

**GOVERNMENT OF INDIA
MINISTRY OF COAL**

**LOK SABHA
UNSTARRED QUESTION NO. 3036
ANSWERED ON 11.03.2026**

IMPLEMENTATION OF COAL GASIFICATION IN PUNJAB

3036. SHRI MALVINDER SINGH KANG:

Will the Minister of COAL be pleased to state

(a) the current status of implementation of the Coal Gasification Incentive Scheme in Punjab particularly for small-scale industrial applications in the Anandpur Sahib Lok Sabha Constituency;

(b) the number of applications received and the amount of financial assistance sanctioned under Category-III (Small-Scale/Demonstration Projects) for Micro, Small and Medium Enterprises (MSMEs) clusters in the Hoshiarpur and Rupnagar districts;

(c) the details of specific criteria for Viability Gap Funding (VGF) under the second round of Request for Proposals (RFPs) published in September, 2025;

(d) whether specific criteria for VGF criteria account for the higher operational costs faced by land-locked industrial clusters in Punjab and if so, the details thereof;

(e) whether the Government has received any representations regarding the technical feasibility of coal gasification for brick kiln clusters in the Mohali and Nawanshahr regions and if so, the details thereof; and

(f) the timeline by which the Government is expected to operationalize pilot projects in Northern India to assist MSMEs in transitioning to clean coal technologies?

ANSWER

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

(a): The Coal/Lignite Gasification Financial Incentive Scheme approved by the Government of India is designed to support and promote implementation of coal/lignite gasification projects across the country. This scheme is not State-specific. Currently, no proposal has been received for setting up a coal/lignite gasification project in Punjab or in Anandpur Sahib Lok Sabha Constituency.

(b): No proposal has been received for setting of coal gasification project in the Hoshiarpur and Rupnagar districts.

(c) & (d): The Request for Proposals (RFPs) for the second round of financial incentives under the Coal/Lignite Gasification Financial Incentive Scheme were issued on 30.09.2025 under Category-II and Category-III.

Under **Category-II**, private sector as well as Government PSUs were allowed to participate for availing lump-sum grant of ₹1000 crores or 15% of capex, whichever is lower, in respect of each project. Under this category, a manufacturing plant of a minimum output of 0.4 million tonnes per annum of either single downstream product or a combination of downstream products through coal gasification could be set up.

Under **Category-III**, demonstration projects (indigenous technology) or small-scale product-based Gasification Plants could be set up, under which lump-sum grant of ₹100 crores or 15% of capex, whichever is lower, is allowed to the selected entity. The proposal should have a minimum Capex of ₹100 crore and minimum production of 1,500 Nm³/hour of Syngas. To meet the qualification criteria for demonstration project, the technology adopted must be proved at pilot scale and the capex should be at least ₹ 100 Crores on coal gasification unit. For small-scale projects under Category-III, a plant with similar technology must be in commercial operation anywhere in the world. The plant must be producing syngas for the purpose of gasification-based products.

The criteria for providing incentive under the Scheme is same throughout the country, including Punjab.

(e): As on date, no such representation has been received.

(f): Under the Scheme, only one pilot project has been approved as of now which has its scheduled commissioning in FY 2029-30. Further, proposal for another pilot project under Category-III has been received in pursuance of advertisement issued on 30.09.2025.
