Ministry of Coal

Commercial Coal Mine Auctions: Powering Aatmanirbhar Bharat Through Transparency

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Coal block allocation in India has undergone a significant transformation over the past decade. Following the Supreme Court's cancellation of 204 coal blocks in 2014, allocation moved to a transparent, rules-based process. The launch of commercial coal mine auctions by the Prime Minister Shri Narendra Modi on 18 June 2020 marked the next major step. Six years on, it has become one of the most consequential structural reforms in the mining sector, delivering benefits shared transparently across industry, the exchequer and coal-bearing communities.

The entire process has been kept transparent. Bidding is conducted online in two stages on the MSTC platform, with bid documents decrypted and opened live in front of bidders. There is no end-use restriction, 100% FDI is allowed through the automatic route, and upfront payments are kept low and adjustable against future revenue share, keeping the field open to smaller and newer players. The Policy has been such a success that 147 coal mines have been auctioned till date with 44 new companies winning a coal mine. The Policy has not only attracted private players but also legacy coal PSUs like Coal India's own subsidiaries — Western Coalfields Limited (WCL) and Northern Coalfields Limited (NCL), traditionally only producers and sellers of coal — have themselves stepped in as bidders for blocks in recent rounds, competing on exactly the same terms as private players.

Every auctioned block contributes a strong share to the states in the form of revenue share (the competitively bid revenue share, additional to royalty), Royalty (statutory, to the state), DMF contributions (ploughed back into the mining district via PMKKKY), NMET contributions (funding future exploration) and GST. Since 2020, 147 coal blocks have been auctioned across nine states, projected to generate approx.₹47,500 crore in annual revenue, ₹55,000 crore in capital investment and 4.9 lakh jobs. In the Financial Year 2025-26, the total revenue generated (from upfront & premium payment) from allocated commercial mines was about Rs. 3090 Cr.

The revenue story runs alongside a production story. Coal output from only commercial mines grew from 12.55 million tonnes in FY 2023-24 to 23.51 million tonnes in FY 2024-25. Captive and commercial blocks together produced about 210 MT in FY 2025-26, crossing the 200 million tonne mark for the first time. A decade earlier the figure stood at 28.8 MT, hence showcasing a compound annual growth of about 22 per cent over the period. Every additional tonne mined domestically is a tonne that need not be imported, directly supporting India's push toward self-reliance in coal.

Transparent, technology-enabled bidding that keeps attracting new entrants; a level playing field open enough that even government miners now compete for blocks rather than being handed them; and a revenue-sharing design — royalty, premium, DMF and NMET stacked together — that has nearly tripled states' coal revenue in a decade: together, these make the commercial coal mine auction regime a genuine win-win for states, industry, local communities and the nation's energy security alike.

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