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Hindustan Times

Govt clears ₹37,500 crore coal gasification scheme

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NEW DELHI: The Union cabinet on Wednesday approved a ₹37,500 crore coal gasification scheme that aims to convert India's vast coal and lignite reserves into synthesis gas for use as fuel and in the manufacture of fertilisers, chemicals and other products—cutting the country's dependence on costly energy imports.

The scheme targets gasification of approximately 75 million tonnes (MT) of coal and lignite, advancing the national goal of gasifying 100 MT by 2030. India's import bill for key substitutable products — liquefied natural gas (LNG), urea, ammonium nitrate, ammonia, coking coal, methanol, dimethyl ether (DME) and others—stood at approximately ₹2.77 lakh crore in FY25, a vulnerability the government says has been further exposed by the ongoing geopolitical situation in West Asia.

Union information and broadcasting minister Ashwini Vaishnaw, who briefed the media after the cabinet meeting chaired by Prime Minister Narendra Modi, called it a "major decision" towards self-reliance in gas. "Coal is abundantly available in India," he said, adding that the country holds 401 billion tonnes of known coal reserves—enough for the next 200 years. India currently produces natural gas sufficient to meet only half its requirements, with the rest imported, he said.

The scheme targets gasification of approximately 75 million tonnes of coal and lignite. AFP

India's import dependence for urea stands at 20%, for ammonia at nearly 100%, and for methanol at about 90%. The country imports over 50% of its LNG requirements.

Under the scheme, investors will receive a financial incentive of up to 20% of the cost of plant and machinery, disbursed in four equal instalments tied to project milestones. Eligible investors will be selected through competitive bidding, with an evaluation framework benchmarking project cost, coal input, and syngas output.

The incentive for any single project is capped at ₹5,000 crore; for any single product—except synthetic natural gas (SNG) and urea—₹9,000 crore; and for any single entity group across all projects at ₹12,000 crore. The scheme is technology-agnostic, though adoption of indigenous technologies is encouraged.

In an accompanying reform, the government has extended coal linkage tenure to 30 years under the "Production of Syngas leading to Coal Gasification" sub-sector of the non-regulated sector (NRS) linkage auction framework, providing long-term policy certainty for investors.

The government launched its coal gasification mission in 2020, set the 100 MT target for 2030, and approved two flagship joint venture projects—a CIL-GAIL coal-to-SNG plant in West Bengal and a CIL-BHEL coal-to-ammonium nitrate plant in Odisha, together worth over ₹24,000 crore—at a Cabinet meeting in January 2024. Neither has produced commercial output. The entire ₹300 crore allocated for coal gasification in FY26 remained unspent as of January 2026, HT reported on April 14 citing government records.

The government expects the scheme to now mobilise investment of about ₹3 lakh crore and generate approximately 50,000 direct and indirect jobs across 25 projects in coal-bearing regions. Coal and lignite utilisation under the scheme is projected to yield ₹6,300 crore annually in exchequer revenue, in addition to downstream GST and other levies.

India holds one of the world's largest coal reserves—over 401 billion tonnes—alongside lignite reserves of about 47 billion tonnes. Coal accounts for over 55% of the country's energy mix.

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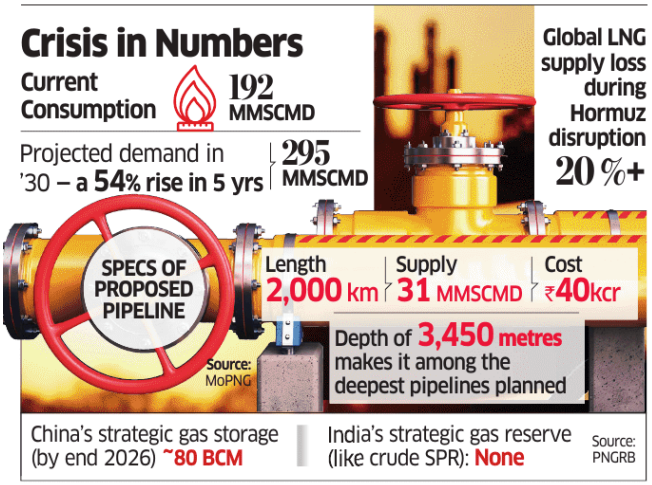
ENSURING ENERGY SECURITY

India Working on Subsea Gas Pipeline Project



Oman route plan to help mitigate risks brought to fore by Hormuz Strait block

Prashant Mukherjee

New Delhi: India is accelerating plans to secure uninterrupted gas supplies from the Gulf through a direct deep-sea pipeline, as the Strait of Hormuz crisis leads the government to prioritise energy security. If cleared, the estimated ₹40,000 crore ($4.7-4.8 billion) pipeline project from Oman is expected to take five to seven years to build, said a petroleum ministry official.

The push reflects the country's high exposure to LNG supply shocks and price volatility, and shows how it lags manufacturing rivals such as China.

The ministry is set to direct state-run GAIL, Engineers India and Indian Oil Corp to prepare a detailed feasibility report, senior officials told **ET**. They said the government is working off a pre-feasibility study submitted by The South Asia Gas Enterprise (SAGE), a New Delhi-based private sector consortium.

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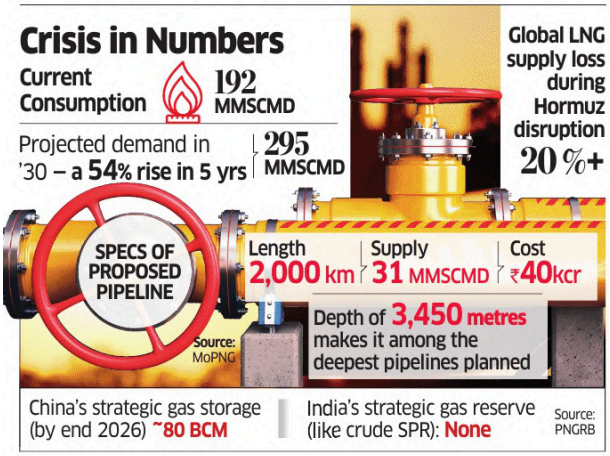
ENSURING ENERGY SECURITY

India Working on Subsea Gas Pipeline Project



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Stable Gas Supply

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A positive detailed feasibility report will pave the way for formal government-level negotiations with Oman on gas supply, financing and project execution.

"India needs to move beyond dependence on LNG spot markets," one of the officials said. "A dedicated pipeline from West Asia gives us stable, cost-competitive gas without depending on any transit country or maritime choke point."

India's natural gas demand is steadily rising as the energy-hungry country attempts to enhance the share of gas in its primary energy mix. Current consumption stands at roughly 190-195 million standard cubic metres per day (mmscmd) and is projected to reach nearly 290-300 mmscmd by 2030. Estimates suggest LNG imports alone could reach 180-200 mmscmd by the end of this decade.

PROJECT DETAILS

The proposed Middle East-India Deep-water Pipeline (MEIDP) will stretch 2,000 km under the Arabian Sea, connecting Oman directly to the Gujarat coast. It will deliver around 31 mmscmd of natural gas.

The route will be designed to pass through the Arabian Sea via Oman and UAE, avoiding geopolitically sensitive regions, and would allow India to access gas from Oman, UAE, Saudi Arabia, Iran, Turkmenistan, and Qatar, a region holding 2,500 trillion cubic feet of gas reserves. The pipeline could run at depths of up to 3,450 metres, making it one of the deepest undersea pipelines ever attempted globally.

Recent technical studies have confirmed the project as feasible owing to advances in deep-sea pipe-laying and pipe-repair technology. SAGE, per its government submissions, has already laid around 3,000 metres of tactical test pipeline along the route at a cost of around Rs 25 crore to study seabed conditions. **ET** could not independently verify this figure.

WAKE-UP CALL

Nearly two-thirds of India's LNG imports transited the Strait of Hormuz in 2025. When Iran effectively shut the route in late February following the conflict with the US and Israel, global LNG supply fell by more than 20%, triggering price spikes.

Asian spot LNG prices, represented by the Platts JKM benchmark, have experienced sharp swings in recent years. Prices that hovered at $10-12 per MMBtu during stable periods surged to $24-25 per MMBtu due to the geopolitical crisis.

The Hormuz disruption has underscored India's vulnerability to both physical supply shocks and price swings.