

**GOVERNMENT OF INDIA
MINISTRY OF COAL
RAJYA SABHA
UNSTARRED QUESTION NO. 2587
TO BE ANSWERED ON 24.03.2025**

Removing the restrictions on coal purchases for power plants

2587 **Shri M. Mohamed Abdulla:**

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

(a) whether it is a fact that Coal India Ltd. is removing the restrictions on coal purchases for power plants, if so, the impact Government foresees on supply security;

(b) manner in which this change in policy affect the pricing of coal for the power sector and its overall cost to consumers; and

(c) steps that the Central Government has taken to ensure adequate coal availability for all sectors, especially in the face of rising demand and fluctuations in production?

**ANSWER
MINISTER OF COAL AND MINES
(SHRI G. KISHAN REDDY)**

(a) & (b): Supply of coal to thermal power plants was earlier governed by New Coal Distribution Policy, 2007 (NCDP). The provisions of coal linkages of NCDP for power sector have been replaced by the Shakti Policy, 2017. Coal under these policies is supplied as per the commercial terms and conditions of the Fuel Supply Agreement (FSA) executed between the coal companies and the power plants. It has been decided by the Government in 2022 that the 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 and Annual Contracted Quantity (ACQ) levels. Coal Supply beyond the ACQ under the FSA has enabled supply of coal as per the requirement of the power plants. In addition, coal is also sold by the coal companies under the Single Window e-auctions, which caters to all the sectors including power sector.

In case of coal supply under FSA, pricing of coal is done as per commercial terms, conditions of the FSA and the price notifications issued by Coal India Limited / Singareni Collieries Company Limited from time to time.

(c): The focus of the Government is on increasing the domestic production of coal to ensure sufficient availability of domestic coal. The country has witnessed highest ever coal production in the year 2023-24. The all-India coal production during the year 2023-24 was 997.826 Million Tonne (MT). In the current year 2024-25, the country has produced 929.15 MT (provisional) of coal (upto February, 2025) in comparison to 881.16 MT in the corresponding period of the last year 2023-24 with a growth rate of 5.45%.

The steps taken by the Government to ensure adequate coal availability and enhance coal production 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 mines 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 in such manner

as may be prescribed by the Central Government on payment of such additional amount.

- iii. Single Window Clearance portal for the coal sector to speed up the operationalization of coal mines.
- iv. Project Monitoring Unit for hand-holding of coal block allottees for obtaining various approvals / clearances for early operationalization of coal mines.
- v. Auction of commercial mining on revenue sharing basis launched in 2020. Under commercial mining scheme, rebate of 50 % on final offer has been allowed for the quantity of coal 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.

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

- i. Coal India Limited (CIL) has adopted a number of measures to increase coal production. In its Underground (UG) mines, CIL is adopting Mass Production Technologies (MPT), mainly with Continuous Miners (CMs), wherever feasible. CIL has also planned Highwalls (HW) mines in view of the availability of Abandoned/ Discontinued mines. CIL is also planning large capacity UG mines wherever feasible. In its Opencast (OC) mines, CIL already has State-of-the- Art technology in its high-capacity Excavators, Dumpers and Surface Miners.
- 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.
