GOVERNMENT OF INDIA
MINISTRY OF COAL

RAJYA SABHA
UNSTARRED QUESTION NO. 841
ANSWERED ON 27/07/2026

PROMOTION OF COAL GASIFICATION AND CLEAN COAL TECHNOLOGIES

841. DR. SATISH POONIA:

Will the Minister of COAL be pleased to state:

(a) the progress made towards achieving the target of gasifying 100 million tonnes of coal by 2030, including the status of coal gasification projects under implementation;

(b) the policy, financial and coal linkage support provided by Government to promote coal gasification and underground coal gasification projects;

(c) the initiatives taken to promote collaboration with BRICS countries in clean coal technologies; and

(d) the expected impact of these initiatives on energy security, import substitution and value-added industrial production?

ANSWER

MINISTER OF STATE FOR COAL AND MINES
(SHRI SATISH CHANDRA DUBEY)

(a): National Coal Gasification Mission has set a target of achieving 100 Million Tonnes (MT) of coal gasification capacity by 2030. As on date, approximately 22.6 Million Tonnes Per Annum (MTPA) of coal gasification capacity is operational or under implementation, comprising:

(i) Jindal Steel Limited (JSL): ~8 MTPA (operational)
(ii) Talcher Fertilisers Limited (TFL): ~2.6 MTPA (under implementation)
(iii) 8 Projects under the ₹8,500 crore Financial Incentive Scheme of 24.01.2024: ~12 MTPA (under implementation)

The Government has approved a Scheme on 13.05.2026 for Promotion of Surface Coal/Lignite Gasification Projects with a financial outlay of ₹37,500. The new scheme is expected to utilise approximately 75 MTPA of coal and, thus, substantially contribute towards achieving the target of 100 MT coal gasification.

Under the ₹8,500 crore Scheme for Promotion of Coal/Lignite Gasification, approved on 24.01.2024, eight (8) coal gasification projects have been approved. Of these, one project of Jindal Steel Limited (JSL) has achieved financial closure and is under construction. Overall, five projects have completed groundbreaking and are at various stages of obtaining clearances/ implementation.

(b): Financial, coal linkage and policy support by the Government to promote coal gasification projects are as under:

Financial Incentives: Financial incentive of 15% of capex under the ₹8,500 crore scheme and up to 20% of eligible cost of Plant and Machinery under the ₹37,500 crore scheme.

Coal Linkage Support: Availability of coal through coal linkage auction has been facilitated through a new sub-sector "production of Syngas leading to coal gasification" at floor price equal to that of power sector. Coal linkage tenure has also been extended to 30 years. In case a project has an auctioned coal mine, it is eligible for coal linkage beyond allocated mine capacity.

Policy Support: 50% rebate is available in revenue share for coal used for gasification. The government has issued a framework and guidelines for underground coal gasification (UCG) and exemption has been granted for taking up pilot projects for UCG. In case of auction of coal block for UCG, floor price has been reduced to 2% from 4% as applicable for underground coal mining. Waiver of upfront payment, including 50% rebate on Performance Bank Guarantee has been approved.

(c): During India's BRICS Chairmanship, the Ministry of Coal organised a BRICS Side Event on Clean Coal Technologies on 24.06.2026 with a special focus on coal gasification. The event facilitated exchange of knowledge and best practices amongst BRICS countries on clean coal technologies.

(d): Coal gasification enables cleaner and value-added utilisation of domestic coal for production of synthetic natural gas, chemicals, fertilisers, hydrogen and other downstream products, thereby reducing import dependence. The initiatives are expected to strengthen energy security, promote import substitution, encourage value-added industrial production, attract investments, generate employment and improve resource utilisation through cleaner coal technologies. On commissioning of projects under the Rs. 8,500 crore scheme, Rs. 37,500 crore scheme and Talcher Fertilizers Limited, import substitution from coal/lignite gasification is expected to be about ₹1.5 lakh crore annually.

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