GOVERNMENT OF INDIA
MINISTRY OF COAL
LOK SABHA
UNSTARRED QUESTION NO. 649
ANSWERED ON 22.07.2026

USE OF DOMESTIC COAL IN THERMAL POWER PLANTS

†649. SHRI KANWAR SINGH TANWAR:

Will the Minister of **COAL** be pleased to state:

(a) the strategy formulated to increase the use of domestic coal in thermal power plants based on imported coal with a view to strengthen energy security, reduce import dependence and better utilisation of indigenous coal resources;

(b) the policy measures adopted in coordination with the Ministry of Power, Ministry of Railways, Coal India Limited and other agencies to ensure timely supply of quality domestic coal, strengthen coal evacuation infrastructure and facilitate necessary technical modifications for increased use of domestic coal;

(c) the progress made in increasing the share of domestic coal in thermal power plants based on imported coal and reducing thermal coal imports;

(d) the measures taken by the Government to improve coal washing, quality management and logistics efficiency; and

(e) the long term action plan prepared to achieve self-sufficiency in thermal coal while ensuring reliable, economical and sustainable power generation?

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

(a): The Government has taken various policy initiatives as under to increase use of domestically produced coal and to reduce coal import dependency:

i. The Annual Contracted Quantity (ACQ) has been increased upto 100% of the normative requirement, in the cases where the ACQ was either reduced to 90% of normative requirement (non-coastal power plants) or where the ACQ was reduced to 70% of normative requirement (coastal power plants). Increase in the ACQ would result in more domestic coal supplies, thereby, reducing the import dependency.

ii. Vide amendment to the Non-Regulated Sector (NRS) linkage auction policy introduced in 2020, the tenure of coking coal linkages in the NRS linkage auction has been revised for a period upto 30 years. Increase in tenure of coking coal linkages in the NRS linkage auction for a period upto 30 years shall have a positive impact towards coal imports substitution.

iii. Government has decided in 2022 that coal to meet the full Power Purchase Agreement (PPA) requirement of all the existing linkage holders of Power Sector shall be made available by the coal companies irrespective of the trigger level and ACQ levels. This decision of the Government of meeting the full PPA requirement of the linkage holders of the Power Sector shall reduce dependence on imports.

iv. A new sub-sector 'Steel using Coking coal through WDO route' has been created in March, 2024 under the NRS linkage auctions which will lead to increase in the domestic coking coal consumption and also increase availability of washed coking coal in the country, thereby, reducing coking coal imports.

v. Coking Coal Mission has been launched to enhance coking coal supply to the Steel Sector to reduce imports of coking coal. Initiatives have been taken to enhance coking coal production.

vi. Imported Coal Based (ICB) Plants have been allowed to secure coal under the Revised SHAKTI Policy, 2025. The coal availability for ICB Plants under this Policy shall reduce dependence of these ICB plants on imported coal.

vii. Existing Fuel Supply Agreement (FSA) holders have been allowed to secure coal under the Revised SHAKTI Policy, 2025 after procuring 100% of the ACQ coal under existing FSA. Coal availability beyond the ACQ to existing FSA holders will benefit the power producers to meet the full requirement of the power plants.

viii. Coal linkages under the recently created CoalSETU window under the Non-Regulated Sector linkage auctions shall increase the availability of washed coal in the country and consequently lead to reduction in coal imports.

(b): The Ministry of Coal launched a Coal Logistics Plan in coordination with concerned Ministries and stakeholders to assess and address issues in the coal logistics chain, including constraints related to availability of railway rakes and transportation. The plan covers the entire coal supply chain from mines to end-use plants and identifies measures to improve coal evacuation efficiency. Various key measures strengthen coal evacuation infrastructure undertaken by the Government are as under:-

i. 33 critical railway infrastructure projects have been identified to address gaps in rail connectivity and strength coal evacuation from the coal bearing States by FY 2030.

ii. To enhance the rail evacuation with the objective of increasing the share of rail transport in coal movement to around 75% by FY 2030.

iii. 139 first-mile connectivity (FMCs) projects having 1319 MTY (million tons per annum) capacity are planned to set up by FY 2029-30.

iv. Development of alternative evacuation modes, including Rail-Sea-Rail (RSR) logistics, to optimize long-distance coal transportation.

As per section 7 of electricity Act 2003, thermal generation is delicensed activity and any Thermal Power Plant (including ICB Plants) may carry out technical modifications as per the requirements, including those required for increased use of domestic coal.

(c): At present, five Imported Coal based (ICB) plants, having total installed capacity of 3.7 GW, have secured domestic coal linkage.

(d): The measures taken by the Government to improve coal washing, quality management and logistics efficiency are as under:

i. Implementation of Mission Coking Coal to enhance domestic production of coking coal to 140 MT, coal washery capacity to 58 MT by FY2030 and increase domestic coking coal blending to 30% from 10% with implementation of stamp-charging technology for steel-making.

ii. Modernization and capacity augmentation of existing washeries and establishment of 07 new coking (19.5 MTY) and 07 non-coking (58 MTY) washeries by Coal India Limited (CIL).

iii. To address the concerns of coal consumers regarding the quality of coal supplied by the coal companies, the sampling of coal at the loading end is conducted through Independent Third-Party Sampling Agencies (TPSAs) and the consumers are free to engage any of the empaneled agencies.

iv. Higher utilisation of First Mile Connectivity (FMC) Projects, equipped with rapid loading systems for improved coal blending, dispatch of less than 100 mm coal and to maintain coal quality consistency.

v. Sample collection through Auto Mechanical Sampler (AMS) and Mechanical Augers.

vi. Live streaming of sampling process to the consumers.

vii. 139 first-mile connectivity (FMCs) projects having 1319 MTY (million tons per annum) capacity are planned to set up by FY 2029-30.

viii. 33 critical railway infrastructure projects have been identified to address gaps in rail connectivity and strength coal evacuation from major coalfields by FY 2030.

(e): The steps taken by the Government to achieve self-sufficiency in thermal coal and sustain growth in production of coal are as under:

i. Regular reviews by Ministry of Coal to expedite the development of coal blocks.

ii. Enactment of Mines and Minerals (Development and Regulation) Amendment Act, 2021 [MMDR Act] for enabling captive mine owners (other than atomic minerals) to sell up to 50% of their annual mineral (including coal) production in the open market after meeting the requirement of the end use plant linked with the mine.

iii. Single Window Clearance portal for the coal sector to speed up operationalization of coal mines.

iv. Project Management Unit (PMU) for handholding of coal block allottees for obtaining various approvals/ clearances for early operationalization of coal mines.

v. Auction of commercial mining on revenue sharing basis was launched in 2020. Under commercial mining scheme, rebate of 50% on final offer has been allowed for the quantity of coal that is produced earlier than scheduled date of production. Further, incentives on coal gasification or liquefaction (rebate of 50% on final offer) have been granted.

vi. Terms and conditions of commercial coal mining are very liberal with no restriction on utilization of coal, allowing new companies to participate in the bidding process, reduced upfront amount, adjustment of upfront amount against monthly payment, liberal efficiency parameters to encourage flexibility to operationalize the coal mines, transparent bidding process, 100% Foreign Direct Investment (FDI) through automatic route and revenue sharing model based on the National Coal Index.

vii. For speedier operationalization of mines, the timelines prescribed in the Coal Block Development and Production Agreement (CBDPA) have been reduced from existing 51 months to 40 months for fully explored coal blocks. Further, for the partially explored blocks, similar downward revision from 66 months to 52 months has been done.

viii. The Government has also undertaken the following regulatory reforms and policy initiatives to simplify procedures and facilitate higher domestic coal production:

- Dispensed with the requirement of Prospecting License (PL) for accredited prospecting agencies, mine and seam opening permissions, and approval of Geological Reports (GRs) by Government;
- Declared Coking Coal as a Critical Mineral; and
- Introduction of incentives for underground coal mining.

In addition to the above, coal companies have also taken the following steps to increase domestic coal production:

i. Coal India Limited (CIL), in its Underground (UG) mines, is adopting new and modern technologies like Mass Production Technologies (MPT) with the deployment of Continuous Miners (CMs), Longwall (LW) and Highwall (HW), wherever feasible. In its Opencast (OC) mines, CIL already has State-of-the-Art technology in its high-capacity Excavators and Dumpers. Standardization of Heavy Earth Moving Machinery (HEMM) has been done in opencast mines. Surface Miners have also been deployed in opencast mines for efficient and eco-friendly mining.

ii. Regular liaison is being undertaken by Singareni Collieries Company Limited (SCCL) for grounding of new projects and operation of existing projects. SCCL has initiated action for developing infrastructure for evacuation of coal like Coal Handling Plants (CHPs), Crushers, Mobile Crushers, Pre-weigh-bins etc.

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