in India, almost everyone will name Nitin Gadkari. There is just one problem with that answer: he is not.

He is not the Minister of Petroleum and Natural Gas, which is the nodal ministry for the EBP programme, nor the Minister of Heavy Industries, which oversees vehicle and engine compatibility. He is also not the Minister of Consumer Affairs, Food and Public Distribution, or the Minister of Agriculture and Farmers' Welfare, both of which are responsible for ethanol feedstock production, allocation, and related matters. In reality, the ministry headed by Gadkari plays a supporting role in the EBP programme, primarily through vehicle regulations, emission norms, and policies relating to flex-fuel vehicles.

Yet, Nitin Gadkari has become the most visible face of the ethanol push, far more so than Hardeep Singh Puri, the minister actually responsible for leading the EBP programme. On any given day, he can be seen giving interviews, appearing on podcasts, delivering speeches, or even doing vehicle demonstrations with various influencers.

To understand how bizarre this actually is, imagine the equivalent of the Finance Minister, Nirmala Sitharaman, holding daily press briefings on India's foreign policy.

The opposition has also accused Gadkari of a potential conflict of interest, pointing to the fact that both of his children are actively involved in the ethanol business.

It Didn't Have to Be This Way:

Was the chaos, confusion, and disorder avoidable? Could this have been handled better? The answer is yes. Almost any approach would have been better than the one the government chose.

The required changes did not have to be radical; just a few simple tweaks would have been enough.

Most people have accepted the transition to E20. Very few are opposed to ethanol blending itself. The public understands that importing nearly 88% of India's crude oil is unsustainable for the country's energy security.

If you look at the public anger, it stems largely from a single issue: making E20 the mandatory standard fuel. Had people been given the option of using E10, even if not E0, and even at a differential price, much of the dissatisfaction could have been avoided. The frustration is driven less by ethanol itself and more by the feeling that the government has turned their vehicles into subjects of an experiment. 1.5 billion people should not be treated as laboratory rabbits for the government's *Tughlaqi Farmans* (whimsical experiments).

The biggest problem is the government's rigid and absolutist approach. It must understand that nudging is a far more effective policy tool than coercion. Incentives work better than compulsion.

The right way to manage this transition would have been to continue offering E10 at a premium of a few rupees per litre. In a country where people routinely cross state borders to save ₹2–₹3 per litre on fuel, the vast majority would have willingly switched to E20. Those who chose not to could have continued using E10 while paying the premium until they too, were ready to transition.

Had the government been more willing to consider and implement SIAM's recommendations, much of this controversy could have been avoided. A modest reduction in the price of E20 to compensate consumers for the loss in fuel economy, coupled with the continued availability of E10 at fuel stations, as SIAM has recommended, would likely have been sufficient.

Higher farmer incomes, clean energy, import substitution, and exchange-rate stability are all important and worthy goals. However, the common citizen should not be made the sacrificial lamb to achieve them, nor be guilt-tripped for opposing policies that impose personal costs.

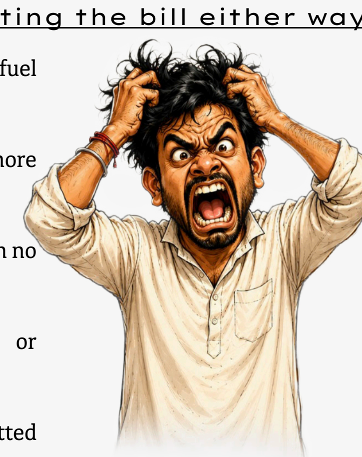
The public has grown weary of constantly being asked to make sacrifices in the name of Rashtra Nirman (nation-building). The poor and the middle class cannot be expected to endlessly go above and beyond their civic duty. They, too, have a life to live and a family to support. Paying taxes and obeying the law should be considered enough to fulfil one's civic obligations.

Whenever the government decides to introduce E25, it should ensure a staggered transition, giving manufacturers and consumers adequate time to adapt. It should respect the recommendations of expert bodies such as SIAM, rely on incentives rather than coercive measures, and, above all, welcome feedback and be humble enough to modify policy in light of it.

The way forward begins with one simple step: the government must stop defending the indefensible.

The consumer ends up footing the bill either way:

1. Despite hopes of lower prices, E20 fuel costs the same as erstwhile petrol:
   THE CONSUMER PAYS MORE
2. Fuel efficiency drops, forcing more frequent refuelling:
   THE CONSUMER PAYS MORE
3. E20-compliant vehicles cost more, with no subsidies:
   THE CONSUMER PAYS MORE
4. If ethanol causes engine corrosion or damages incompatible components:
   THE CONSUMER PAYS MORE
5. If an existing vehicle has to be retrofitted with E20-compatible parts:
   THE CONSUMER PAYS MORE



Hardeep Singh Puri: The Straw-man Specialist

The minister remains undefeated against arguments nobody made and questions nobody asked

On July 2, Minister for Petroleum and Natural Gas Hardeep Singh Puri briefed the press on several issues, including the backlash against ethanol blended petrol. What followed was such an enthusiastic display of logical fallacies that, had Marvel been watching, it might have introduced a new superhero: Straw-Man, joining the ranks of Iron-Man, Spider-Man, and Super-man.

From quoting what Henry Ford had said about ethanol a century ago to ensuring everyone knew that it was the Congress government that started the Ethanol Blending Programme, Mr. Puri answered every question except the ones being asked.

The most out of touch defence was his claim that racing cars use ethanol. How this argument was meant to address the concerns of ordinary motorists remains known only to the Minister. What he forgot or perhaps does not know, is that racing cars are specifically engineered and manufactured to run on ethanol. Moreover, the purpose of a racing car is the exact opposite of that of an ordinary consumer vehicle. Racing cars are not built to last, whereas an Indian consumer expects to use a car for many years.

Speed and acceleration are the priorities for racing cars, not for consumer vehicles. What exactly is the average Indian motorist supposed to do with such rapid acceleration? The average speed of a car in India is barely 20 kmph, while a Formula One car averages well over 220 kmph during a race. What Indian consumers value is fuel efficiency, not blistering acceleration.

One should perhaps be grateful that the Minister stopped at racing cars. Given his apparent fondness for speed and acceleration, he might just as well have cited kerosene-based jet fuel, considering that aircraft are even faster than Formula One cars.

In a country where the average car travels at around 20 kmph, the emphasis should not be on octane numbers. For the average Indian consumer, the more relevant consideration is energy density. Which as it stands for ethanol, is 35% less than petrol.

The Minister finally addressed the question of mileage. He acknowledged that E20 may reduce fuel efficiency, but was quick to point out that mileage can vary for many reasons. Recounting a personal drive from Delhi to Gurugram, he cited toll plazas and other impediments as factors that affect fuel economy.

What the Minister failed to mention is that the fundamental principle behind any mileage test or for that matter, any meaningful

quantitative comparison is to keep all other variables constant. Road conditions, traffic, weather, driving style, vehicle condition, number of toll plazas encountered and every other relevant factor are held identical. Only then can the effect of the fuel itself on mileage be accurately determined.

Mr. Puri cited Brazil as the benchmark for the success of the Ethanol Blending Programme. While Brazil's programme has indeed been successful, comparing India's rollout to Brazil's is misleading.

The key concern in India is that E20 became the standard fuel before many vehicles on the road were E20 compatible. Brazil, by contrast, first ensured its vehicle fleet could handle higher ethanol blends and then increased blending levels gradually over several decades.

The issue, therefore, is not what was done, but how it was done. Had India adopted Brazil's gradual approach, much of the current controversy could likely have been avoided.

During the press conference, the Minister also referred to the rather comical rumour, circulated by a few content creators, that ethanol attracts ants. He was right to dismiss it as a hoax. However, what followed was another curious fallacious move.

The Minister clubbed this baseless claim together with the entirely legitimate concern over reduced fuel economy suggesting, in effect that both belonged to the same category of misinformation: *"Somebody says it attracts ants, somebody says mileage drops."*

The comparison is deeply misleading. The claim that ethanol attracts ants is an internet myth with no scientific basis. The concern over mileage, on the other hand, is well established. Ethanol contains less energy per litre than petrol, and numerous studies, manufacturers, and even the government have acknowledged that higher ethanol blends can reduce fuel economy.

For Indian consumers, mileage is not a trivial issue. It is often the first question asked about any car: *"Kitna deti hai?"* (What's the mileage?). To pair a ridiculous hoax with a genuine consumer concern risks trivialising a question that millions of motorists consider central to the cost of owning and operating a vehicle.

Had the objective been to avoid the central question while appearing to answer it, Mr.Puri would've hands down won, with distinction.