

# Cabinet to consider sops to gasify coal

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NEW DELHI

The union cabinet will soon consider the ₹6,000-crore incentive scheme for coal gasification projects. The cabinet note has been finalized and moved for approval, said two people in the know of the development.

The government will provide incentives for gasification under three components—those that are led by public sector units, those sponsored by private sector companies and pilot projects. Under PSU-led gasification, a viability gap funding (VGF) of up to ₹1,000 crore or 10% of the expenditure for each project is likely to be provided.

For private sector projects, government support would be up to ₹600 crore or 15% of the overall expenditure per project. Support for five pilot projects for technology development would be ₹100 crore per project or up to 20% of the cost.

“The scheme has been finalized and the cabinet note has been moved. Everything is done; Cabinet may take it up for consideration anytime soon. The proposal also



Coal gasification, the process by which coal is turned into fuel gas, is considered as a cleaner option than burning coal. REUTERS

includes the reimbursement of GST on coal used for gasification,” said one of the two people mentioned above.

GST reimbursement may be given for a period of 10 years.

PSU-led gasification projects would include the joint venture projects of Coal India with GAIL and BHEL which have failed to pick up after they were announced in October last year, said the second person.

Last October Coal India

signed three memorandums of understanding (MoU) with PSU giants Bharat Heavy Electricals Ltd (BHEL), Indian Oil Corporation Ltd (IOCL) and GAIL (India) Ltd.

“Investors were finding it difficult because the cost of the product was coming out to be higher, then the imported cost of product. This (VGF) will now

bring viability,” the person added.

In an interview in July, coal minister Pralhad Joshi said the

scheme has been approved by the expenditure finance committee (ECF) and would be sent to the cabinet for its approval.

Queries sent to the spokespersons of the coal and cabinet secretariat remained unanswered till press time.

Coal gasification, the process by which coal is turned into fuel gas, is considered to be a cleaner option than burning coal.

The gas produced through the process can be used to produce gaseous fuels such as hydrogen, methane, methanol and ethanol.

The high ash content in Indian coal is a technical barrier to a larger adoption of coal gasification.

Amid its quest for achieving net zero carbon emission by 2070, the government has ambitious goals to gasify coal, aiming to achieve 100 million tonnes of gasified coal by 2030.

Most of the coal produced in India is utilized in thermal power plants.

With the power sector moving toward renewables, the use of coal for thermal power generation will come down in long run, increasing demand for alternative uses of coal.

**The ₹6,000 crore incentive scheme for coal gasification has been finalized and moved for approval**