

**GOVERNMENT OF INDIA  
MINISTRY OF COAL**

**LOK SABHA  
UNSTARRED QUESTION NO. 689  
ANSWERED ON 22/07/2026**

**PROGRESS MADE UNDER COAL GASIFICATION FINANCIAL INCENTIVE SCHEME**

**689. SHRI VIVEK THAKUR:**

SHRI BALABHADRA MAJHI:  
SHRI DILESHWAR KAMAIT:  
SHRI SHANKAR LALWANI:  
SHRI MANISH JAISWAL:  
SHRI ANANTA NAYAK:  
SHRI P. P. CHAUDHARY:  
SHRI ASHOK KUMAR RAWAT:  
DR. NISHIKANT DUBEY:  
SHRI KRIPANATH MALLAH:  
SHRI DAMODAR AGARWAL:  
SHRI BIBHU PRASAD TARAI:  
SHRI NABA CHARAN MAJHI:  
SHRI DEVUSINH CHAUHAN:  
SHRI JANARDAN MISHRA:

**Will the Minister of COAL be pleased to state:**

- (a) the progress made under the Coal Gasification Financial Incentive Scheme including the number of projects approved and under implementation and their cumulative capacity, category-wise in the country particularly in the State of Odisha;
- (b) the details of financial assistance sanctioned and released under the scheme, category-wise and State-wise including Odisha;
- (c) whether any coal gasification project or related infrastructure has been proposed or planned in Keonjhar Lok Sabha Constituency of Odisha and adjoining coal-bearing regions to promote industrial development and employment and if so, the details thereof;
- (d) the measures taken to encourage public-private participation and adoption of indigenous coal gasification technologies in the country including Odisha; and
- (e) the expected contribution of coal gasification projects towards import substitution, value addition in the coal sector and generation of employment particularly in mineral-rich regions including Keonjhar Lok Sabha Constituency of Odisha?

**ANSWER**

**MINISTER OF STATE FOR COAL AND MINES**

**(SHRI SATISH CHANDRA DUBEY)**

(a)&(b): 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. With regard to the State of Odisha, two projects have been approved under the Scheme, i.e. Bharat Coal Gasification and Chemicals Limited (BCGCL) at Lakhanpur, with a capacity of 0.66 MMTPA of Ammonium Nitrate, and Jindal Steel Limited (JSL) at Angul for production of 2 MMTPA of Direct Reduced Iron (DRI). An amount of ₹235.52 crore was disbursed as part of the first instalment of financial assistance under the Scheme.

(c): The Scheme for Promotion of Coal/Lignite Gasification Projects is not State- or constituency-specific and is designed to support the establishment of coal/lignite gasification projects across the country. As of date, no proposal has been received or approved under the Scheme for setting up a coal/lignite gasification project or related infrastructure in the Keonjhar Lok Sabha Constituency of Odisha.

(d): The Government has undertaken several measures to encourage public-private participation and the adoption of indigenous coal gasification technologies in the country, including Odisha. These include:

| <b>Financial Year</b> | <b>Policy Measures</b>                                                                                                                                                                           |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>FY 2022</b>        | 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.    |
|                       | Created a dedicated "Production of Syngas Leading to Coal Gasification" sub-sector under the Non-Regulated Sector (NRS) coal linkage auction policy.                                             |
| <b>FY 2024</b>        | Approved the ₹8,500 crore Scheme for Promotion of Coal/Lignite Gasification Projects to provide financial assistance for coal/lignite gasification projects.                                     |
| <b>FY 2025</b>        | Enabled coal supply under NRS linkage auctions for eligible gasification projects at the notified price of the regulated sector.                                                                 |
| <b>FY 2026</b>        |                                                                                                                                                                                                  |
|                       | Allowed gasification projects to participate in NRS linkage auctions to meet balance coal requirements beyond captive production.                                                                |
|                       | 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.      |
|                       | DoE granted an 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. |

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|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>FY 2027</b> | 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.         |
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**(e):** No coal gasification project has been approved in the Keonjhar Lok Sabha Constituency under the existing Scheme.

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