

**GOVERNMENT OF INDIA  
MINISTRY OF COAL**

**LOK SABHA  
UNSTARRED QUESTION NO. 1584  
TO BE ANSWERED ON 10.02.2021**

**Reforms in Coal Sector**

**No. 1584      Shri NAMA NAGESWARA RAO**

Will the Minister of Coal be pleased to state:

- a. Whether the Government is planning to bring in reforms in Coal Sector as it is bound to continue to play a major role in the power segment in the near future;
- b. if so, the details thereof and if not, reasons therefor; and
- c. the steps being taken by the Government to check the weakening financial position of Coal India?

**ANSWER**

**MINISTER OF COAL, MINES AND PARLIAMENTARY AFFAIRS  
(SHRI PRALHAD JOSHI)**

(a) Yes Sir. Done recently.

(b) The Mineral Laws (Amendment) Act, 2020 was enacted to amend the Coal Mines (Special Provisions) Act, 2015 [CMSP Act] and the Mines and Minerals (Development and Regulation) Act, 1957 [MMDR Act]. The amendments in the Acts enabled following.

(i) Allocation of coal blocks for composite prospecting license-cum-mining lease which will help in increasing of the inventory of coal, lignite blocks for allocation. Repetitive and redundant provision requiring previous approval of Central Government in cases where the allocation or reservation of coal/lignite block has been made by the Central Govt. itself has been done away with.

(ii) Provided flexibility to the Central Govt. in deciding the end use of Schedule II and III coal mines under the CMSP Act. Companies which do not possess any prior coal mining experience in India can now participate in auction of coal blocks.

(iii) Methodology for auction of coal and lignite mines / blocks for sale of coal / lignite on revenue sharing basis under the CMSP Act and the MMDR Act was approved by CCEA on 20.05.2020 and order was issued on 28.05.2020. Salient features of the methodology are as under:

- Bidders would be required to bid for a percentage share of revenue which would be payable to the State Government.
- Applicable to fully explored as well as partially explored coal blocks under the CMSP Act and MMDR Act.. Upfront amount is based on value of estimated geological reserves.
- Successful bidder shall be provided incentives for early production and for gasification or liquefaction of coal.. Exploitation of Coal Bed Methane (CBM) is allowed.
- There shall be no restriction on the sale and/or utilisation of coal from the coal mine.
- Provides for relinquishment of coal block by the successful bidder of partially explored coal mine. Directions of the Central Government were issued to the Nominated Authority for conducting auction of 38 coal mines for sale of coal under the provisions of the CMSP Act and the MMDR Act. After completion of all the necessary processes, Commercial Mining was launched on 18.06.2020

(c): Coal India Limited is a profit making and Dividend paying Central Public Sector Undertaking under the Ministry of Coal. CIL does not receive any Subsidy/Financial aid from the Govt. of India.