

Prime Minister to Lay Foundation Stone of India's First Commercial-Scale Coal-to-Ammonium Nitrate Project in Odisha

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In a major step towards strengthening India's energy security, promoting import substitution, and accelerating industrial self-reliance, Prime Minister Shri Narendra Modi will lay the foundation stone of a Rs 25,016 crore coal gasification project at Lakhanpur in Jharsuguda district, Odisha, on June 20, 2026.

Coal gasification is emerging as a key pillar of India's strategy to strengthen energy security, reduce dependence on imported critical feedstocks, promote value addition to domestic coal resources and support the development of downstream industries. The process converts coal into synthesis gas (syngas), which can be used to produce a wide range of value-added products such as methanol, urea, ammonium nitrate, synthetic natural gas, and other chemical feedstocks. This has the potential to drive industrial growth, reduce dependence on imported raw materials, and strengthen the country's energy and economic security.

India is the world's second-largest producer and consumer of coal, with Coal India Limited being the largest coal-producing company globally. India is endowed with the world's fifth-largest coal reserves of over 400 billion tonnes. Leveraging these resources through coal gasification can significantly transform the country's industrial landscape while reducing import dependence on critical feedstocks and chemicals.

Recognizing the transformative potential of coal gasification, the Government of India has approved incentive schemes with a cumulative outlay of up to Rs 46,000 crore to promote Surface Coal and Lignite Gasification Projects across the country. The initiative aims to accelerate the establishment of coal gasification projects across the country, encourage the use of domestic coal for strategic industrial and chemical outputs, and reduce dependence on imports of natural gas, methanol, ammonia, and other critical feedstocks.

India currently imports end-use and intermediate chemical products worth approximately Rs 2.7 lakh crore annually. Coal gasification offers a significant opportunity to reduce these imports, generate substantial foreign exchange savings, strengthen domestic manufacturing capabilities while supporting industrial growth and economic self-reliance.

The coal gasification promotion initiative is expected to catalyse investments of Rs 2.5 to 3 lakh crore and create around 50,000 direct and indirect employment opportunities across 25 projects in coal-bearing regions.

The Lakhanpur project marks a historic milestone as India's first commercial-scale coal-to-ammonium nitrate facility. The project is being developed by Bharat Coal Gasification and Chemicals Limited (BCGCL), a joint venture of Bharat Heavy Electricals Limited (BHEL) and

Coal India Limited (CIL). It will produce 2,000 tonnes per day of ammonium nitrate using indigenously developed coal gasification technology by BHEL.

A land-leasing agreement was signed in April between BCGCL and CIL's subsidiary Mahanadi Coalfields Limited (MCL). The project will come up on about 350 acres under MCL possession, has received required clearances and work is expected to start after the foundation ceremony. The Union Ministry of Coal has enabled the use of coal bearing area land for such projects and is providing Rs 1,350 crore support under its incentive scheme.

The project will serve as a model for future coal gasification ventures and contribute significantly to India's vision of becoming a self-reliant manufacturing and industrial powerhouse. The foundation stone laying of the Lakhanpur project underscores the Government's commitment to promoting clean coal technologies, maximizing value from domestic resources, and building a resilient industrial ecosystem aligned with the vision of *Aatmanirbhar Bharat*.

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