GOVERNMENT OF INDIA
MINISTRY OF COAL

LOK SABHA
UNSTARRED QUESTION NO. 524
ANSWERED ON 22/07/2026

PROMOTION OF COAL GASIFICATION FOR ENERGY SECURITY

524. THIRU D M KATHIR ANAND:

Will the Minister of COAL be pleased to state:

(a) the status of coal gasification projects approved, under implementation and proposed across the country and the extent to which such projects are expected to reduce dependence on imports of liquefied natural gas, methanol, ammonia, fertilisers and other industrial feedstocks;

(b) the role envisaged for coal gasification in strengthening country's energy security, promoting value addition to domestic coal resources and supporting the development of downstream sectors such as chemicals, petrochemicals, fertilizers, hydrogen and clean-fuel production;

(c) the policy measures adopted by the Government for facilitating technology transfer, attracting investments and accelerating the establishment of coal gasification projects;

(d) the details of financial support, incentives and assistance extended by the Government under coal gasification promotion schemes and allied programmes during the last five years, year-wise; and

(e) the estimates prepared by the Government regarding investment mobilisation, employment opportunities, import substitution and industrial growth to result from such projects?

ANSWER

MINISTER OF STATE FOR COAL AND MINES

(SHRI SATISH CHANDRA DUBEY)

(a): Under the ₹8,500 crore Financial Incentive Scheme, eight (8) coal gasification projects have been approved and are under various stages of implementation. These include three Government sector projects, three private sector projects and two small-scale product-based projects. One project of Jindal Steel Limited has achieved financial closure and is in the construction stage, while the remaining projects are at different stages of financial closure, statutory clearances, technology finalisation, tendering and project implementation.

The eight approved projects are expected to reduce dependence on imports of industrial feedstocks and fuels by substituting imported LNG/SNG, ammonium nitrate, acetic acid and ethanol, while also reducing dependence on imported coking coal through domestic production of DRI. The estimated foreign exchange savings on commissioning of these projects is expected to be approximately ₹16,500 crore per annum.

(b): Coal/lignite gasification is envisaged to strengthen the country's energy security by reducing dependence on imports of fuels, fertilisers, petrochemicals, natural gas and industrial feedstocks through indigenous production. It is also expected to promote value addition to domestic coal resources and support downstream sectors such as chemicals, petrochemicals, fertilisers, hydrogen and clean fuel production.

(c): To facilitate technology transfer for coal gasification projects, the Ministry has put in place a framework for granting case-by-case waivers from the requirement of registration with the Department for Promotion of Industry and Internal Trade (DPIIT) for Transfer of Technology (ToT) from entities of countries sharing a land border with India. Under this framework, the first waiver was granted to M/s Dev Technofab Ltd. during FY 2024, thereby facilitating access to advanced coal gasification technologies.

(d): The Government has undertaken the following financial support, incentive and policy and regulatory support to promote coal gasification:

<table>
<tr><th>Financial Year</th><th>Policy Measures</th></tr>
<tr><td rowspan="2">FY 2022</td><td>Introduced 50% rebate in revenue share under commercial coal block auctions for coal used for gasification, subject to utilisation of at least 10% of total coal production for gasification.</td></tr>
<tr><td>Created a dedicated "Production of Syngas Leading to Coal Gasification" sub-sector under the Non-Regulated Sector (NRS) coal linkage auction policy.</td></tr>
<tr><td>FY 2024</td><td>Approved the ₹8,500 crore Scheme for Promotion of Coal/Lignite Gasification Projects to provide financial assistance for coal/lignite gasification projects and financial support of 15% on capex of the project.</td></tr>
<tr><td>FY 2025</td><td>Enabled coal supply under NRS linkage auctions for eligible gasification projects at the notified price of the regulated sector.</td></tr>
<tr><td rowspan="4">FY 2026</td><td>Extended additional incentives for Underground Coal Gasification (UCG), including a reduction in floor price, waiver of upfront payment and a rebate in Performance Bank Guarantee.</td></tr>
<tr><td>Allowed gasification projects to participate in NRS linkage auctions to meet balance coal requirements beyond captive production.</td></tr>
<tr><td>DPIIT granted registration to M/s Zhongshi Chemical Engineering Construction Co. Ltd. (1st ever such registration), enabling its participation as a technology licensor and EPC contractor.</td></tr>
<tr><td>DoE granted a limited exemption (6 categories of items) from restrictions under Rule 144(xi) of GFRs, to all 7 coal gasification projects under the Financial Incentive Scheme for a period of 2 years.</td></tr>
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FY 2027	Approved the ₹37,500 crore Scheme for Promotion of Surface Coal/Lignite Gasification Projects and issued the Scheme Guidelines and Request for Proposal (RFP).
	Extended coal linkage tenure for gasification projects under the NRS linkage policy from 15 years to up to 30 years, ensuring long-term fuel security.

(e): The estimate prepared and benefits expected from coal gasification projects are as under:

Expected Benefits		
Parameters	**Incentive Scheme dated 24.01.2024**	**Incentive Scheme dated 13.05.2026**
Expected number of projects	8 projects approved (~₹6,233 Cr earmarked)	~25 projects
Expected investment mobilisation	~ ₹65,000 Cr across 8 approved projects	~₹ 2.5 - 3 lakh crore
Annual coal utilization	~12 MT across 8 approved projects	~75 million tonne per annum
Employment Generation (direct + indirect)	~3000 across 8 approved projects	~50,000
Forex exchange savings	~ ₹16,500 Cr across 8 approved projects by FY2030	₹1.5 lakh crore annually at maturity

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