

**OFFICE MEMORANDUM**

**Subject: Implementation of Central Sector Scheme “GOBARDhan” for development of the Compressed Biogas sector - reg.**

The undersigned is directed to convey the approval of the Government of India for implementation of the Central Sector Scheme “GOBARDhan” (Galvanizing Organic Bio-Agro Resources Dhan) for development of the Compressed Biogas (CBG) sector, with a total outlay of ₹23,731 crore, as per the details set out below.

2. The Scheme shall be administered by the Ministry of Petroleum and Natural Gas and shall be implemented from FY 2026-27 to FY 2035-36. The Scheme is intended to scale up production and use of CBG by providing assured offtake, stable pricing, capital assistance, pipeline infrastructure support, credit guarantee support and ecosystem-development assistance.

3. The component wise financial outlay of the scheme is as under:

| Description                                                 | Total<br>₹ crore |
|-------------------------------------------------------------|------------------|
| Component I: CBG Offtake Assurance Mechanism                | -                |
| Component II: CBG Affordability Support to Synchro Operator | 10,160           |
| Component III: Capital Assistance                           | 7,063            |
| Component IV: Development of Pipeline Infrastructure        | 5,133            |
| Component V: Credit Guarantee Support                       | 625              |
| Component VI: CBG Ecosystem Challenge Fund                  | 500              |

4. The salient features of the components are as follows:

4.1. **CBG Offtake Assurance Mechanism:** To unlock the potential of CBG sector, firm demand for CBG must be established. MoPNG shall develop a framework for Offtake Assurance including mandate to CGD entities, sale to OMCs, etc. Such framework would aim to meet the CBG Obligation of 3% in FY 2026–27, 4% in FY 2027–28 and 5% from FY 2028–29 onwards in the CNG (T) and PNG (D) segments, or as amended from time to time.

Failure to adhere to offtake arrangements may attract appropriate regulatory or administrative actions, including rationalization of Administered Price Mechanism (APM)/ Non-APM gas allocation, financial disincentives, or such other actions as may be notified separately by MoPNG as part of the framework.

4.2. **CBG Pricing Framework:** An Administered CBG Price shall be payable to eligible CBG producers through the designated Synchro Operator, to be notified in guidelines. The initial Administered CBG Price shall be ₹2,110 per MMBtu, exclusive of applicable taxes

and compression charges. The ACP will be in place for a minimum period of ten years or later as determined by MoPNG.

The ACP includes an incentive component for the sale of by-products of CBG plant, including Fermented Organic Manure (FOM)/ Liquid FOM (LFOM). Accordingly, the responsibility for the sale of by-products and ensuring their appropriate and beneficial utilization will be with the CBG producer in order to continue receiving support.

The Government of India will provide CBG affordability support to the Synchro operator, capped at ₹10 per kg of CBG procured. The CBG Affordability support will remain in place for a ten-year period from FY 2026–27 to FY 2035–36.

**4.3. Capital Assistance:** Financial support shall be provided for the establishment of Compressed Biogas (CBG) plants and associated feedstock aggregation infrastructure. The assistance will be extended to greenfield projects at the rate of up to ₹2 crore per Ton Per Day (TPD) per CBG plant. This assistance will include ₹1.25 crore per TPD for plant machinery. Additionally, up to ₹0.75 crore per TPD will be provided for feedstock aggregation, organic manure processing and value addition machinery and other eligible equipment.

Brownfield projects shall be eligible for capex only for additional CBG capacity. Projects located in Special Category Areas, namely the Northeastern States, Sikkim, Uttarakhand, Himachal Pradesh, and Union Territories of Jammu & Kashmir, Ladakh, Lakshadweep, and Andaman & Nicobar Islands, will be eligible for an additional capital support of 20% over assistance for plant machinery.

**4.4. Development of Pipeline Infrastructure:** Financial support will be provided for development of pipeline infrastructure for evacuation of CBG from CBG plants to the trunk pipeline or CGD networks under two categories below:

Capital costs for cluster-based pipeline infrastructure up to 75 weighted km per CBG plant for injection of CBG connecting into the trunk pipeline will be supported @ 80% of the eligible capital cost to infrastructure developer, who is usually the trunk pipeline owner.

Financial assistance will be provided to the developer of pipeline infrastructure for connecting standalone CBG plants to the nearest CGD network or CGD retail outlet for up to 75 km @ 50% of the eligible capital expenditure.

**4.5. Credit Guarantee Support:** A credit guarantee mechanism will improve access to institutional finance for eligible CBG projects setup by Micro, Small and Medium Enterprises (MSMEs). Credit guarantee coverage will extend up to 85% of the outstanding amount at default, subject to a cap of ₹20 crore per project for general MSME projects and ₹25 crore per project for women-led MSME projects.

**4.6. CBG Ecosystem Challenge Fund:** It will enable CBG ecosystem development including addressing unforeseen gaps, development of domestic CBG equipment, process improvement, yield improvement, value addition of by-products such as Fermented Organic Manure (FOM)/ Liquid FOM (LFOM). Further, the fund will be utilized to encourage competition across district administrations for CBG sector development for activities such as feedstock resource assessment and mapping, development of feedstock aggregation and other supporting infrastructure, preparation of district-level CBG development plans, capacity

building, stakeholder awareness and mobilization, and other ecosystem development activities.

5. CBG projects predominantly based on Municipal Solid Waste shall not be eligible for capital assistance and credit guarantee support under this Scheme.

6. Budgetary support for Capital Assistance, Development of Pipeline Infrastructure, Credit Guarantee Support and the CBG Ecosystem Challenge Fund shall be implemented during the first five years up to FY 2030-31.

7. Upon the coming into force of this Scheme, existing CBG-related schemes and interventions with significant overlap in intended outcomes shall be subsumed or rationalized, to the extent and from the date specified in the relevant operational guidelines:

- i. Market Development Assistance scheme administered by the Department of Fertilizers;
- ii. Central Financial Assistance for CBG plants under the Waste to Energy Programme administered by the Ministry of New and Renewable Energy;
- iii. Biomass Aggregation Machinery scheme administered by MoPNG;
- iv. Development of Pipeline Infrastructure scheme administered by MoPNG; and
- v. SATAT initiative administered by MoPNG.

8. The following Ministries / Departments shall action the following enablers:

8.1 Department of Fertilizers (DoF) will be the nodal agency for demand creation and market development of Fermented Organic Manure (FOM)/ Liquid FOM (LFOM) and Phosphate Rich Organic Manure (PROM) generated from CBG plants. DoF will also promote marketing, value addition and branding of organic manure, distribution, and adoption through Fertilizer Marketing Companies, Cooperatives and other relevant channels.

8.2 DoF will mandate Fertilizer Marketing Companies (FMCs) to procure FOM produced by CBG plants under GOBARdhan in a graded manner rising from 20% to 50% and will formulate guidelines to operationalize and enforce this offtake obligation on its FMCs. DoF shall additionally ensure development of FOM/ LFOM aggregation and storage infrastructure at suitable FMC depots.

8.3 DoA&FW will extend the exemption from authorization letter requirements for FOM/ LFOM manufacturers' sales up to the end of FY 2035-36, removing regulatory barriers to organic manure commercialization.

8.4 Ministry of Power (MoP) will (i) explore utilization of CBG plant by-products towards applicable co-firing mandates after suitable R&D and (ii) through the Bureau of Energy Efficiency, publish the methodology for projects on production of CBG under the Offset mechanism of the Carbon Credit Trading Scheme (CCTS).

8.5 All departments including, MoPNG, Department of Agriculture and Farmers' Welfare (DoA&FW), which may be supported by the Indian Council of Agricultural Research (ICAR), and DoF, will undertake a structured Information, Education and Communication (IEC) campaign to create awareness among CBG developers, feedstock aggregators, State agencies, financial institutions, farmers and end consumers regarding scheme support, project

opportunities, and implementation guidelines to popularize the scheme and remove any misconceptions.

9. The Scheme will be administered by MoPNG as the nodal Ministry through a Steering Committee (SC), Project Approval Board (PAB), Project Appraisal Committee (PAC) structure with a Project Management Agency (PMA) and Petroleum Planning & Analysis Cell (PPAC) to support implementation, approval, monitoring, pricing notification and reporting under the Scheme.

10. The Scheme shall come into force from **1<sup>st</sup> of September 2026**.

11. MoPNG shall issue component-wise operational guidelines, standard operating procedures, application formats, contractual frameworks and other implementation instructions separately.

12. This is issued with the approval of the competent authority.



(L. Robin)

Under Secretary to the Government of India  
Tel. No.: 24011132

**To:**

1. All central Government Ministries and Departments with a request to communicate to all HODs.
2. NITI Aayog, Sansad Marg Area, New Delhi.
3. Chief Secretaries/Administrators of all States and Union Territories with a request to share the State CBG Policy requested vide DO No. L-16022/9/2025-GP-I(E-54538) dated 6th April 2026.
4. Chairperson, Petroleum and Natural Gas Regulatory Board.
5. Chairman and Managing Director, GAIL (India) Limited.
6. Director General, Petroleum Planning and Analysis Cell.
7. Executive Director, Centre for High Technology.
8. Chairperson/Managing Directors of Oil Marketing Companies and authorized City Gas Distribution entities.
9. Heads of Banks/Financial Institutions.

**Copy to:**

1. PS to Hon'ble Minister of Petroleum and Natural Gas.
2. PS to Hon'ble Minister of State for Petroleum and Natural Gas.
3. Senior PPS to Secretary, Ministry of Petroleum and Natural Gas.
4. PPS to Additional Secretary and Financial Adviser, Ministry of Petroleum and Natural Gas.
5. PPS to Additional Secretary/Joint Secretary (Gas), Ministry of Petroleum and Natural Gas.
6. Pay and Account officer, MoPNG
7. Director NIC, MoPNG, for uploading on the Ministry website.