

GOVERNMENT OF INDIA  
MINISTRY OF COAL

RAJYA SABHA  
UNSTARRED QUESTION NO. 837  
TO BE ANSWERED ON 08/12/2025

**ROBUST ECOSYSTEM FOR COAL GASIFICATION PROJECTS**

**837. SHRI PRAMOD TIWARI:**

Will the Minister of COAL be pleased to state:

- (a) whether Government proposes to build a robust ecosystem for both surface and underground coal gasification projects;
- (b) if so, the details of benefits and proposed methodology; and
- (c) the steps proposed to be taken for scaling up coal gasification technologies, strengthening research and development, forging partnerships with stakeholders and evolving suitable business models to ensure long-term viability and sustainability of coal gasification ventures?

**ANSWER**

MINISTER OF COAL AND MINES  
(SHRI G. KISHAN REDDY)

(a): Yes, the Government of India is building a robust ecosystem to support both surface and underground coal gasification projects. This includes financial incentives, policy reforms, and infrastructure support aimed at accelerating coal and lignite gasification across the country.

(b) & (c): The National Coal Gasification Mission was launched by the Government of India (GOI) for achieving 100 million tons (MT) of coal gasification by 2030.

Further, to support coal gasification, the Government of India, in January 2024, approved a Scheme for Promotion of Coal/Lignite Gasification Projects with an outlay of ₹8500 crores towards incentive for coal/lignite gasification projects. Under this Scheme, 7 projects have been approved for grant of financial incentives as of now. The financial incentives under this scheme are categorised as under:

- I. Category I: ₹4050 Crore for Government PSUs or JV of PSUs
- II. Category II: ₹3850 Crore for Private sector as well as Government PSUs and
- III. Categories III: ₹600 Crore for demonstration Projects and/or small scale product based gasification plants

Government of India has, inter alia, taken the following measures to promote coal gasification:

- a) Introduced a new sub-sector under the Non-Regulated Sector (NRS) coal linkage auctions policy - "Production of Syngas leading to coal gasification".

- b) 50% rebate on revenue share for coal used in gasification is available in commercial coal block auctions, provided at least 10% of the coal is used for gasification.
- c) Coal India Limited (CIL) and Bharat Heavy Electrical Limited (BHEL) have formed a joint venture, namely, Bharat Coal Gasification and Chemicals Limited (BCGCL) for upscaling Coal Gasification technology developed by BHEL.
- d) CIL and Gas Authority India Limited have formed a joint venture, namely, Coal Gas India Limited (CGIL) for setting up a coal gasification project.
- e) CIL has signed a MoU with Bharat Petroleum Corporation Limited for long term viability and sustainability of Coal Gasification Project.
- f) All seven approved projects under the financial incentive scheme have assured coal supply through coal linkage/ captive mine.
- g) First pilot project for underground coal gasification has been launched in Kasta coal block (Jharkhand) in collaboration with M/s Ergo Exergy of Canada.
- h) The incentives available for underground mines (lower floor revenue share of 2%, complete upfront amount waiver, and 50% rebate in performance security) have been extended to the underground coal gasification projects.

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