COAL PRODUCTION AND SELF -RELIANCE

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The key initiatives taken by the Government to increase coal production and reduce dependence on imports in the country 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.

Most of the requirement of coal in the country is met through indigenous production / supply. The focus of the Government is on increasing the domestic production of coal and to eliminate non-essential import of coal in the country.

The efforts made by the Government to encourage use of domestically produced coal and to reduce coal import dependency are as under:

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. Efforts are being made on a continuous basis to ensure more domestic supplies of coal. Thus, the entire substitutable imported coal is expected to be met by the country and no import, other than the very essential should happen.

v. 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.

vi. 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.

vii. 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.

viii. 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.

ix. 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.

Following the launch of commercial coal mine auctions in June 2020, a total of 132 coal blocks have been allocated under the commercial coal mining. Out of these 23 coal blocks have obtained Mine Opening Permission (MOP) and 15 coal blocks are under coal production. The remaining 109 allocated coal blocks are progressing within the scheduled development timelines prescribed under the Coal Mine Development and Production Agreement (CMDPA).

To promote environmental sustainability in Coal/Lignite mines in the country, initiatives such as plantation/ bio-reclamation, mine water utilization for community use, development of eco-parks and adoption of energy efficiency measures have been taken.

Further, the Coal Block Development and Production Agreement for commercial mining executed between Successful Bidder and Nominated Authority mandates that the Successful Bidder shall implement mechanised coal extraction, transport and evacuation in the coal mine, in line with modern and prevalent technologies. Accordingly, the Successful Bidder shall strive to minimise the carbon footprints from operations at the coal mine, undertake steps to reduce environmental pollution and promote sustainability, in accordance with Good Industry Practice.

In addition to the above, coal companies have also taken the following steps for the sustainable development of the coal mines while ensuring environmental protection:

i. Minimization of road transportation and enhancement of mechanized coal loading and transportation including First Mile Connectivity projects.
ii. Adoption of blast-free mining technologies through surface miners, X-centric rippers.
iii. Mitigation of dust pollution by using fixed sprinklers, mist sprinklers, mobile water sprinkler, fog cannons, robotic nozzles water sprayer, mechanical road sweeper, Wheel Washing system, wind barriers etc.
iv. Extensive plantation in and around mining areas for the control of dust, carbon sequestration, restoration of degraded land.
v. Development of eco-parks in mined out areas after proper stabilization.
vi. Regular ecological assessments/ studies by reputed institutions aimed to prepare baseline conditions and action plan for further augmentation of ecology.
vii. Greening activities such as grassing, bamboo plantation over temporary dumps for stabilization and restoration of ecosystem.
viii. Black-topping or paving of coal transportation roads including its periodical maintenance to reduce dust generation.
ix. Promoting Underground Coal Mining.
x. Scientific Closure of Mines.

The major steps taken by the Government for rehabilitation of local people are as under:

i. Land compensation benefits are provided as per Schedule I of RFCTLARR Act, 2013 or as per mutually consented agreement under section-14(1) of CBA Act, 1957. In case, land is acquired under CBA Act 1957, the Rehabilitation & Resettlement (R&R) benefits are accorded as per the provisions of Schedule II of RFCTLARR Act, 2013 and the amenities provided in the new rehabilitation site are as per Schedule III of RFCTLARR Act 2013.
ii. Transparency in compensation and R&R activities is ensured by R&R committee headed by District Collector or his representative.
iii. Land is taken into possession only after payment of due benefits to the eligible Project Affected Families (PAFs).

This information was given by Union Minister of State for Coal and Mines Shri Satish Chandra Dubey in a written reply in Rajya Sabha today.

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