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₹37,500 cr coal gasification scheme to cut fertiliser, LNG import reliance

Scheme aims to enable India to substitute imports, insulate itself from global supply crisis

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IN a bid to cut down dependence on liquefied natural gas (LNG) and fertiliser imports, the government on Wednesday approved a coal gasification scheme with an outlay of ₹37,500 crore. The incentive will be provided for production of syngas and its downstream products, targeting gasification of about 75 million tonne of coal/lignite.

India holds one of the world's largest coal reserves (401 bn tonne) and lignite reserves (47 bn tonne). Coal accounts for 55% of India's energy mix. Gasification converts coal/lignite into 'synthesis gas' (syngas), a versatile feedstock for producing fuels and chemicals domestically, enabling India to substitute imports

Targets 75 mn tonne of coal/lignite gasification

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and insulate itself from global supply disruptions and price volatility.

As per the scheme, the incentive will be provided at a maximum of 20% of the cost of plant and machinery. The incentive for any single project will be capped at ₹5,000 crore; for any single product (except synthetic natural gas and Urea), it will be capped at ₹9,000 crore; and for any single entity group, it will be capped at



₹12,000 crore across projects. India's import bill for key substitutable products like LNG, urea, ammonium nitrate, ammonia, coking coal, methanol and DME stood at ₹ 2.77 lakh crore in FY25.

Building on the National Coal Gasification Mission (2021) and a ₹8,500 crore scheme approved in January 2024 — under which eight projects worth ₹6,233 crore are under implementation —

the new scheme seeks to accelerate momentum with enhanced support. Industry bodies welcomed the move. Balasaheb Darade, founder & MD of New Era Cleantech, said, "India is sitting on one of the world's largest coal reserves. The question is no longer whether we use coal — the question is whether we use it intelligently to build national strength, energy independence and industrial resilience."

Atanu Mukherjee, CEO, Dastur Energy, is of the view that the success of this programme will depend on execution discipline. The right gasification technology must be matched to the right coal. Indian coal is high-ash and has different characteristics from coal used in global gasification systems.

FILLING THE GAP

- 1 India holds one of the world's largest coal reserves
- 2 Coal accounts for 55% of the country's energy mix
- 3 Incentive: 20% of the cost of plant and machinery

