

GOVERNMENT OF INDIA
MINISTRY OF COAL

RAJYA SABHA
STARRED QUESTION NO. *165
ANSWERED ON 03.08.2026

FINANCIAL INCENTIVE SCHEME FOR COAL GASIFICATION

165# SHRI MITHLESH KUMAR:

Will the Minister of COAL be pleased to state:

- (a) the progress made under the Financial Incentive Scheme for Coal Gasification, including the number of projects approved and their cumulative capacity;
- (b) the category-wise financial assistance approved and disbursed for coal gasification projects;
- (c) the measures taken to promote public-private partnerships and the adoption of indigenous coal gasification technologies; and
- (d) the expected contribution of coal gasification projects towards import substitution and value addition in the coal sector; and
- (e) the special plan of Government for the positive implementation of this scheme in the State of Jharkhand, which has abundant coal reserves?

ANSWER

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

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) IN RESPECT OF RAJYA SABHA STARRED QUESTION NO. 165 FOR REPLY ON 03.08.2026 REGARDING FINANCIAL INCENTIVE SCHEME FOR COAL GASIFICATION ASKED BY SHRI MITHLESH KUMAR.

(a): The Government approved the Scheme for Promotion of Coal/Lignite Gasification Projects on 24.01.2024 with a financial outlay of ₹8,500 crore. Under the scheme, eight (8) coal gasification projects have been approved and financial incentive of ₹6,233.06 crore has been earmarked for these projects. These comprise three Government sector projects, three private sector projects and two private sector demonstration projects. The projects are at different stages of implementation with progress as under:

- a. Four projects have obtained Environmental Clearance (EC);
- b. Ground-breaking has been achieved for five projects;
- c. Technology partner has been identified for four projects; and
- d. Financial closure has been achieved, and the first instalment of financial incentive has been disbursed for one project.

Recently, an incentive scheme of ₹37,500 crore has been approved by the Government on 13.05.2026, and a Request for Proposal (RFP) has been floated on 07.06.2026 for inviting applications.

(b): The category-wise financial assistance earmarked and disbursed is as follows:

Category	Financial Assistance Earmarked for approved projects	Financial Assistance Disbursed
Category-I	₹4,050 crore across 3 projects (₹1,350 crore for each project)	Nil
Category-II	₹1,983.06 crore across 3 projects (₹569.05 crore for Jindal Steel Limited; ₹414.01 crore for Greta Energy and Metal Pvt. Ltd.; and ₹1000 crore for New Era Cleantech Solution Pvt. Ltd.)	₹ 235.52 crore disbursed in FY2026 to Jindal Steel Limited
Category-III	₹ 200 crore across 2 projects (₹100 crore for each project)	Nil
Total	₹ 6,233.06 crore across 8 projects	₹ 235.52 crore

(c): Under category-III of the scheme notified on 24.01.2024, demonstration projects based on indigenous coal gasification technologies are supported. Under category-I, Bharat Coal Gasification and Chemicals Limited (BCGCL) is based on indigenous gasification technology developed by BHEL. Under category-II, Jindal Steel Limited has adopted Lurgi gasification

technology owned by Nalwa Green Energy. Currently, no projects have been undertaken under public-private partnership route under the scheme notified on 24.01.2024.

Under the newly approved scheme on 13.05.2026, there a provision has been incorporated to encourage indigenous technology.

(d): Commissioning of the eight (8) approved projects is expected to reduce import dependence through domestic production of high-value products such as Ammonium Nitrate, Synthetic Natural Gas (SNG), Ethanol, Hydrogen, Acetic Acid and Direct Reduced Iron (DRI). The projects are estimated to generate annual foreign exchange savings of approximately ₹16,500 crore through import substitution. They are also expected to promote value addition to domestic coal resources, attract investments of approximately ₹65,000 crore, generate approximately 3,000 direct and indirect employment opportunities, and strengthen downstream industries in the chemicals, fertilisers and steel sectors.

(e): The Scheme is designed to support the establishment of coal/lignite gasification projects across the country and is open to all eligible project proponents, including Jharkhand. As on date, no application seeking incentive under the scheme has been received for setting up any project in the State of Jharkhand.
