



Commercial Coal Mining: Fuelling India's Journey Towards Aatmanirbhar Bharat

प्रविष्टि तिथि: 02 AUG 2026 2:33PM by PIB Delhi

Coal meets the larger part of India's energy requirement. It accounts for close to 55 per cent of the country's primary energy needs and fuels more than 70 per cent of the electricity generated. India holds the world's fifth largest coal resource, assessed at about 4,00,715 Million Tonnes (MT), and ranks as the second largest producer and consumer of coal. Around five lakh mine workers produce this coal across more than 350 mines.

Domestic coal production has crossed one billion tonnes for two consecutive years, at 1047.52 MT in FY 2024-25 and 1040.08 MT in FY 2025-26, compared with 609.18 MT in FY 2014-15. A substantial part of this growth has come from captive and commercial blocks, whose share of national production has risen from 10.9 per cent in FY 2021-22 to 20.2 per cent in FY 2025-26.

In 2014, the Supreme Court of India cancelled 204 of the 218 blocks allocated between 1993 and 2012, finding the process arbitrary for want of consistent and objective criteria, and made clear the need for a transparent, auction-based framework.

In response, the Coal Mines (Special Provisions) Act, 2015 placed re-allocation on a firm statutory footing, and the first auction tranche was launched in December 2014. Between 2015 and 2020, ten tranches of auction and nine of allotment restored 76 coal mines to productive use.

On 18 June 2020, under the vision of the Prime Minister Shri Narendra Modi and the Aatmanirbhar Bharat mission, commercial coal mining was formally launched, permitting the sale of coal on a competitive basis and extending participation beyond the public sector. A successful bidder may now sell coal to any consumer in any sector at market-determined prices, with no captive-use restriction and no bar on how the coal is utilised.

The erstwhile fixed charge per tonne was replaced by a revenue-sharing model, under which the bidder quotes a percentage of revenue payable to the Government. That share is indexed to the National Coal Index, so that the nation's return moves with the real value of the coal. Eligibility norms were broadened considerably. Prior mining experience is no longer required, joint ventures and consortia may participate, and 100 per cent foreign direct investment is permitted through the automatic route.

Since June 2020, 141 coal mines have been auctioned commercially across 14 rounds, with a combined peak rated capacity of 366.35 MT per annum. The average revenue share discovered is 24.17 per cent, six times the 4 per cent floor. Of these, 123 have gone to private players, and 44 of the successful bidders were entities that had not mined coal before.

Captive and commercial blocks together produced about 210.46 MT in FY 2025-26, crossing the 200 million tonne mark for the first time. A decade earlier the figure stood at 28.83 MT, a compound annual growth of about 22 per cent over the period. Within this, commercial mines have contributed about 26.12

MT in FY 2025-26, with 23 mines operational (obtained Mine Opening Permission). At full production, the blocks auctioned so far are expected to yield annual revenue of about Rs. 47,000 crore, draw capital expenditure of about Rs. 48,756 crore, and generate employment of about 4,75,000.

Returns to the exchequer have grown on a similar scale. Revenue from premium generation has risen from Rs. 461 crore in FY 2014-15 to Rs. 5,553 crore in FY 2025-26, a compound annual growth of about 26 per cent, accruing to the exchequer and to the producing States.

The present focus is on ensuring that every auctioned mine is brought into production. Through sustained efforts for ease of doing business, the clearances required for blocks operationalization have been reduced and simplified, thereby scheduled operationalization timelines have been shortened, from 51 months to 40 for fully explored blocks and from 66 to 52 for partially explored ones (effective from the 15th round now under way).

Every commercial coal block since June 2020 has been awarded through open auction. These reforms rest on transparency, competition and a level playing field between public and private players, strengthening the country's energy security, supporting its power and steel industries, and carrying India further towards the goal of Aatmanirbhar Bharat.

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