

GOVERNMENT OF INDIA
MINISTRY OF COAL

LOK SABHA
UNSTARRED QUESTION NO. 1655
ANSWERED ON 29/07/2026

COAL-TO-AMMONIUM NITRATE PROJECT

1655. SMT. SANGEETA KUMARI SINGH DEO

Will the Minister of COAL be pleased to state:-

- (a) the details of India's first commercial-scale coal-to-ammonium nitrate project being established at Lakhanpur in Jharsuguda district of Odisha including the project cost, production capacity, financial assistance provided by the Government, expected annual coal requirement and timeline for commissioning;
- (b) the details of coal gasification projects approved or under implementation across the country, State-wise indicating the investment envisaged, production capacities and expected employment generation;
- (c) whether the Government has estimated the likely reduction in import dependence on ammonium nitrate and other downstream chemical products through the proposed coal gasification projects and if so, the details thereof; and
- (d) the details of incentives extended under the Coal Gasification Financial Incentive Scheme so far including the number of projects sanctioned and funds released thereunder?

ANSWER

MINISTER OF STATE FOR COAL AND MINES
(SHRI SATISH CHANDRA DUBEY)

(a): India's first commercial-scale Coal-to-Ammonium Nitrate Project is being established at Lakhanpur in Jharsuguda district of Odisha by Bharat Coal Gasification and Chemicals Limited (BCGCL), a Joint Venture of Coal India Limited (CIL) and Bharat Heavy Electricals Limited (BHEL).

As per the Detailed Feasibility Report (DFR), the estimated project cost is ₹25,016 crore. The project is designed to produce 0.66 Million Metric Tonnes Per Annum (MMTPA) of Ammonium Nitrate and will require approximately 1.66 MMTPA of coal annually. A financial incentive of ₹1350 crore has been earmarked for the project by the Ministry of Coal. The project is scheduled to be commissioned by March 2030.

(b): The Government has approved the Scheme for Promotion of Coal/Lignite Gasification Projects on 24.01.2024 with a financial outlay of ₹8,500 crore. Under the Scheme, eight (8) projects have been approved. The State-wise details are as under:

Sl. No.	State	Project/Company	Product	Production Capacity	Investment (₹ crore)
1	Odisha	Bharat Coal Gasification & Chemicals Limited (BCGCL)	Ammonium Nitrate	0.66 MMTPA	25,016
2		Jindal Steel Limited (JSL)	Direct Reduced Iron (DRI)	2.0 MMTPA	3,882
3	West Bengal	Coal Gas India Limited (CGIL)	Synthetic Natural Gas (SNG)	633.6 Million Nm ³ /year	13,053
4	Maharashtra	Coal India Limited (CIL)	Synthetic Natural Gas (SNG)	633.6 Million Nm ³ /year	12,215
5		Greta Energy & Metal Private limited (GEMPL)	Direct Reduced Iron (DRI)	0.5 MMTPA	2,763
6		New Era Cleantech Solution Private Limited (NECSPL)	Ammonium Nitrate & Hydrogen	0.33 MMTPA AN + 0.10 MMTPA H ₂	6,976
7		New Era Cleantech Solution Private Limited (NECSPL)	Ethanol	18 KTPA	667
8		Kartikay Vayunandana Private Limited (KVPL)	Acetic Acid	75.9 KTPA	793

These 8 projects are expected to gasify about 12 MMTPA of coal, attract investment of about ₹65,365 crore and generate approximately 3,000 direct and indirect employment opportunities.

(c): The Government has approved the Scheme for Promotion of Coal/Lignite Gasification Projects under which eight (8) coal gasification projects are under implementation. Upon commissioning, these projects are expected to reduce import dependence through domestic production of products such as Ammonium Nitrate, Synthetic Natural Gas (SNG), Ethanol, Hydrogen, Acetic Acid and Direct Reduced Iron (DRI). The projects are estimated to generate annual foreign exchange savings of approximately ₹16,500 crore through import substitution. They are also expected to promote value addition to domestic coal resources, strengthen energy security, enhance supply-chain resilience and support downstream industries such as chemicals, fertilisers and clean fuels.

(d): Under the ₹8,500 crore Financial Incentive Scheme approved on 24.01.2024, eight (8) coal gasification projects have been approved and are under various stages of implementation. These include three Government sector projects, three private sector projects and two small-scale product-based projects. One project of Jindal Steel Limited has achieved financial closure and is in the construction stage, while the remaining projects are at different stages of obtaining financial closure, statutory clearances, technology finalisation, tendering and project implementation. An amount of ₹235.52 crore was disbursed to Jindal Steel Limited (JSL) as part of the first instalment of financial assistance for their gasification project.

The Government has approved a ₹37,500 crore financial incentive scheme on 13.05.2026 for coal/lignite gasification. Request for proposal has been issued for inviting applications and as of now, no projects have been approved under this new scheme.
