

**GOVERNMENT OF INDIA
MINISTRY OF COAL**

**RAJYA SABHA
UNSTARRED QUESTION NO. 2751
TO BE ANSWERED ON 18.08.2025**

Promoting underground coal mining

**2751 # Shri Baburam Nishad:
Shri Mayankkumar Nayak:**

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

- (a) the major incentives introduced to promote underground coal mining;
- (b) the expected benefits therefrom in terms of environmental sustainability, security, and employment;
- (c) whether Government has taken any initiative to enhance financial viability and attract private investments; and
- (d) if so, the details thereof?

ANSWER

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

(a): The Government has taken steps to promote underground coal mining. In this regard, the methodology dated 28.05.2020 for auctioning coal and lignite mines/blocks for the sale of coal or lignite on a revenue-sharing basis has been amended vide order dated 23.04.2025 to provide specific incentives for underground mines. These include:

1. Reduction of the floor percentage of revenue share to 2%.
2. Complete waiver of the Upfront Amount.

(b): Underground coal mining offers several advantages, particularly from environmental, land-use, and social perspectives. Since underground mining causes minimal disturbance to surface features, it results in reduced damage to infrastructure, agricultural land, forests, and habitation areas.

From an environmental standpoint, underground mining generates significantly less dust and noise pollution compared to opencast mining. It is also well-suited for extracting deep-seated coal reserves, which are often of higher quality. Moreover, underground mining leaves a smaller surface footprint, thereby contributing to lower indirect greenhouse gas emissions associated with land degradation and loss of vegetation.

Additionally, underground mines are generally less susceptible to adverse weather conditions such as heavy rains or flooding, which can disrupt surface mining operations. This makes underground mining relatively safer throughout the year due to varying climatic conditions.

(c) & (d): The Government has taken steps to promote underground coal mining. As stated at (a) above, the Government has provided the following specific incentives for underground mines to enhance financial viability and attract private investments -

1. Reduction of the floor percentage of revenue share to 2%.
2. Complete waiver of the Upfront Amount.

These incentives apply to bidders participating in the auction of coal or lignite mines reserved for underground mining. The successful allocates under this category, availing the above benefits, shall not be permitted to convert the underground mine into an opencast or mixed mine at any stage during the life of the mine.
