



The GOBARDhan National Circular Bioenergy Scheme (2026): A Policy Perspective on Agricultural Waste, Rural Income, and Energy Security

An Explanation of Policy

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Article ID: 29006

Abstract

In August 2026, the Government of India approved a significantly redesigned version of the GOBARDhan scheme [1]. It has been repositioned and renamed as National Circular Bioenergy Scheme with an outlay of Rs. 23,731 crore for the period FY 2026-27 to FY 2035-36 [1]. Launched in 2018 as a rural sanitation scheme under the Swachh Bharat Mission (Grameen) [2], the scheme has transformed into an integrated national policy for converting agricultural residue, cattle dung and other organic waste into compressed biogas (CBG) and organic manure [3]. The article gives a brief overview of the scheme's objectives, institutional architecture and financial and pricing mechanisms and situates it in the larger framework of India's agricultural residue management, rural income generation and clean energy transition. The article also talks about the early implementation gaps between plant registration and commissioning, offering a balanced view of the scheme's prospects for the agricultural sector.

Keywords: GOBARDhan, compressed biogas, agricultural waste, circular bioeconomy, rural livelihoods, organic manure

Introduction

Agricultural residue and livestock waste have presented a dual challenge to Indian farming systems for decades: as an environmental hazard, usually managed through open burning or unregulated dumping, and as an underexploited economic resource. To fill this gap, GOBARDhan initiative was launched [2]. GOBARDhan is short form of Galvanizing Organic Bio-Agro Resources Dhan [1]. The initiative aims at converting bio-degradable waste into bio-gas and bio-slurry at the village level [2]. The Union Cabinet on 6 August 2026 approved an expanded version of the scheme, renaming it as the National Circular Bioenergy Scheme, to boost the production of compressed biogas by almost ten times over the next decade [1][4].



From Village Sanitation to National Energy Policy

GOBARdhan was launched in 2018 under the solid and liquid waste management under the Swachh Bharat Mission (Grameen) and the Department of Drinking Water and Sanitation under the Ministry of Jal Shakti is the nodal agency [2]. Its original mandate was rural cleanliness, disease control and modest household level energy generation through individual, cluster and community biogas plants. In the subsequent years, other complementary schemes were launched by various ministries to support specific segments of the compressed biogas value chain, including SATAT (Sustainable Alternative Toward Affordable Transportation), the Market Development Assistance Scheme for organic manure, the Biomass Aggregation Machinery Scheme and the Development of Pipeline Infrastructure Scheme [3][5]. The 2026 restructuring brings these scattered efforts together under one roof [3]. Until now, responsibilities were split across the Ministry of Jal Shakti, the Department of Fertilizers, the Ministry of Petroleum and Natural Gas [1], and the Ministry of New and Renewable Energy — a setup that made coordination difficult and often slowed projects down. Under the new structure, all of this now falls under a single nodal ministry, the Ministry of Petroleum and Natural Gas, so that execution isn't held up by the same bottlenecks as before.

Objectives and Key Components

At the heart of the restructured scheme is an integrated policy framework covering the entire compressed biogas value chain [6]. The goal is ambitious: nearly a tenfold increase in India's domestic CBG production over the scheme period [1][3], alongside stronger rural incomes, better organic waste management, and less reliance on imported natural gas.

To get there, the scheme rests on six main pillars. There's an assured offtake framework, which requires City Gas Distribution entities to procure CBG in line with a rising blending obligation [4]. Producers also get price certainty — an administered rate of Rs. 2,110 per MMBTU, locked in for at least ten years — plus capital support of up to Rs. 2 crore per tonne-per-day of installed capacity for new plants [4][6]. Rounding out the package are pipeline connectivity support, easier access to credit for developers, and ongoing investment in process and technology upgrades.



On the demand side, the blending obligation for CNG (transport) and PNG (domestic) starts at 3% in FY 2026-27, climbs to 4% in FY 2027-28, and settles at 5% from FY 2028-29 onward [4] — giving producers a clear, predictable demand signal to plan around.

Relevance to Agriculture and Rural Livelihoods

For the agricultural sector, the scheme's significance extends well beyond energy policy. By creating a structured market for crop residue, press mud, and cattle dung, GOBARDhan offers farmers, feedstock aggregators, cooperatives, and rural entrepreneurs an additional income stream from material that is otherwise burned or discarded. The bio-slurry and organic manure generated as a co-product of the digestion process is supported through a separate Market Development Assistance subsidy of Rs. 1,500 per tonne, of which more than Rs. 111 crore had already been disbursed as of February 2026 [7], offering a route toward reduced dependence on chemical fertilisers and improved soil health. The scheme is also linked to applied research, including a two-year Indian Council of Agricultural Research project supporting field demonstrations, alongside an ongoing NITI Aayog evaluation of the scheme's overall impact [7]. Collectively, these elements position GOBARDhan as an instrument connecting agricultural waste management with farm-level income diversification and environmental sustainability.

Implementation Gaps and Challenges

Despite this expanded design, early implementation data indicate a persistent gap between registration and commissioning of biogas plants. As of August 2026, only around 217 of 1,908 registered CBG projects were operational, a commissioning rate of roughly 11 per cent, echoing the shortfall seen under the earlier SATAT initiative, which had targeted 5,000 plants by 2024 but fell well short. Commonly cited reasons include inconsistent feedstock supply due to variability in moisture content, seasonality and aggregation logistics, as well as previous failures in coordination across ministries which the 2026 restructuring is specifically aimed at addressing. The real test of the scheme's success over the next few years will be whether the new pricing, offtake guarantees and capital support are sufficient to convert registered capacity into operating plants.

Conclusion

GOBARDhan 2026 is a transition from a rural sanitation program to a consolidated national energy and circular economy policy with substantial financial outlay and an integrated institutional framework [1][3]. This is a policy effort to formalize the economic value of crop residue and livestock waste, primarily for the agricultural sector, and to integrate waste management, farmer income and organic soil amendments into a single framework. The Indian Biogas Association



estimates that, if the program is scaled successfully, it could reduce the country's natural gas import bill by nearly five billion US dollars [8]. But these gains will be realized only if the scheme's improved pricing and financing architecture is translated into a much higher rate of plant commissioning than has been achieved so far.

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