



कोयला मंत्रालय
MINISTRY OF
COAL

Coal Gasification Scheme

For Promotion of Surface Coal/Lignite Gasification Projects

The Problem We're solving

Last year India imported ...



89% of its Crude Oil



50% of Liquefied Natural Gas

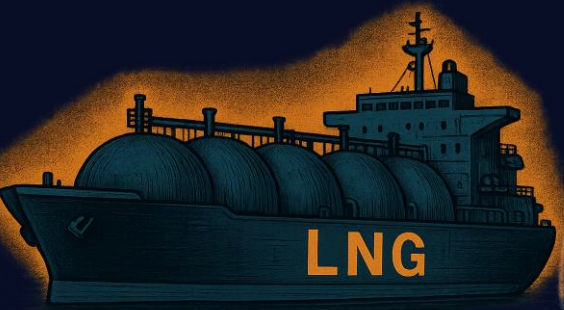


35% of its Ammonium Nitrate



25% of its Urea

DO YOU SEE WHAT'S AT STAKE?



**What if we already had the answer... buried
beneath our feet?**

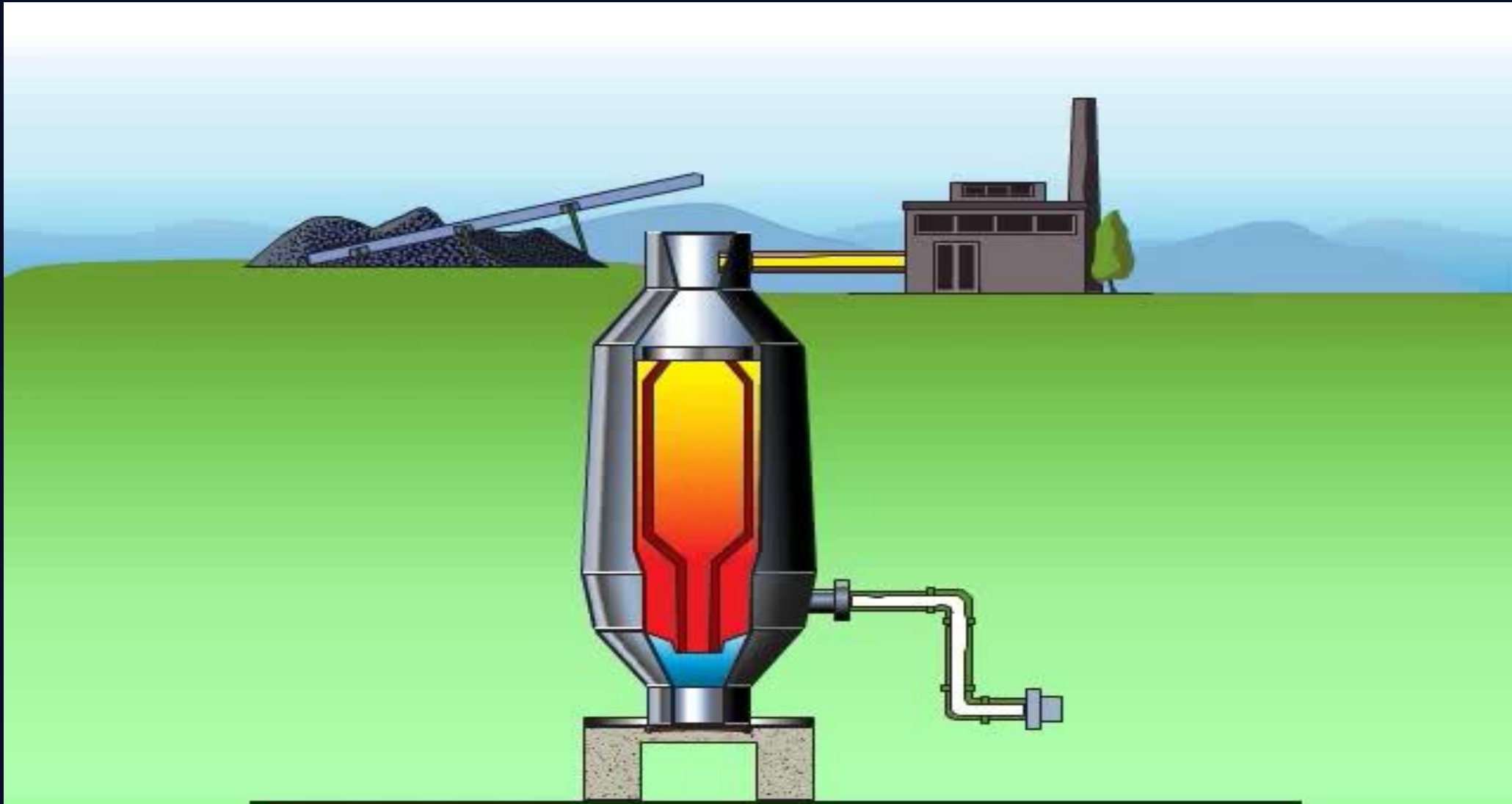
Coal and Lignite...

~401 billion tonnes of coal and ~47 billion tonnes of lignite

Yet **Gasification**

the smarter use of this wealth is still at a nascent stage.

What is Surface Coal Gasification?



Why Gasification matters?

Beyond the Conventional: A New Paradigm

Enhanced utilization
of domestic
coal/lignite resources

Domestic production
of chemicals and
fuels



Promote
“Atmanirbharta” by
reducing import
dependence

Lower emissions than
direct burning of coal

The Journey So Far

~₹85,000 Cr investment mobilized

~₹23 MTPA coal utilization

~₹28,000 Cr import substitution

*New NRS sub-sector
created for syngas/
coal gasification*

*Coal procurement enabled
in NRS auction at power-
sector floor price*

2021-22

2023-24

2025-26

2022-23

2024-25

*50% revenue share
rebate introduced*

*₹8,500 Cr scheme approved;
8 projects underway*

*Coal conversion norms finalized;
GFR exemptions granted by DoE
for procurement of equipments*

“But industry told us: we need to go bigger”

And we listened

The Scheme: What The Government Is Offering

OUTLAY

- ✓ ₹37,500 Crores for setting up new surface coal/lignite gasification projects

INCENTIVE

- ✓ 20% of the cost of plant and machinery (P&M).

METHODOLOGY

- ✓ Selection/shortlisting of entities through a transparent bidding process.

CAPPING

- ✓ Per project cap: ₹5,000 Crore
Per product cap: ₹9,000 Crore (except SNG or Urea)
Per entity cap: ₹12,000 Crore across all projects

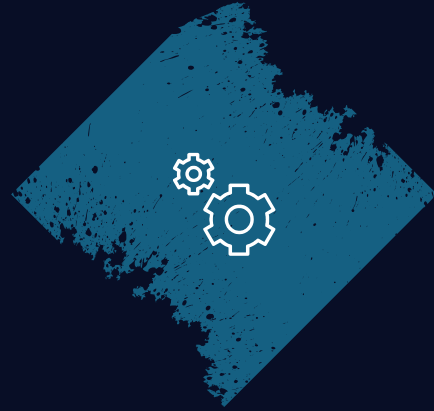
**We are catalyzing the development of India's
domestic surface coal/lignite gasification
capabilities**

The Ecosystem Is Finally Ready



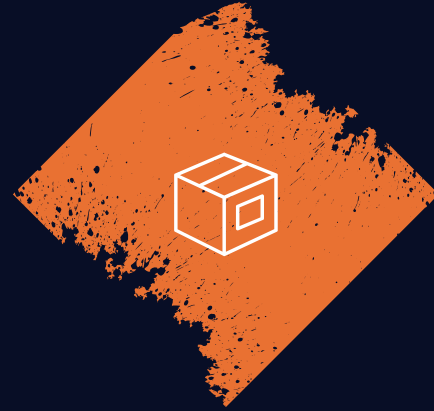
Resources

- Improved project bankability through financial incentives
- Coal linkage under NRS extended up to 30 years aligned with project lifecycle



Technology Readiness

- Indigenous technology available, further development underway
- Proven global technologies available



Faster Execution

- Fast-track DPIIT facilitation mechanisms and other clearances
- Cluster-based development approach



Large Domestic Market

- Growing strategic need for energy security
- India's massive import bill for fertilisers, chemicals, and fuels creates market for gasification output.

How Does The Incentive Reach You?



1st Instalment

Upon completion of pre-implementation activities (Land acquisition, grant of EC, coal/lignite tie-up, finalization of technology licensors & EPC contractors, financial closure)

2nd Instalment

(i) After disbursal of loan by the Bank/Financial Institution for the project,
(ii) 30% of the equity contribution by the project developers, and
(iii) actual expenditure of >50% of the approved incentive, incurred on P&M

3rd Instalment

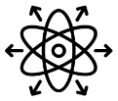
On commissioning of the project.

4th Instalment

On achieving minimum 50% annual production capacity during the previous 365 days.

4 equal instalments – 25% each

Who Can Qualify?



PSUs; or private companies; or JVs; or consortiums



New surface coal/lignite gasification projects only



Include only costs for new, unused plant & machinery purchased after scheme approval.



Minimum plant capacity: 0.5 MTPA in terms of clean syngas.



Applicant's Net worth more than 20% of total project cost.

How Are Projects Selected?

Transparent • Competitive • Performance-Linked

| Evaluation Parameter | Weightage |
|--------------------------------------|-----------|
| <u>Viability Amount Score</u> | 30 |
| <u>Plant Capacity</u> | 20 |
| <u>Project Cost per MT of Coal</u> | 20 |
| <u>Technology Tie-up</u> | 10 |
| <u>Financial Strength/Capability</u> | 20 |

SELECTION & RANKING

- ❖ Minimum qualifying score: 40/100.
- ❖ Projects ranked based on aggregate score.
- ❖ Allocation subject to overall scheme outlay.

Additional Provisions

TECHNOLOGY AGNOSTIC AND INDIGENIZATION

- Scheme is technology agnostic.
- Adoption of indigenous technologies is encouraged.

1

HARMONIZATION WITH COMMERCIAL MINING REGIME

- Coal gasification is allowed under commercial coal block auctions.
- No restriction on benefits under commercial mining regime.
- Applicants remain eligible for state-level or central incentives.

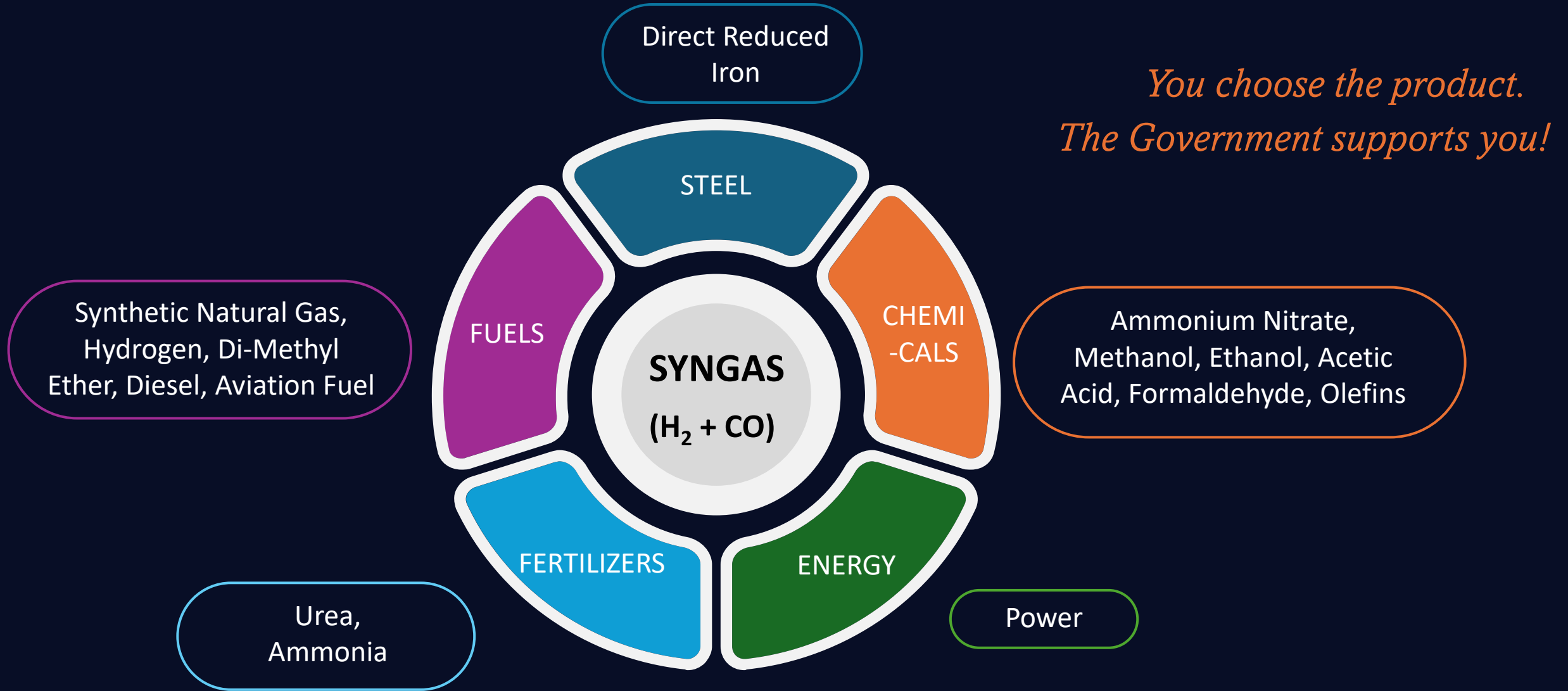
2

CLUSTER DEVELOPMENT

- Focus on **cluster-based development** for infrastructure optimization.
- Entities are encouraged to set up gasification projects at **pithead**.

3

The Product Universe



One Feedstock. Multiple Industrial Economies.

The sector is marching ahead.

The question is whether you are in it.

Timelines for Application Submission

| Event Description | Indicative Timeline |
|---------------------------------------|---------------------|
| RFP Issuance Date | T0 |
| Pre-Application Conference | T0 + 10 |
| Last Date for Receipt of Queries | T0 + 15 |
| Application Due Date (Round Closes) | T0 + 60 |
| Declaration of the Selected Applicant | T0 + 120 |

- Each bidding round shall remain open for 2 months.
- Subsequent rounds shall commence immediately after closure of the preceding round, unless modified.

The Funds Are Finite.

The Opportunity Is Enormous.

The Moment Is... Now.

Further details can be accessed at <https://www.coal.nic.in/major-statistics/national-coal-gasification-mission>

Thank You !

Scoring Framework..(1/2)

| Sl. No. | Parameter | Max Score | Criteria | Score |
|---------|------------------------|-----------|--|-------|
| 1 | Viability Amount Score | 30 | Lowest of financial incentive as percentage of cost of plant and machinery (P&M), amongst all bidders ÷ proposed financial incentive as percentage of cost of P&M by the bidder × 30 | 30 |
| 2. | Plant Capacity | 20 | A. Clean Syngas: (10 score) | |
| | | | More than 60,000 NM3/hr but less than/equals to 1,00,000 NM3/hr | 2 |
| | | | More than 1,00,000 NM3/hr but less than/equals to 2,00,000 NM3/hr | 4 |
| | | | More than 2,00,000 NM3/hr but less than/equals to 3,00,000 NM3/hr | 6 |
| | | | More than 3,00,000 NM3/hr but less than/equals to 4,00,000 NM3/hr | 8 |
| | | | More than 4,00,000 NM3/hr | 10 |
| | | | B. Raw Syngas: (10 score) | |
| | | | More than 60,000 NM3/hr but less than/equals to 1,00,000 NM3/hr | 2 |
| | | | More than 1,00,000 NM3/hr but less than/equals to 2,00,000 NM3/hr | 4 |
| | | | More than 2,00,000 NM3/hr but less than/equals to 3,00,000 NM3/hr | 6 |
| | | | More than 3,00,000 NM3/hr but less than/equals to 4,00,000 NM3/hr | 8 |
| | | | More than 4,00,000 NM3/hr | 10 |



Scoring Framework..(2/2)

| Sl. No. | Parameter | Max Score | Criteria | Score |
|--------------|--------------------------------|------------|---|-------|
| 3. | Project Cost per MT of Coal | 20 | >₹5,000 crore/ MT of coal utilised for project | 0 |
| | | | >₹4,000 and ≤₹5,000 crore/ MT of coal utilised for project | 5 |
| | | | >₹3,500 and ≤₹4,000 crore/ MT of coal utilised for project | 10 |
| | | | >₹3,000 and ≤₹3,500 crore/ MT of coal utilised for project | 15 |
| | | | ≤₹3,000 crore/ MT of coal utilised for project | 20 |
| 4. | Technology Tie-up | 10 | No technology tie-up | 0 |
| | | | Firm agreement with technology provider for gasification technology | 5 |
| | | | Use of indigenous technology or acquisition of international technology, supported by a firm tie-up | 10 |
| 5. | Financial Strength /Capability | 20 | Net worth more than 20% of Project Cost (on pro rata basis) | 20 |
| TOTAL | | 100 | | |



Illustration - For Calculation of Viability Amount Score

| Applicant | Financial Incentive as percentage of cost of P&M (A) | Lowest of Financial Incentive as percentage of cost of P&M among all Applicants (B) | $C=B/A$ | Viability Amount Score ($D=C*30$) |
|-------------|---|--|---------|--|
| Applicant 1 | 20% | 12% | 0.60 | 18 |
| Applicant 2 | 15% | | 0.80 | 24 |
| Applicant 3 | 18% | | 0.67 | 20 |
| Applicant 4 | 12% | | 1.00 | 30 |



Illustration - For Calculation of Financial Strength/Capability Score

| | | |
|--|---------|----------------|
| Project Cost | | ₹ 10,000 Crore |
| Net worth of Applicant | | ₹ 7,600 Crore |
| Net worth as % of Project Cost | (A) | 76% |
| Minimum Net worth Requirement | (B) | 20% |
| Excess Net Worth above Minimum Requirement | (A – B) | 56% |

Accordingly, the score for Financial Strength/Capability shall be calculated as follows:

$$\text{Financial Strength/Capability Score} = \frac{(A - B) \times 20}{80} = \frac{56 \times 20}{80} = 14$$

Therefore, the Applicant shall receive a score of 14 marks under this component.

