

# Coal Gasification Initiative

Posted On: 19 MAR 2025 2:58PM by PIB Delhi

The coal gasification initiatives taken by the Government are as under:

(i) On January 24, 2024 the Government has approved an outlay of ₹ 8,500 crore as financial incentive, for promotion of coal/lignite gasification projects for both government PSUs as well as private sector.

(ii) Government has also approved investment by Coal India Limited (CIL) in joint ventures of CIL-BHEL and CIL-GAIL for undertaking coal gasification projects.

(iii) In 2022, a new sub-sector, "Production of Syngas leading to coal gasification," was created under the NRS linkage auctions policy to support this initiative. Further under this sector the government has allowed auction with a floor price at the notified price of the regulated sector, for the projects commissioning within the next seven years.

(iv) 50% rebate in the revenue share for coal used in gasification has been introduced in commercial coal block auctions, provided that at least 10% of the total coal production is used for gasification purposes.

Coal is one of the most abundant natural resources in the country. Coal gasification technology enables conversion of coal into syngas (synthetic gas), which can be used to produce downstream products like methanol, ammonium nitrate, Synthetic Natural Gas (SNG) and Fertilizers etc. Coal gasification technology provides alternative use of coal promoting environmental sustainability to align with vision of developed India 2047.

The Government has not conducted any specific impact assessment of the financial incentive scheme for coal gasification projects.

Coal India Limited (CIL), a CPSE under Ministry of Coal, has secured Khattali Chhoti Graphite Block in Madhya Pradesh, India through e- auction of critical mineral blocks conducted by Ministry of Mines. Besides, CIL has also signed Non-Disclosure Agreement with an Argentinian company and an Australian company for acquisition of lithium assets in Argentina.

The Government has, *inter-alia*, taken the following steps to reduce India's import dependency and build supply chain resilience in critical minerals:

- Central Government has been empowered to exclusively auction mining lease and composite license for 24 critical minerals, with an aim to increase exploration and mining of critical minerals and ensure self-sufficiency in their supply.
- The Government has announced in the Union Budget 2024-25 the setting up of a Critical Mineral Mission for a harmonized approach in areas including domestic production, recycling, overseas acquisition of critical mineral assets and research & development (R&D).

This information was given by Union Minister of Coal and Mines Shri G. Kishan Reddy in a written reply in Lok Sabha today.

\*\*\*\*\*

**Shuhaib T**

