

Diversification Agenda of CPSUs

04

CHAPTER



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Diversification has become a strategic necessity for CPSUs in the coal industry. The traditional reliance on coal is increasingly seen as unsustainable, both environmentally and economically. Diversification efforts are aimed at reducing dependence on coal, enhancing sustainability, and ensuring long-term viability. CPSUs are exploring various avenues, including renewable energy projects, coal gasification, and advanced technologies such as pump storage plants. These initiatives are designed to align with global trends, meet regulatory requirements, and tap into new revenue streams.

Central Public Sector Undertakings (CPSUs) in the coal industry have recognized the need to diversify their operations to adapt to changing market dynamics and address environmental concerns. These enterprises have adopted various strategies to mitigate the risks associated with dependence on coal and position themselves for sustainable growth: -

4.1. Coal Gasification Project -

Under the Coal gasification Mission, Ministry of Coal (MoC) set an ambitious target to achieve 100 MT of coal gasification by 2030, to fulfil India's dual objective of self-reliance and energy independence. Government has launched a scheme with financial outlay of Rs 8500 cr. to promote coal/lignite gasification in the country under 03 categories.

Actions Completed (April 2025 – December 2025)

- **Execution of Agreements with Selected Applicants:** Agreements were executed with Coal Gas India Limited (CIL-GAIL JV), a Category-I selected applicant, on 11 April 2025, and with selected applicants under Category-II on 08 May 2025.
- **Progress of Underground Coal Gasification (UCG) Pilot Project:** Phase-I of the UCG pilot project at Kasta Coal Block, Jharkhand, was completed on 31 May 2025. Phase-II operations commenced on 20 June 2025 and are scheduled for completion by November 2026.



- **Capacity Building and Innovation Promotion in CCUS:** A Hackathon on Carbon Capture Technology was organised on 12 May 2025, with results announced on 28 June 2025, to promote innovation in CCUS technologies.
- **Promotion of Surface Coal/Lignite Gasification Projects:** Requests for Proposals (RFPs) for the second round of the Financial Incentive Scheme amounting to ₹2,366.94 crore were issued on 30 September 2025.
- **Coal Linkage for Gasification Projects:** Gasification projects were permitted to participate in linkage auctions to meet balance coal requirements beyond allocated mine capacity. Coal supply has been ensured for all seven coal gasification projects as of 14 October 2025.
- **Policy Enablement for Underground Coal Gasification (UCG):** Additional incentives applicable to underground mining were extended to UCG projects (23 April 2025). Coal-to-syngas conversion norms submitted by CIMFR were finalised on 31 July 2025, and the requirement of Environmental Clearance (EC) for UCG pilot projects was exempted on 09 October 2025.
- **Auction of UCG-Suitable Coal Mines:** For the first time, 21 coal mines suitable for UCG were launched under the 14th tranche of commercial coal mine auctions.
- **Ground breaking of Selected Projects under the Scheme:** Ground breaking completed for Category-II projects, including Jindal Steel and Power Ltd. (01 August 2025) and Greta Energy and Metal Pvt. Ltd. (29 September 2025).
- **Facilitation of DPIIT Registration:** DPIIT granted registration to M/s Zhongshi Chemical Engineering Construction Co. Ltd., marking the first such registration and enabling participation as a technology licensor and EPC contractor.

II. **Actions Planned (January 2026 – March 2026)**

- Groundbreaking for remaining gasification projects under Category-I (CIL-BHEL JV), Category-II, and Category-III (New Era Cleantech Solution Pvt. Ltd.) is planned in Q4 FY2026.
- The JV Agreement between CIL and BPCL is targeted to be signed by March 2026.
- Technology partners have been identified for five projects; the tie-up for one Category-III project will be finalised by March 2026.
- Evaluation and selection of projects under the ₹2,366.94 crore second round of the Financial Incentive Scheme will conclude in Q4 FY2026, with bid submission due on 28 January 2026.
- An EFC and Concept Note have been prepared for the proposed V-KALP Scheme with an outlay of ₹50,000 crore to support surface coal and lignite gasification projects.

4.2 Renewable Energy Initiatives:

Ministry of Coal has targeted to set up Renewable Energy projects of 22.5 GW capacity (NLCIL - 10 GW, CIL - 9.5 GW and SCCL - 3.0 GW) by 2029-30. Till date, upto December, 2025, RE projects with 2076 MW (NLCIL -1599 MW, SCCL- 245 MW and CIL - 232 MW) has been commissioned.

Under “PM Surya Ghar: Muft Bijli Yojana”, Coal PSUs have planned to saturate all office buildings/residential complexes of govt buildings by December 2025. Under this scheme, 71.98 MW solar capacity is planned to be installed, out of this 33.774 MW solar capacity has already been added.

4.3 Thermal Power Plants –

1. **SECL-MPPGCL JV -1X660MW (Madhya Pradesh):** The SECL-MPPGCL joint venture in Madhya Pradesh, located in the Anuppur District, has a power generation



capacity of 1x660 MW. The project's cost is estimated between ₹ 5600 Cr. to ₹ 7254 Cr., with commissioning anticipated by August 2028. The ownership structure of the venture allocates 49% to SECL and 51% to MPPGCL.

2. **MCL-MBPL - 2X800MW(Odisha):** Mahanadi Basin Power Limited's project as a wholly owned subsidiary of CIL, in Odisha, located in Sundergarh District, boasts a capacity of 2x800 MW. With a project cost totaling ₹15947+/-20% Cr. Unit-1 is anticipated to be commissioned by Dec 2029.

3. **Ghatampur Thermal Power - Neyveli Uttar Pradesh Power Limited (NUPPL)** is a joint venture between NLC India and Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited. It is located in Ghatampur, Kanpur Nagar, Uttar Pradesh. The equity participation is divided between NLCIL and UPRVUNL in a ratio of 51:49. Unit #1 Commissioned in December, 2024. Unit #2 commissioned on 09.12.2025 and Unit #3 by 28.02.2026

4. **NLC Talabira Thermal Power Project, 3x800MW (Odisha):** NLCIL Board has granted in-principle approval for the establishment of a coal-based pithead power station with a capacity of 3x800 MW at Tareikela, located in the Jharsuguda District of Odisha. The estimated project cost is Rs.27,213 crores. The Government of Odisha has provided administrative approval for the acquisition of private land. The foundation stone was laid by the Hon'ble Prime Minister on February 3, 2024. Currently, site preparation work is underway. The anticipated completion dates for the units are as follows: Unit #1 in Feb 2030 Unit #2 in Aug 2030, and Unit #3 in Feb 2031.

4.4 Critical Minerals

Critical minerals are essential for modern technologies, including batteries, renewable

energy systems, and electronics. Coal companies are exploring following opportunities in this sector to diversify their operations and tap into new revenue streams –

Significant Achievements in Critical Minerals – 2025

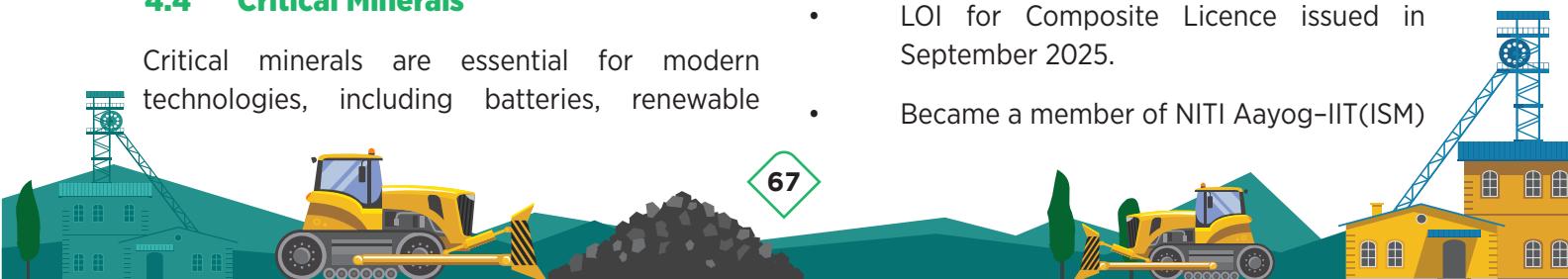
Coal India Limited (CIL)

- CIL emerged as the preferred bidder for the Oranga Revatipur Graphite & Vanadium Block (Chhattisgarh) under Tranche-V and is undertaking pre-project activities.
- CIL was declared preferred bidder for the Ontillu-Chandragiri REE Exploration Block (Andhra Pradesh) under Tranche-I; LOI issued and CMPDI assigned for exploration
- CIL signed an MoU with Indian Rare Earths Ltd. (IREL) for collaboration in mining, extraction, refining, and sourcing of critical minerals, including REE.
- CIL entered into an MoU with Curtin University, Australia, for R&D collaboration and knowledge sharing in critical minerals, decarbonization, and resource technologies.
- CIL signed an MoU with NFTDC for R&D collaboration and knowledge sharing in critical mineral materials.
- CIL executed MoUs with Hindustan Copper Ltd., Chhattisgarh Mineral Development Corporation, and Govt. of Madhya Pradesh for collaboration in exploration and exploitation of critical minerals.

NLC India Limited (NLCIL)

Domestic Assets

- Participated in Tranche-V auctions; declared preferred bidder for Semhardih & Raipura Phosphorite and Limestone Blocks (Chhattisgarh).
- LOI for Composite Licence issued in September 2025.
- Became a member of NITI Aayog-IIT(ISM)



Committee on extraction of critical minerals from overburden, lignite, and fly ash.

Overseas Assets

- Board approval obtained for diversification into overseas critical mineral assets.
- Signed NDAs for Lithium Project (Mali) and Sn-Ta-Nb-Lu-Au & Cu-Co tenements.
- Entered into MoU with KAMIL for joint acquisition and development of global critical mineral projects.
- NLCIL has signed an MoU with BARC on August'25 to set up a pilot project at Neyveli for extracting Rare Earth Elements from fly ash, a by-product of thermal power plants, with technical support from BARC.

Singareni Collieries Company Limited (SCCL)

- Engaged in discussions for overseas lithium, copper, and other critical mineral assets with entities in Brazil, Russia, Australia, Ghana, and other mineral-rich countries.
- Participating in KAMIL Joint Working Committee for overseas acquisitions.
- Partnerships: Collaborations with international partners and experts are being pursued to facilitate the acquisition and development of critical mineral assets. These partnerships are crucial for navigating the complexities of global mineral markets and securing strategic resources.

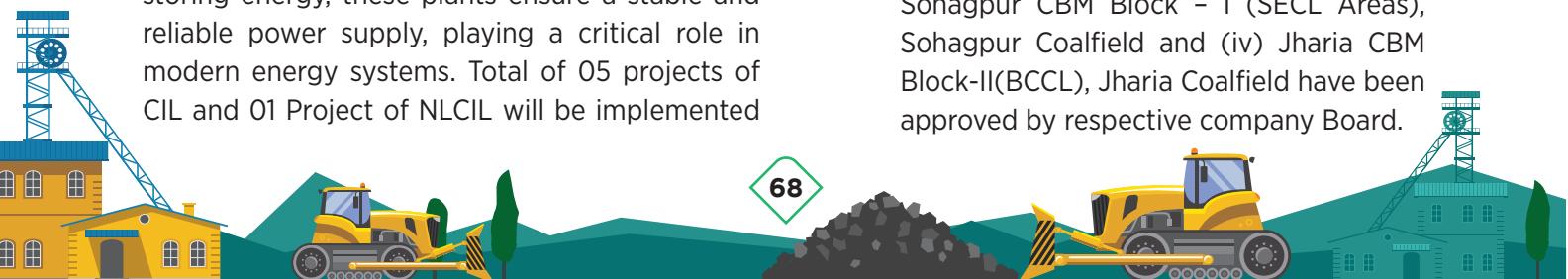
4.5 Pump Storage Plants:

Pump storage plants are essential for energy storage, providing a method to balance supply and demand on the grid while supporting the integration of renewable energy sources. By storing energy, these plants ensure a stable and reliable power supply, playing a critical role in modern energy systems. Total of 05 projects of CIL and 01 Project of NLCIL will be implemented

in 1st phase. To ensure the viability and strategic alignment of pump storage projects, Tata Consultants have been appointed to conduct comprehensive feasibility studies. These studies will assess various factors to confirm the feasibility of proposed project.

4.6 Coal Bed Methane (CBM):

- Methane is a powerful greenhouse gas generated during the coalification process stored as adsorbed in coal seams generally called as Coalbed Methane (CBM). Coalbed Methane has established itself as a source of clean energy.
- Extraction of Coal Bed methane will help in enhancing coal production by making future coal mining safe. Additionally, it will prevent the emission of Methane into atmosphere.
- MoP&NG had issued partial modification of CBM Policy, 1997 vide notification dated 8th May 2018 outlined consolidated terms and conditions for the grant of exploration and exploitation rights for CBM to Coal India Limited and its Subsidiaries from its coal-bearing areas for which they possess mining lease for coal mining which also will be deemed lease for CBM extraction.
- CMPDI is the Principal Implementing Agency (PIA) under a Memorandum of Agreement (MoA) with the respective Subsidiary on the Operationalization of CBM Project(s).
- CMPDI has delineated CBM blocks for commercial exploitation, initially in Damodar Valley Coalfields (under leasehold of BCCL and ECL) and Sohagpur Coalfield (under SECL leasehold). The Project Feasibility Reports (PFR) of four CBM Blocks- (i) Jharia CBM Block-I(BCCL), Jharia Coalfield, (ii) Raniganj CBM Block(ECL), Raniganj Coalfield (iii) Sohagpur CBM Block - I (SECL Areas), Sohagpur Coalfield and (iv) Jharia CBM Block-II(BCCL), Jharia Coalfield have been approved by respective company Board.



- The Jharia CBM Block-I (BCCL leasehold area) has been awarded to M/s Prabha Energy Limited (PEL) through Global Bidding for the extraction of CBM and currently the Block is under the Exploration Phase.

completed.

- Spudding of first Test Well commenced on 07th November, 2025, drilled upto 600m.
- Drilling of 2nd Test well completed on 31st December, 2025
- Drilling of 3rd Test well started on 05th January, 2026 and currently under progress.

Present Status of the Jharia CBM Block-1

- Drilling of Five Exploratory Coreholes (JCH01, JCH02, JCH03, JCH04, JCH05) have been completed.
- IFT activities in Exploratory Corehole JCH02, JCH03, JCH04, JCH05 have been



Drilling Site at Jharia CBM Block-I (BCCL)